MINUTES

MONTANA HOUSE OF REPRESENTATIVES
51st LEGISLATURE - REGULAR SESSION

COMMITTEE ON APPROPRIATIONS

Call to Order: By Chairman Bardanouve, on March 20, 1989, at 8:12 a.m.

ROLL CALL

Members Present: All

Members Excused: None

Members Absent: None

Staff Present: Judy Rippingale, Judy Waldron

Announcements/Discussion: None

HEARING ON HOUSE BILL 780

AM ACT STATUTORILY CREATING THE JUNK VEHICLE DISPOSAL ACCOUNT; PROVIDING FOR DEPOSIT OF JUNK VEHICLE FEES IN THE ACCOUNT; PROVIDING THAT INTEREST AND INCOME EARNED ON THE ACCOUNT BE CREDITED TO THE ACCOUNT; ALLOWING THE DEPARTMENT OF HEALTH AND ENVIRONMENTAL SCIENCES AUTHORITY TO ESTABLISH JUNK VEHICLE RULES NO LATER THAN OCTOBER 1, 1989; PROVIDING AN APPROPRIATION FOR THE ACCOUNT; AND AMENDING SECTIONS 61-3-508 AND 75-10-532, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

Presentation and Opening Statement by Sponsor:

Representative Darko, House District 2, Libby, and Chief Sponsor of House Bill 780 said this was a Junk Vehicle Bill. She said she had put this bill in after the fee increase went down on the floor. She said this bill would statutorily establish the Junk Vehicle Disposal account. She said while it would provide for deposit of the fees in the account, the interest income earned would remain in the account, and put the appropriation of $500,000 we robbed two sessions ago back into the account. She said the Junk Vehicle Account will not survive without an influx of money. She said they are currently about $200,000 short of providing the grants to the counties.

Testifying Proponents and Who They Represent:

Henry Lahr, owner and operator of Hank's Salvage and Recycling in Townsend.

Representative Grady asked to be listed as a proponent for the bill.

Representative Cody asked to be listed as a proponent.

Proponent Testimony:

Mr. Lahr said he would pass out an amendment (not received by Secretary), which was the same as suggested in the House. He would recommend passing the amendment and the bill.

Representative Grady said he felt something should be done about this to keep it operating.

Representative Cody also asked to be on record as a proponent of the bill. She said something had to be done and she hoped this was the way they could go.

Testifying Opponents and Who They Represent:

None

Opponent Testimony:

None

Questions From Committee Members: Representative Grady asked what the amount of interest might be. Rep. Darko said the interest earned this year on the account was $49,362 at 7% interest. The interest on the money before we robbed it used to earn up to $232,000.

Representative Grinde asked if there was anyone here from the Dept. of Health. Rep. Darko said, no, but if the committee needed to talk to them she could get someone. Rep. Grinde questioned page 2, item B on the Hazardous Waste Act, and he asked for an explanation. Rep. Darko said that is the current language, it is the current law.

Representative Marks asked, relative to the amendment, are you proposing the amendment? Rep. Darko said she had no position on it, you could use this bill as a vehicle. She said even if there is no money in it, it could be set up as a fund so we can't rob it again, and so the interest will stay there. If the amendment fits in with the bill, she said she had no objection to putting it on. Rep. Marks asked if it would really take a year to get set up, and was told it looked like at least a year since they had to get together with all the counties, etc. and get the rules adopted.

Representative Bardanouve said they have some income under the present law, don't they, and was told they get 50 cents for each registered vehicle, $1.50 for each title transfer and then whatever junk and scrap they sell.

Closing by Sponsor: Representative Darko closed by saying she would encourage the committee to keep the language since she felt it was important to keep that fund solvent, and if the interest can stay in the account they would not have to raise the fees. She said they have been spending more than they have been taking in since 1983. Because of the initial "slush" fund they had built up they were able to keep operating, but when the $500,000 was taken out, it but a big dent in the budget.

Chairman Bardanouve declared the hearing on House Bill 780 closed.

The meeting was recessed until 10 A.M. since all sponsors were in another meeting.

