

MINUTES OF THE MEETING
STATE ADMINISTRATION COMMITTEE
50TH LEGISLATIVE SESSION
HOUSE OF REPRESENTATIVES

January 29, 1987

The meeting of the State Administration Committee was called to order by Chairman Sales at 9:00 a.m. on January 29, 1987 in Room 437 of the State Capitol.

ROLL CALL: All committee members were present.

CONSIDERATION OF HOUSE BILL NO. 292: Rep. McCormick, House District #38 and sponsor of the bill, stated this proposed legislation would provide state compensation to persons or organizations who are appointed by the Social Security Administration to act as representative payees for certain federal beneficiaries.

PROPOSERS: Art Lewis, Society for Social Justice in Great Falls, spoke in strong support of the bill. At present, the Society for Social Justice is handling the finances for about 20 people in Cascade County at a cost of \$16,000 for the services provided to these people and for the administrative expenses for the office. Their organization cannot survive and continue to provide these services without being funded. Their clients are largely emotionally disturbed. The law states under the Social Security Act that if these people do not have a representative payee, they cannot receive the benefits they are entitled to. Thus, with out a representative payee, these people will wind up back on general assistance. There will be a great savings to the state if the committee votes for this bill.

Carol Sanders, Executive Director for Society for Social Justice, stated she gets most of her clients from numerous referral sources, i.e. welfare department, social security, attorneys or physicians, etc. Some of the duties the society performs for these emotionally disturbed individuals are: opening and maintaining bank accounts, dealing with landlords to find places for occupancy, paying of bills directly, making contact with various other agencies as needed, i.e. for alcohol counselling; in addition, a ledger sheet is kept for each client, monthly bank statements are balanced, help with buying groceries is provided, dealing with relatives in emergencies, applying for energy assistance as needed, making home and hospital visits in addition

to performing miscellaneous other reporting requirements. The duties are complex and time consuming. Clients come in for weekly meetings to keep the representative up to date on how they are getting along and what their needs are.

Zoe Graham, Secretary for Society for Social Justice in Great Falls, expressed her support. She stated the majority of their clients are emotionally disturbed and incapable of working. The hope for them ever returning to work is unlikely. Emotional support is just about all that can be offered; without it, many of these people wind up back in Warm Springs. The organization is objective from family and money and can do a better job for these people for whom simple everyday things are or can be a big crisis. Family members often cannot deal with the situation. If they cannot be reimbursed for the cost of their services, they will no longer be able to provide them. The alternative is letting the people live in the community, which they are incapable of handling because they fall apart emotionally since they cannot function independently. She asked consideration of this because the Society hates to turn these emotionally disturbed people back onto the streets or have them institutionalized.

Rep. Pistoria spoke in support of the bill by stating he has followed this situation for a couple of years. The amount of people that have been helped makes this bill worth passing. He totally supports HB 292.

OPPONENTS: Lee Tickell, Administrator of the Economic Assistance Division, SRS, appeared in opposition to the bill. He stated the fiscal note indicates the potential costs of this bill could go up to \$18 million in general funds. In addition, there are currently 15,000 representative payees of the state all of whom, under the present language of the bill, could be potentially eligible for services and reimbursement under the provisions of the bill. SRS currently has a contract with Montana Legal Services Corporation for providing services to those kinds of individuals at risk of either coming off the SSI program and being put on the general assistance rolls. The service is available in the 12 state administered welfare counties.

DISCUSSION OF HOUSE BILL NO. 292: Art Lewis acknowledged that there is presently a contract between SRS and Montana Legal Services to provide legal services to obtain SSI to individuals presently on general assistance. This contract

covers 12 counties. In fiscal year 1985-86, the Montana Legal Services in all 12 counties removed 40 people. At the same time, the Society for Social Justice in Cascade County alone removed 24 people on favorable decisions. This brought in a savings to Cascade County of over \$100,000. Rep. Cody asked Mr. Tickell if these people are getting SSI, would they no longer receive general assistance. He replied "yes" as the amount of payment received under the SSI program exceeds the standard income of general assistance recipients. She clarified with Mr. Tickell that the GA amount is \$212.00 per month for a single person. Rep. Cody then asked Mr. Tickell if these people are qualified for SSI, then are their children qualified as well and he responded that "yes" they were. Rep. Cody noted that if people receive SSI, then they are no longer eligible for GA, and she asked Mr. Tickell why that issue was not addressed in the fiscal note. He replied that SRS currently has a contract with Montana Legal Services with an appropriation of \$50,000 which dictates how many people can be served. Rep. Cody asked Carol Sanders how they get their operation funds, and she replied that funding came strictly from a fee basis from the disability cases they handle. They charge 25% of the retroactive benefits which is the federal guideline. Occasionally, they receive donations. Rep. Jenkins asked Mr. Tickell how many people are served by the Montana Legal Services, and Mr. Tickell replied that at the present time, he thought about 279 people have been represented or have successfully completed the appeal process. Rep. Jenkins then asked Mr. Tickell if his organization operates only in 12 counties, and Mr. Tickell replied "yes". Rep. Jenkins questioned the accuracy of the fiscal note since it uses the whole state of Montana and not just 12 counties. Mr. Tickell responded that the fiscal note was computed based on information obtained from the Social Security Administration. Rep. Peterson asked Mr. Lewis if any homemaker functions are performed by his organization, and he responded in the affirmative. These functions were outlined earlier in the testimony of Carol Sanders.

