

MINUTES OF THE MEETING
STATE ADMINISTRATION COMMITTEE
MONTANA STATE SENATE

January 27, 1987

The thirteenth meeting of the State Administration Committee was called to order by Chairman Jack Haffey on January 27, 1987 at 10:00 a.m. in Room 331 of the State Capitol.

ROLL CALL: All committee members were present.

EXECUTIVE ACTION ON SENATE BILL 95: Senator Rasmussen stated he was still working on language with the Secretary of State's office regarding paper ballots and wished further delay for final action.

EXECUTIVE ACTION ON SENATE BILL 132: Senator Lynch MOVED that SB 132 DO NOT PASS. Senator Rasmussen seconded the motion. Senator Lynch stated he did not feel the Legislative Council was the appropriate place for this type of enforcement. He was concerned too about having the responsibility placed on 56 county attorneys to enforce. He noted that the public passed this measure overwhelmingly and we should not ignore their wishes. Senator Harding had conducted a poll at her local district and reported her results were disappointing as few knew what the office really did. Senator Hirsch opposed the motion because he felt this was not a high government priority nor a very serious function of government. Senator Rasmussen supported the motion because he felt it was encouraging to learn the budget was going to be trimmed and because he felt this was an important function to remain in place. Senator Anderson also supported the measure. Senator Harding opposed the motion as she felt it might be better to keep control at a local level. Senator Haffey noted in Steve Brown's testimony he stressed the importance of having an independent office in order to be more effective. On a vote of the MOTION the SB 132 DO NOT PASS, the motion passed with Senator Harding and Senator Hirsch voting no.

EXECUTIVE ACTION ON SENATE BILL 149: Senator Rasmussen MOVED SB 149 DO PASS. Senator Lynch seconded the motion. Senator Farrell had asked Scott Seacat, Legislative Auditor, to be present to explain the fiscal note concerning the unfunded liability that the state already has amounting to \$750,000 over the next biennium regarding payouts for early retirees. (EXHIBIT 1) Linda King, from Public Employees' Retirement System, explained the 1% the employees will be paying over the current 6% they pay in now would pick up the liability to the retirement system to pay the increased retirement benefits. She noted the liability for the lump sum cash payouts has nothing to do with the 1% or retirement benefits. The costs incurred would be due to people they anticipate would retire early and the large cash payouts as a result. Senator Haffey noted a large number

of responses in support of SB 149 had been received from employees of the Montana State Prison and from others around the state. These, he noted, were mostly from people who most likely would never get to the point where they could take advantage of this measure but were willing to pay the extra to have this in place. Senator Hofman wanted an explanation of the cost of \$420,000 which was listed in the fiscal note and was told by Linda King it had to do with assumed salary savings for replacing salaries of employees who retire and the savings assumed by hiring lesser paid people and then the costs that would be incurred in paying out lump sum payouts to those who retire early. Senator Haffey noted there is a bill pending yet regarding vacancy savings and supplementals. Senator Harding received an explanation of the benefits an employee would actually receive should he retire early. Senator Hofman was concerned about the costs it would mean to our state budget. Scott Seacat explained the bill would cause some agencies to pay out some retirements sooner than they would normally. Senator Vaughn noted there is another bill, HB 229, which would reduce employer-employee contributions to 5% and wondered about its effect on this measure. Tom Schneider, Montana Public Employees Association, explained if both were to pass a codifier would put the two bills together. The unfunded liability and managing of the funds would be totally funded though. On a vote the bill DO PASS, the motion carried unanimously.

EXECUTIVE SESSION ON SENATE BILL 167: An amendment to take into consideration conference committees so the bill would read that a committee in the second house would be required to give a 24 hour notice and a new section four to word it so reasonable notice of a meeting in special session and a definition of such was proposed. Senator Lynch MOVED the amendment DO PASS. Senator Farrell seconded. The motion passed unanimously. Senator Lynch then MOVED that SB 167 DO PASS AS AMENDED. Senator Harding seconded the motion. Senator Farrell was still concerned about what is still unknown and the problems this might create. Senator Lynch felt with the amendment proposed in place the bill would be workable. Senator Hirsch was still uncomfortable making a rule into statute. Senator Haffey felt this addresses making public notice into law which our constitution requires and felt the language was workable. On a vote SB 167 DO PASS AS AMENDED the motion carried with Senator Farrell and Senator Hirsch voting no.