HEARING ON HOUSE BILL 786

AN ACT GENERALLY REVISING PROVISIONS CONCERNING PERSONNEL CLASSIFICATION AND COMPENSATION FOR STATE EMPLOYEES; CLARIFYING THAT TEACHERS EMPLOYED BY THE DEPARTMENT OF FAMILY SERVICES ARE EXEMPT FROM THE STATE PERSONNEL CLASSIFICATION PLAN; REMOVING THE PROVISION FREEZING THE COMPENSATION OF EMPLOYEES WHO ARE EXEMPT FROM THE CLASSIFICATION PLAN; PROVIDING PAY SCHEDULES FOR FISCAL YEARS 1990 AND 1991 FOR CERTAIN STATE EMPLOYEES; REQUIRING THE BOARD OF REGENTS TO MAINTAIN ITS GROUP BENEFITS PLAN ON AN ACTUARILLLY SOUND BASIS; ESTABLISHING EMPLOYER CONTRIBUTION LEVELS FOR GROUP BENEFITS FOR FISCAL YEARS 1990 AND THEREAFTER; CREATING A COMMITTEE ON STATE EMPLOYEE COMPENSATION: APPROPRIATING FUNDS FOR PAYMENT OF COMPENSATION AND GROUP BENEFITS; AMENDING SECTIONS 2-18-103, 2-18-104, 1-18-301, 2-18-303, 2-18-312 THROUGH 1-18-315, 2-18-702, AND 2-18-703, MCA; AND PROVIDING EFFECTIVE DATES."

Presentation and Opening Statement by Sponsor:

(213) Representative Addy, House District 94, Billings, and Chief Sponsor of House Bill 786, and chairman of the Pay Plan Committee, said this bill came about Saturday morning when he signed it. The two principle pay plan bills that had been introduced were the Governor's plan sponsored by Representative Cobb and Representative Menahan had House Bill 770 which included a 5% pay raise, a 2% retroactivity increase and other items including differential pay for institutional nurses. He told about the hearings, tentative agreements, and the request by the committee to get a bill to reflect the agreement between the Governor's bill and the employee groups that had arrived at a tentative agreement. He said Lois Menzies had passed out technical amendments to House Bill 786, EXHIBIT 1, House Bill 786. He said these amendments were adopted by the select committee.

He discussed the University System Budget, and the question of whether the $13 million budget is included in House Bill was their understanding that House Bill 100 contained funding for the 6 and 6 increase for faculty and 4% increase for the physical plant classified employees, instructional support salary increases based on an FTE formula from 3.8% to 12.6% and support salary increases between 1/2 % and 6% based on an FTE driven formula. He said the Board of Regents had testified a few minutes ago to the effect that they did not believe House Bill 100 contained the 3% contract faculty increase. He said there is a potential legal dispute between the employees and their employer as to whether they are entitled to the average statewide classification pay increase. He said that is how it appears to be written into the UTU U of M faculty contract. He said that amounts to $5.266 million. He said the other area of ambiguity is whether the classified and professional employees of the University System are included in House Bill 100 or whether they should be included in House Bill 786. He said between salaries and insurance which are not included in 786, there is another $4.950 million. He said there is about $10.2 million in ambiguity. He said with the deadline of Thursday, the committee had considered the amendments, but did not amend any money into the bill.

Testifying Proponents and Who They Represent:

Tom Schneider, Montana Public Employees Association
Carrol Krause, Commissioner of Higher Education
James V. Koch, President, University of Montana
Representative Cocchiarella, District 59, Missoula
Nadiean Jenson, AFSCME
Rod Sunstead, Chief Negotiator for Executive Branch, excluding the University System
Bill Merwin, President, Northern Montana College
Brian Harlan, Associated Students of the University
Judy Holgruff, President of the Staff at the University of Montana
Dave Lewis, Budget Director, Governor's Office

Proponent Testimony:

(327) Mr. Schneider said this agreement comes about because there is no salary increase in any bill passed by any committee for any state employees. He said that some of them had met with the state negotiators, and reached agreement Thursday on a package. They support the agreement. He said a key to the agreement is the Health Insurance. He said if there isn't enough money in this bill to take care of the problems with health insurance they could have families taking as much as 50 additional dollars out of their pocket each year of the next biennium to pay for family health insurance coverage. He said with the figures in this bill they feel there will be no additional money out of pocket for health insurance over the two year period. It has to be considered part of the pay raise. He said this is a minimum excluding health insurance of 2 1/2 %. He said it still has to be

ratified by the membership, but feels it will be something they can accept. He said they have the problem of where the non-teaching people in the University System lie in regard to funding. He said in the past 14 years, since the implementation of the pay plan, they have been placed on the pay plan and have been funded for both health insurance and salaries. He said there is a real question as to whether there is money in either bill to fund no vacancy savings, pay increase for university non-teaching people.