Discussion was closed on HB 292 by Rep. McCormick who expressed the hope that the bill will receive the committee's support.

CONSIDERATION OF HOUSE BILL NO. 410: Rep. Miles, House District #45 and sponsor of the bill, stated the purpose of HB 410 is to provide some consistency to our laws by removing the Secretary of State's name from the voter information

pamphlets in election years when the incumbent Secretary of State's name appears on the ballot.

PROPOSERS: Sue Bartlett, Clerk and Recorder, Lewis & Clark County, supports the bill and also supports the placement of voter information pamphlets in the polling places. She gave some examples of inadvertent electioneering at the polls that occurred in Lewis and Clark County during the last election.

Kim Wilson, Common Cause, supports HB 410 as it ensures more evenhanded elections and will help prohibit any type of electioneering in the polling places.

Don Judge, representing the Montana AFL-CIO expressed support of the bill. He thinks it is a good idea to take this opportunity to clean up any possible appearance of wrongdoing.

OPPOSERS: None.

DISCUSSION OF HOUSE BILL NO. 410: None.

Rep. Miles closed discussion on HB 410 by suggesting the committee take a good look at this bill from the fairness standpoint.

The committee recessed at 10:05 a.m. and reconvened at 10:15 a.m.

CONSIDERATION OF HOUSE BILL NO. 299: Chairman Sales presented HB 299 to the committee members in the absence of the sponsor, Rep. Bardanoue. HB 299 is an act to change the actuarial tables that will be used in the 7 public retirement systems.

PROPOSERS: Linda King, Public Employees' Retirement Division, stated the purpose of this bill is to comply with federal Internal Revenue Code requirements. The amendment being offered today will maintain the "qualified plan" status of the retirement systems (Exhibit #1). The bill is strictly a housekeeping bill and does not have any effect on the computation of retirement benefits under any of the state's retirement systems. It simply names the mortality table and the interest rate in use by each system.

David Senn, Administrator of the Teachers' Retirement System, supports the bill and stated it does not effect the funding or computation of any retirement benefits in any system. (Exhibit #2)

OPPONENTS: None.

DISCUSSION OF HOUSE BILL NO. 299: Rep. Phillips asked Linda King why the firemen and police were not included in this bill, and she replied that the fireman and policeman systems do not require the change under the IRS code. Rep. Phillips expressed concern over the use of a 1971 mortality table since people are living so much longer. Linda King responded that the tables have been updated by setting the mortality table back four years.

Discussion on HB 229 was closed by Chairman Sales.

The committee then went into executive action.

DISPOSITION OF HOUSE BILL NO. 299: A DO PASS motion was made by Rep. Pistoria, seconded by Rep. Stratford. Motion carried unanimously.

DISPOSITION OF HOUSE BILL NO. 292: A DO PASS motion was made by Rep. Pistoria, seconded by Rep. Cody. The vote was reversed. The motion received a DO NOT PASS, 13-5. Rep. Cody expressed concern about state institutions acting as representative payees. She feels this should be amended out of the bill. Rep. Nelson expressed concern regarding how many problems there might be elsewhere in the state. Rep. Sales replied that he was sure the problem was probably the same everywhere but worse in areas that are not being served by the Montana Legal Services which handles 12 counties. In counties not included in the 12, the situation of representative payees is probably more critical. Rep. Cody stated that her observation of the fiscal note gives her a different perspective on the bill. If people can receive SSI, then the state doesn't have to pay GA. She feels this is a savings to the SRS budget rather than an expense of \$18 million as indicated on the fiscal note. Rep. Moore stated that if people can be kept out of institutions, the state is saving millions of dollars.

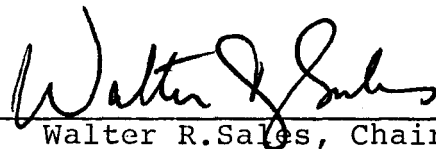
DISPOSITION OF HOUSE BILL NO. 410: Rep. Roth moved DO NOT PASS, seconded by Rep. Phillips. The motion carried 13-5.