EXECUTIVE ACTION ON SENATE BILL 168: Eddy McClure explained the proposed amendment takes legislature out of the language and states that when a legislature is not in session that a draft of all bills and resolutions submitted by the governor after his call for a special session be available for public review by the public 7 days prior to session. Senator Lynch felt this was just not practical. Senator Hofman MOVED the amendment proposed DO PASS. Senator Lynch seconded the motion.

State Senate Administration
January 27, 1987
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Senator Eck noted for clarification that the language just calls for a draft of all resolutions and bills submitted by the governor be made 7 days prior to a special session and would not deal with bills that might occur after special session begins. Senator Haffey noted that the amendment as proposed is workable and would insure that bills would be available for review prior to a special session. On the MOTION TO PASS the amendments the motion carried unanimously. Senator Hofman then MOVED SB 168 DO PASS AS AMENDED. Senator Harding seconded the motion. On a roll call vote, the motion passed with four senators voting no.

The meeting was adjourned at 11 a.m.

cd



SENATOR JACK HAFFEY, Chairman

ROLL CALL

SENATE STATE ADMINISTRATION COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date 1/27/87

NAME	PRESENT	ABSENT	EXCUSED
SENATOR JACK HAFHEY	X		
SENATOR WILLIAM FARRELL	X		
SENATOR LES HIRSCH	X		
SENATOR JOHN ANDERSON	X		
SENATOR J. D. LYNCH	X		
SENATOR ETHEL HARDING	X		
SENATOR ELEANOR VAUGHN	X		
SENATOR SAM HOFMAN	X		
SENATOR HUBERT ABRAMS	X		
SENATOR TOM RASMUSSEN	X		

Each day attach to minutes.

LEGISLATIVE STATE ADMIN.
CASE NO. 1
DATE 1-27-87
BILL NO. SB 149

January 22, 1987

Representative Bob Marks, Speaker
House of Representatives
State Capitol
Helena, Montana 59620

Dear Representative Marks:

We have reviewed SB 149, which reduces the number of years of service that are necessary to become eligible for retirement benefits under the Public Employees' Retirement System. This legislation affects state, university and local government employees who are members of the system. A member of the retirement system would need only 25 years of service rather than 30 to be eligible for retirement regardless of their age. A member who has completed 20 years of service would be eligible for early retirement. This is reduced from 25 years.

The increased benefit would be funded by increasing the employees' contribution by one percent to seven percent of salary over a forty year period. To the average state employee this amounts to a little more than \$200 per year. There is also separate legislation being introduced that will reduce the employee and employer contribution by one per cent each for the next two years. The result of both bills passing would be no increase in employee contributions for two years.

The system's actuary estimates that 108 employees will take advantage of the new provisions during the next biennium. Forty eight of the 108 would be state employees (non-university). Eleven would come from university employees. There is a potential that 14,297 of the current 26,767 members could receive benefits from the new provisions at some time.

We have also reviewed the fiscal note that accompanies SB 149. The information in the fiscal note appears to be reasonable. The cost and savings estimates are based upon reasonable assumptions.

*Delivered
1-23-87*

However, the fiscal note assumes all positions will be refilled, so there are no vacancy savings included in the estimates.

The fiscal note estimates a net cost to the state (excludes employees) over the biennium of about \$750,000. A majority of the costs of early retirement are associated with paying out lump sums for accrued sick leave and vacation for those employees taking advantage of the earlier retirement. The savings come from replacing the retiree with a lower salaried employee, and PERS past experience indicates the salary is about 87% of the previous salary. In 40% of the situations the retiree is replaced by someone of equal or higher salary.

In general, this bill provides an early retirement provision that requires the employee to pay for the benefit. If you would like some specifics on the bill or fiscal note, I will be more than happy to discuss them with you. If you need any further information, please feel free to call me.

