

MINUTES OF THE MEETING  
EDUCATION SUBCOMMITTEE  
50TH LEGISLATURE

March 6, 1987, p.m.

The meeting of the Education Subcommittee was called to order by Chairman Dennis Nathe at 4:33 p.m. on Friday, March 6, 1987 in Room 104 of the State Capitol.

ROLL CALL: All members were present. Also present were Dori Nielson, and Jane Hamman of the Legislative Fiscal Analyst office, Sib Clack of the Office of Budget and Program Planning, and Deb Thompson, Secretary.

Cooperative Extension Service: Jane Hamman reported that the recommendation from the Legislative Fiscal Analyst and the Legislative Council chief attorney was to put in the bill the full amount of the liability of the federal retirement plan. Language as adopted by the subcommittee, states that the money may be spent only if a federal district court determines that those employees are federal employees within the meaning of the law. (Exhibit 1, 2) The second sentence of the language would state that if they are not federal employees under that law, \$15,000 in retirement and the \$206,000 to \$214,000 difference in social security which was appropriated for that purpose, could be spent. Following the advice of the Legislative Council attorney would increase the general fund budget for FY88 by \$453,276 and for FY89 by \$453,276. The funds would be appropriated to meet the federal liability but clearly the intent of the legislature would be to expend those funds only if the courts determine federal employee status within the meaning of PL 99-335.

Representative Peck moved to accept this language and to insert \$453,276 each year of the biennium for the Cooperative Extension Service at Montana State University for a line-item appropriated for this purpose, making a total of \$659,420 in FY88 and \$665,731 in FY89. The motion PASSED unanimously. Representative Iverson questioned whether only federal district court and not also appellate level should be addressed. Representative Peck agreed that if the case were lost in federal district court level, the state would want to appeal and this language may restrict that or force the release of the money.

Representative Peck moved to add "or appellate" between the words "district" and "court". Senator Jergeson said that would allow the right to appeal. Representative Iverson

Education Subcommittee

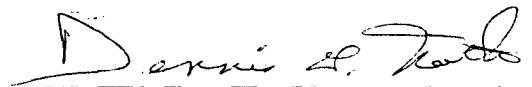
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commented that it probably should state "on final determination in federal court". The motion PASSED unanimously.

University Funding Study: Chairman Nathe related to Representative Gene Donaldson the concerns of members of the subcommittee for a university funding study, explaining that three agencies would be involved and some funding would be necessary. The Office of Budget and Program Planning, the Legislative Fiscal Analyst Office, and the Office of the Commissioner of Higher Education needed to work out some funding needs. Discussion centered on attempts to structure the study committee. Concerns were expressed about the division of funds, and about legislative participation on the study, with several members of the education subcommittee feeling their experience would be valuable to the study.

ADJOURNMENT: The meeting was adjourned at 5:15 p.m. The next meeting was announced on adjournment of the House, March 7.

  
DENNIS NATHE, Chairman

dt/3-6A





STATE OF MONTANA

*Office of the Legislative Fiscal Analyst*

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HELENA, MONTANA 59620  
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JUDY RIPPINGALE  
LEGISLATIVE FISCAL ANALYST

March 6, 1987

The Honorable Max Baucus  
SH-706 Hart Senate Office Building  
Washington, D.C. 20510

Re: Federal Retirement System Act, P.L. 99-335

Dear Senator Baucus:

This letter is to express the concern of Montana's Joint Education Subcommittee of House Appropriations and Senate Finance and Claims over the Federal Retirement System Act, Public Law 99-335, adopted June 6, 1986, as it impacts state professional employees of the Montana Cooperative Extension Service.

As a result of this law, the cost increase to the State of Montana for retirement benefits of 124 employees of the Cooperative Extension Service could be as high as \$668,000 per year. We emphasize that \$668,000 could be the increased cost of retirement benefits only for these employees of the Cooperative Extension Service.

We deplore the fact that this law was passed without any increased federal revenue to pay the additional retirement and thrift savings costs for Cooperative Extension Service personnel who are state employees under federal appointments. It does not appear equitable for the State of Montana to be coerced by federal legislation into appropriating state funds for federal retirement benefits for 124 extension service state employees far in excess of the benefits paid for other state employees.

If the U. S. Congress has determined to increase the federal retirement system to this level and to force federal departments to absorb the costs by cutting in other areas, that is one policy decision. But to adopt such legislation and make it applicable to state employees of the extension service without appropriating the funds to pay for the increased retirement benefits unfairly shifts the burden of federal law to the state. And, as you are well aware, the State of Montana does not have the funds to pay these increased costs at this time.

Exhibit

DRAFT LINE ITEM APPROPRIATION FOR  
MONTANA COOPERATIVE EXTENSION SERVICE  
INCREASED BENEFITS UNDER P.L 99-335

FY1988

FY1989

2. Professional Retirement Benefit Increase

\$659,420

\$665,731

The total money appropriated in line item 2 may only be spent if a federal district court determines that cooperative extension service employees are federal employees within the meaning of Public Law 99-335. In the event these employees are not federal employees within the meaning of Public Law 99-335, in order to equalize benefits, up to \$221,300 in fiscal 1988 and up to \$227,611 in fiscal 1989 of the funds appropriated in line item 2 may be spent for social security coverage and retirement benefits for up to 124 professional employees. Any amount unspent for the purpose designated shall revert to the general fund. There may be no transfers in or out of this line item.

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If the Education Subcommittee adopts this intent and language, the action would increase the Montana Cooperative Extension budget above motions to date, as follows:

FY1988

FY1989

Increase Budget \$453,276

\$453,276

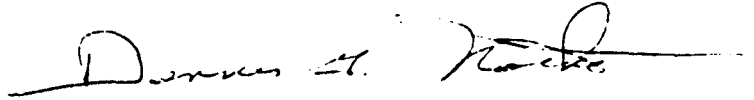
JLH/3/6/87 p.m.

We would appreciate your assistance in addressing the inequity of this matter and look forward to receiving your reply.

Sincerely,



**Senator Judy Jacobson  
Vice-Chairman  
Education Committee**



**Representative Dennis Nathe  
Chairman  
Education Subcommittee**

JLH1:bn:cong.

c: **Mike Greely  
Attorney General**