DISCUSSION ON THE HOLIDAY BILLS: Chairman Sales asked the committee to reconsider its action on the subcommittee's recommendation concerning drafting a committee bill because a request for a committee bill requires a 3/4 majority. The committee vote on the recommendation was only 10-8. Rep. Roth moved to allow a committee bill to be drafted. Motion seconded by Rep. Fritz. Motion carried 15-3.

DISPOSITION OF HOUSE JOINT RESOLUTION NO. 3: (referred back to Committee) Chairman Sales explained that a bill receiving a tie vote can be sent to the floor without recommendation. He asked the committee if they wanted to reconsider their action on the bill. Rep. Fritz moved to TABLE HJR 3, seconded by Rep. O'Connell. The motion failed 9-9. Chairman Sales indicated he would send the bill to the floor without recommendation.

DISPOSITION OF HOUSE BILL NO. 229: Rep. Campbell moved DO PASS, seconded by Rep. Cody. Rep. Jenkins expressed concern about the retirement fund getting into trouble if a substantial number of employees are laid off. Rep. Cody asked Linda King at what point would the fund have problems with less people funding it. Linda replied that if half the membership was lost, then there would be a problem. At present there are 26,107 members. It is unlikely that 13,000 would ever drop out at any one point. Rep. Roth felt it was important to note that there would be a savings to the university system of \$1.2 million. Rep. Phillips felt the committee should look at the ramifications of the bill before this decision is made. Rep. Whalen made a substitute motion to TABLE, seconded by Rep. Phillips. Motion to TABLE carried 11-7 with Reps. Cody, Campbell, DeMars, Peterson, Roth, Pistoria and Holliday voting no.

ADJOURNMENT: There being no further business to come before the committee, the hearing adjourned at 11:10 a.m.



Walter R. Sales, Chairman

DAILY ROLL CALL

State Administration COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date Jan 29, 1987

NAME	PRESENT	ABSENT	EXCUSED
Walt Sales	✓		
John Phillips	✓		
Bud Campbell	✓		
Dorothy Cody	✓		
Duane Compton	✓		
Gene DeMars	✓		
Harry Fritz	✓		
Harriet Hayne	✓		
Gay Holliday	✓		
Loren Jenkins	✓		
Janet Moore	✓		
Richard Nelson	✓		
Helen O'Connell	✓		
Mary Lou Peterson	✓		
Paul Pistoria	✓		
Rande Roth	✓		
Tonia Stratford	✓		
Timothy Whalen	✓		

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EXHIBIT 1
DATE 1/29/87
HB 299

~~PROPOSED~~ TESTIMONY

A BILL TO SPECIFY THE FACTORS AND ASSUMPTIONS

USED TO DETERMINE ACTUARIAL EQUIVALENCIES OF RETIREMENT BENEFITS

This bill is being proposed by the Public Employees' Retirement Board in order to continue the qualification of seven retirement systems administered by the board under the Internal Revenue Code. The code requires qualified plans to specify the factors and assumptions used to determine actuarial equivalencies of retirement benefits in the actual plan. In the case of the state's retirement systems, the "plans" are the statutes enacting the retirement systems.

Current law defines "actuarial equivalent" as "a benefit of equal value when computed upon the basis of the actuarial tables in use by the system." This bill proposes to amend this definition by substituting "1971 Group Annuity mortality table with ages set back four years and an interest rate of 8% compounded annually" (for "actuarial tables in use by the system"). The same amendment is being proposed for each of the seven actuarially funded retirement systems administered by the Board. At the request of the administrator of the Teachers' Retirement Division, and in an effort to minimize the number of bills brought before the 1987 Legislature, this bill makes the same amendment to the provisions of the Teachers' Retirement System.

This bill is strictly a housekeeping bill and does not have any effect on the computation of retirement benefits under any of the state's retirement systems. It simply names the mortality table and the interest rate in use by each system.

We urge your approval of this bill in order that the qualified plan status of the retirement systems can be maintained, and with it the continuing tax advantages such qualified status provides for the trust funds and retirement system members.

EXHIBIT 42
DATE 1/29/87
HB 299

House Bill 299

TESTIMONY
presented by
David L. Senn
Teachers' Retirement Board
1-29-87

TITLE

An act to specify the factors and assumptions used to determine actuarial equivalencies of benefits provided in the Public Employees', Teachers', Judges', Highway Patrolmen's, Sheriffs', and Game Wardens' Retirement Systems.

The Teachers' Retirement Board supports this legislation. This bill is necessary in order to continue the qualifications of the retirement plan under the Internal Revenue Code. The code requires all qualified plans to specify the factors and assumptions used to determine actuarial equivalencies in the plan document.