Dr. Krause said he supports the overall concept of the pay plan, and said they have some very serious concerns. He said they believe the pay plan has the funding for the research and public service category for the Agricultural Experiment Stations, Co-op Extensions, Forestry and Bureau of Mines. He handed out EXHIBIT 2. He said House Bill 100, in a global perspective, contains $13 million of general fund money, and the pay plan is $13 million, you might conclude you could fund it. He said for practical purposes it would wipe out anything else they had tried to accomplish in the subcommittee. He said, what is in HB 100, is a proposal for a 6 and 6% salary increase for the faculty, and there are no provisions made in any other segment of HB 100 for salary increases. He said they have always been included in the pay plan over and above what happens in the subcommittee. He explained Exhibit 1, and what would happen with the budget if they were not included in the pay plan.

Chairman Bardanouve asked Dr. Krause if he was saying they need $10.2 million, and was told if they were to fund the salary increase and the classified support, they need the $10.2 million. Chairman Bardanouve said, then instead of the $13 million we have been talking about, you need $23 million plus the tuition increase. Dr. Krause answered yes. In reply to a question as to tuition increase, he answered it is between $8 million and $9 million.

Representative Spaeth asked if in the past the pay plan had been funded through the major appropriations bill, or through the pay plan bill. Dr. Krause said it has always been funded, since he had been in Montana, through the pay plan bill.

Representative Menahan asked what increases they have and what are in student monies. Dr. Krause answered the tuition increase is 14.1% and generates a little over $8 million. In answer to a question as to other new money, Dr. Krause said it is the $13 million they have been working on in general fund.

(634)Dr. Koch said he was also a proponent, if the University System is included. He referred to the Exhibit 1 handout, and said the U of M share would be a little over $3 million. However in H.B. 100, the U of M, FY 89 appropriation compared to FY 90 is only about $1 million more. So, in our case, we would be asked to fund $3 million plus of salary increases with an increased budget of $1 million.

(650)Representative Cocchiarella asked if there was any discussion as to the raises they might get, or what the regents might offer as staff people at U of M. She said they have never negotiated their pay directly with the Board of Regents. They have participated in bargaining early with other state employees. She said this is done before the budget goes to the Governor.

Ms. Jensen said the agreement still has to be ratified by the membership, but they do feel it is as close as they could get with the problems the state has with money. She said they feel it is much better to have the insurance on top of the $560 rather than having the insurance taken out of it.

Mr. Sunstead said the Executive is in support of this bill, it does reflect the tentative agreements reached in negotiations, and they have tentative agreements with 4400 out of 5600 organized employees in the Executive branch, excluding the University System. He said that is 80% of all organized employees have tentatively agreed to the provisions in the bill.

Dr. Merwin said they had not negotiated anything but the 6 and 6 with the subcommittee. He said the total impact of Northern Montana College would be a loss of $700,000 over the biennium. He said this amount assures lay off's, and the only place to take them is within the faculty itself.

Mr. Harlan said the Board of Regents did approve the 14.1 % tuition increase. He said as students, they knew they had to put in some more money, but did not want that much. He said their main understanding is the University System is falling behind the peers, and they need to catch up. He said the way it looks now, if the committee does not include the salary increases for the University System, the tuition increases would be going toward pay hikes, and the other problems will not be solved.

Judy Holgruff said, as staff members of the U of M, they are concerned with the recent development in the pay plan for the University employees. House Bill 786 does not include staff members at the different University units.

(Tape 1, side 2, 000) Dave Lewis, gave a handout EXHIBIT 3, and said it shows what is funded under 786 at the present time. He said the essence of the disagreement is that the Executive believes the University System has the resources and certainly the regents have told both the Executive and Legislative branches through the years they have the authority to reallocate funds to cover the costs of the pay raise and the health insurance for the support people. That will come out of the $13 million included in House Bill 100, and it will in no way completely absorb that amount of money. He said they have staff people from BPP and LFA working to come up with the amount of money they need to absorb out of that $13 million, if they were to award the pay raise and insurance increase to that support staff. He said they are not supporting the increase above the 6 and 6 for the contract faculty. If the regents want to give them that, they will have to come up with the money.