Sincerely;

Scott A. Seacat
Legislative Auditor

STANDING COMMITTEE REPORT

JANUARY 27

87

19.....

MR. PRESIDENT

SENATE STATE ADMINISTRATION

We, your committee on.....

SENATE BILL

132

having had under consideration..... No.....

first

reading copy (**white**)
color

REVISE CAMPAIGN & LOBBYISTS LAWS & ABOLISH COMM'R. OF POLITICAL PRACTICES

Respectfully report as follows: That.....

SENATE BILL

132

No.....

~~DO NOT PASS~~

DO NOT PASS

.....
SENATOR JACK HAFBY

Chairman.

STANDING COMMITTEE REPORT

JANUARY 27

87

19.....

MR. PRESIDENT

SENATE STATE ADMINISTRATION

We, your committee on.....

having had under consideration..... **SENATE BILL** No. **149**

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color

REDUCE YEARS PERS MEMBER MUST SERVE BEFORE BEING ELIGIBLE FOR RETIREMENT

SENATE BILL

149

Respectfully report as follows: That..... No.....

DO PASS

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

.....
SENATOR JACK HAFFLY

Chairman.

STANDING COMMITTEE REPORT

JANUARY 27

19. 87

MR. PRESIDENT

We, your committee on..... **SENATE STATE ADMINISTRATION**

having had under consideration..... **SENATE BILL** No. **167**

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PUBLIC NOTICE OF LEGISLATIVE MEETINGS

Respectfully report as follows: That..... **SENATE BILL** No. **167**

be amended as follows:

1. Page 2, lines 7 through 8
Following: "house"
Strike: "or by conference committees"
2. Page 2, line 12
Following: "house"
Strike: "or by a conference committee"
3. Page 2, line 18 through line 1, page 3
Strike: section 4 in its entirety
Insert: "Section 4. Public notice -- special session -- conference committees. (1) If the legislature is called into special session or if a conference committee is called during a regular or special session, reasonable public notice must be given prior to consideration of a bill or resolution.
(2) As used in this section, "reasonable public notice" means that the time, place, and subject matter of a bill or resolution are read from the rostrum and posted in a central location set aside for this purpose in the state capitol."

AND AS AMENDED

DO PASS

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

.....
SENATOR JACK HAFFEY

Chairman.

ROLL CALL VOTE

STATE ADMINISTRATION

SENATE COMMITTEE _____

Date January 27, 1987 Senate _____ Bill No. 168 Time 11 a.m.

NAME	YES	NO
SENATOR JACK HAFFEY	X	
SENATOR WILLIAM FARRELL		X
SENATOR LES HIRSCH		X
SENATOR JOHN ANDERSON	X	
SENATOR ETHEL HARDING	X	
SENATOR ELEANOR VAUGHN	X	
SENATOR SAM HOFMAN	X	
SENATOR HUBERT ABRAMS	X	
SENATOR TOM RASMUSSEN		X
SENATOR J. D. LYNCH		X

Carol Duval

Secretary

Senator Jack Haffey

Chairman

MOTION BY SENATOR HOFMAN SENATE BILL 168 DO PASS.

Motion:

Motion passed 6-4.

STANDING COMMITTEE REPORT

JANUARY 27

87

19.....

MR. PRESIDENT

SENATE STATE ADMINISTRATION

We, your committee on.....

SENATE BILL

168

having had under consideration.....

No.....

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AVAILABILITY OF BILLS BEFORE SPECIAL SESSION

Respectfully report as follows: That.....

SENATE BILL

168

No.....

be amended as follows:

1. Title, line 5
Following: "RESOLUTIONS"
Strike: "ON SUBJECTS SPECIFIED"
Insert: "SUBMITTED BY THE GOVERNOR"
Following: "IN"
Strike: "THE"
Insert: "A"
2. Page 1, line 11
Following: "session"
Strike: "all" through "call" on line 13
Insert: "a draft of all bills and resolutions submitted by the governor after his call"
3. Page 1, line 13 through 14
Following: "session" on line 13
Strike: "or the legislature's call for a special session"

AND AS AMENDED

DO PASS

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

.....
SENATOR JACK HAFEEY

Chairman.