The Teachers' Retirement System has always been treated as a qualified plan by the Internal Revenue Service. The importance of the system maintaining a qualified status is three fold.

- (1) If a system is not qualified, employer contributions are taxable to the members at the time the contributions are made.
- (2) Unless the system is qualified, trusts set up to handle the investments of the fund, would not be tax exempt and thus all investment earnings would be subject to taxation.
- (3) There may be tax advantages available to members when distributions are made from a qualified plan at the time of retirement.

This bill does not have any effect on the funding or the computation of retirement benefits under the Teachers' Retirement System it simply names the mortality table and the interest rate in use by the system.

We urge your approval of this bill in order that the retirement systems of the State of Montana may maintain their qualified plan status under the Internal Revenue Code.

DLS:dlh

STANDING COMMITTEE REPORT

January 29

19 57

Mr. Speaker: We, the committee on STATE ADMINISTRATION

report SB 410

do pass
 do not pass

be concurred in
 be not concurred in

as amended
 statement of intent attached

Chairman


FIRST

WHITE

reading copy (_____)
color

STANDING COMMITTEE REPORT

January 29

19 87

Mr. Speaker: We, the committee on STATE ADMINISTRATION

report HB 292

do pass
 do not pass

be concurred in
 be not concurred in

as amended
 statement of intent attached

Chairman


FIRST

WHITE

_____ reading copy (_____)
color

De Post

ROLL CALL VOTE

State Administration

COMMITTEE

DATE _____ BILL NO. 292 NUMBER _____

NAME	AYE	NAY
Walt Sales		✓
John Phillips		✓
Bud Campbell		✓
Dorothy Cody		✓
Duane Compton		✓
Gene DeMars		✓
Harry Fritz	✓	
Harriet Hayne		✓
Gay Holliday		✓
Loren Jenkins		✓
Janet Moore	✓	
Richard Nelson		✓
Helen O'Connell	✓	
Mary Lou Peterson		✓
Paul Pistoria	✓	
Rande Roth		✓
Tonia Stratford		✓
Timothy Whalen	✓	

TALLY

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Secretary

Chairman

MOTION: _____

STANDING COMMITTEE REPORT

January 29

19 87

Mr. Speaker: We, the committee on STATE ADMINISTRATION

EB 299

report

do pass
 do not pass

be concurred in
 be not concurred in

as amended
 statement of intent attached

Chairman

MS.

FIRST

reading copy (WHITE)
color

ROLL CALL VOTE

State Administration

COMMITTEE

DATE _____

BILL NO. _____

299

NUMBER _____

NAME	AYE	NAY
Walt Sales		
John Phillips		
Bud Campbell		
Dorothy Cody		
Duane Compton		
Gene DeMars		
Harry Fritz		
Harriet Hayne		
Gay Holliday		
Loren Jenkins		
Janet Moore		
Richard Nelson		
Helen O'Connell		
Mary Lou Peterson		
Paul Pistoria		
Rande Roth		
Tonia Stratford		
Timothy Whalen		

TALLY _____

Secretary _____

Chairman _____

MOTION: _____

*Do Not Pass
Motion Passed*

ROLL CALL VOTE

State Administration

COMMITTEE

DATE _____

BILL NO. 410

NUMBER _____

NAME	AYE	NAY
Walt Sales	✓	
John Phillips	✓	
Bud Campbell	✓	
Dorothy Cody	✓	
Duane Compton	✓	
Gene DeMars	✓	
Harry Fritz		✓
Harriet Hayne	✓	
Gay Holliday	✓	
Loren Jenkins	✓	
Janet Moore	AYE	✓
Richard Nelson	✓	
Helen O'Connell		✓
Mary Lou Peterson	✓	
Paul Pistoria		✓
Rande Roth	✓	
Tonia Stratford	✓	
Timothy Whalen		✓

TALLY

13

5

Secretary _____

Chairman _____

MOTION: _____

*Holiday bill
reconsideration*

*Roll moved
Fritz second*

ROLL CALL VOTE

State Administration

COMMITTEE

DATE 1/29 BILL NO. _____ NUMBER _____

NAME	AYE	NAY
Walt Sales	✓	
John Phillips	✓	
Bud Campbell	✓	
Dorothy Cody	✓	
Duane Compton	✓	
Gene DeMars	✓	
Harry Fritz	✓	
Harriet Hayne	✓	
Gay Holliday	✓	
Loren Jenkins	✓	
Janet Moore	✓	
Richard Nelson	✓	
Helen O'Connell		✓
Mary Lou Peterson	✓	
Paul Pistoria		✓
Rande Roth	✓	
Tonia Stratford	✓	
Timothy Whalen		✓

TALLY 15 3

Secretary _____

Chairman _____

MOTION: _____