Testifying Opponents and Who They Represent:

Jim McGarvey, Montana Federation of Teachers and Montana Federation of State Employees.
Wilbur Rehmann, Labor Relations Director for the Montana Nurses Association, representing registered nurses at the State Hospital at Warm Springs and Galen
Coleen Rogers, President of the Federation of SRS Workers Union.
Ron Erickson, President of the University Teachers Union, Montana Federation of Teachers, University of Montana
Phil Campbell, Montana Education Association

Opponent Testimony:

Mr. McGarvey said they have been getting a lot of phone calls from other people than their own groups who are dissatisfied with the settlement. He said $50 is what is being offered the lowest paid people, as well as most of the people in state government. $560 or 2%, is actually $47 a month after being frozen for 2 years. He said this would average $15 a month over a three year period. He said the pay plan has been annihilated, it no longer works because some people got in a hurry to negotiate an agreement. He said this bill does not contain an economic gesture. He said those testifying as representing 4400 people, that is really 4400 out of 14,000, and the rest of the people aren't happy. He said historically, the University System rate for the classified employees and faculty have been driven off the state classification and pay plan. He said they had negotiated along those lines for the faculty, and that an agreement was reached a year and a half ago. He said people who say to support a negotiated agreement, is a conflict, the agreement was reached a year and a half ago. These people came in and negotiated an agreement which is in contradiction to the other negotiated agreement. he said they asked for money for 9,000 state employees, and there are 14,000 state employees.

Mr. Rehmann said they and their members strongly oppose this bill. He said they were not involved in any negotiations, either at the invitation of the state negotiator, or representatives of any other employees. He said the beginning wage for registered nurses at the State Hospital will move to $9.23. He said that is approximately $1 to $2 under the competing hospitals.

EXHIBITS 4 and 5 were passed out, and are attached to the minutes.

Ms. Rogers, said she wished to state their opposition to this bill. She said in the last 3 days she had fielded over 300 phone calls from angry state workers who do not support this bill. She said these calls were not all people from their union, but represented other state workers from other unions, or from those who were not represented. She said they believed state employees should have a chance to vote on this issue before the Legislature leaves town so they can understand the wishes of the rank and file. She said they would support the increases in 770.

Mr. Erickson said the committee is being asked to honor a contract not yet ratified, and at the same time to dishonor a contract that has been ratified; $10 million--at the University of Montana we will have less money than in the last biennium; and how much is $10 million. He said there is 800,000 people, and we are talking about $120 per person in the State of Montana to support a University. He said there would be a real decline if this committee only supported the $13 million.

Mr. Campbell said they only represent a small number of state employees that are affected by the state pay plan. He said they were the employees at Pine Hills and Mountain View. He said they were not part of the negotiations that were carried on, and passed out Exhibits 6 and 7, pay matrix, and current pay scales for Mountain View and Pine Hills. He explained the exhibits to the committee. He said they would support H.B. 770.

<u>Questions From Committee Members:</u> Representative Spaeth asked Mr. McGarvey (254) if the $47 per month took in the insurance of $15 or $20, so that actually the state contribution was $67.62. Mr. McGarvey answered yes, he was not adding in the insurance. He said the way they negotiate that is an inflationary item and they do not look at it as a raise.

Representative Spaeth asked Mr. Lewis the same question and asked if there was any chance for more information. Mr. lewis answered, in looking at the instructional support and the support program, there is an increase above the amount for libraries in excess of $4 million that is in House Bill 100. The missing part of the equation is what the pay raise cost is for the people in those areas, and that is being worked on at the moment. Rep. Spaeth said he gathered one of the areas they looked for from the University was the vacancy savings. Late on, he assumed the position of the administration that they do go in and take vacancy savings out of the budgets, that we won't be taking vacancy savings out of the University System. Mr. Lewis said it would depend on what they come up with their final calculations.

He said he felt they should be treated equally with everyone else.

Representative Spaeth said, we are not treating the University System equally in the pay plan, and was wondering if they continue to treat them unequal under the pay plan, then we would recognize the differential and not take vacancy savings out of House Bill 100, if they are taken out of the other agencies. Mr. Lewis said versus the other agencies, he believed the University had been given preferential treatment so far as total budget increases, and this has to be factored into the discussions as the settlement on a vacancy savings number is reached. After recapping his assumptions Rep. Spaeth was told by Mr. Lewis that there is one missing factor. He said this particular budget was given different treatment than the other agency budgets. He said the issues are on the table in Finance and Claims when they look at the final disposition of the vacancy savings issue.

Representative Spaeth said he had asked Mr. Shackleford about the breakdown of the $13 million commitment to the University System, and his figures indicated the 6 and 6 % pay salaries would come out of that, but in the break down of the vo techs and Junior Colleges and Libraries, there is no additional monies to reach the commitment. He asked if those figures were being changed now. Mr. Lewis said he was not familiar with what his predecessor talked about. He said he was aware in gross terms there is a $13 million increase, and was not aware of any agreements on the issue. He said he would like to look at what commitments had been made. Rep. Spaeth referred to the $10 million referred from the Board of Regents. Mr. Lewis said he would agree $10 million is fairly close to what the University System wants, he would dispute the fact that the administration does not support some of those requests. Rep. Spaeth said he would assume the administration did not support the salary above the 6 and 6, and Mr. Lewis answered that was right. Rep. Spaeth asked about the $4.9 million and Mr. Lewis said the understanding is that there is a portion of that $4.9 million in House Bill 786. He said everything is in there except the support program and the instructional support and he is asking for the calculations to be brought down on the amount.

Chairman Bardanouve said he had asked the Fiscal Analyst and the budget office to get together and come up with a firm figure by the time we have House adjournment.

Representative Kadas summed up answers to his questions by saying, you will be taking some of the money that is part of the $13 million and using it to fund pay plan for classifieds, plus you will anticipate adding some additional general fund into this bill to pay for classified employees. He said the Administration has made the decision not to fund the additional negotiated faculty increases above the 6 and 6; and will not be covering the additional approximately 3% and 3% that is in this bill. Mr. Lewis said yes, we are not going to appropriate the money for that. If the regents determine they want to reallocate funds from some other area, that is at their discretion, but we are not recommending an appropriation for any increase above the 6 and 6.

Representative Menahan asked about the $925,000 figure. He said the figures on the University Contracts are not correct, and asked if they could get the correct ones. Mrs. Waldron said there is some misunderstanding about what is on the sheet. She said to her it seems to say that all they've got in House Bill 786 is $925,000, and there was more than that was put into the University System because of other employees who had gotten salaries, benefits and health insurance increases. Mr. Krause said the confusion rests in whether or not we acknowledge the fact that there is increases for the Ag Experiment Station, etc. He says they have, and they are not duplicated figures. He said also in the Support area there is not $4 million plus libraries. He says that figure includes the part designated for libraries.

Representative Swift asked if the pay schedules in 786 includes all those in the schedule in '85. Lois Menzies answered yes.

Representative Peck asked (527) at a meeting earlier and asked about the statement in regard to the pay increases for classified employees. Rep. Addy answered that he did not recall. Rep. Peck said that information should be in front of all the members at this time. He reviewed it by saying when the University and the Commissioner's office were negotiating on the contract, which was specifically on the U of M contract, telephone calls were made to the members of the Legislative Finance Committee, and they told us about the contract they were going to commit 4 year down the road. He said he had been contacted by Senator Regan and Representative Bardanouve because they had been called. He had asked what they told him, and everyone said <u>don't</u> do that. He said they then had the University System before the full Finance committee after they had accomplished this contract and asked them how they proposed to pay it if it was not funded, and the vague responses was they would take care of it in tuition, and the attorney said something about some constitutional authority. Later he found the contract said that the faculty got 6 and 6 plus whatever is granted the classified employees. He said when he brought it up later they told him there was an "out" in the contract. The words say granted and funded, and if the Legislature didn't fund it they would not have to give the additional to the faculty. (550) He said the Executive was very active this year in determining the figures, they said $13 million, negotiated and said to put it at (roughly) $14.5 million, and it was his understanding that included everything. Historically, the pay plan has never been in it before.

Rep. Marks said he concurred, and thought the thing that made the difference was this is the first time the Regents have negotiated a salary before the Legislature came into session.

Representative Kadas, as a third member of the committee, said he disagreed. He said he did not recall at any point where classified salaries were talked about as part of the formula. If you take the formula cost, the amount of additional expenditures generated by the formula in both support and instruction and take out the library costs, you don't have enough money to cover the increase in classified salaries. Rep. Peck said they had said the total post secondary costs were included in the $13 million figure. Rep. Kadas said they can say one thing, and you line item everything else except the classified increases which weren't in there. If they meant it, it should have been included as a line item, and it simply isn't there.

Mr. Lewis said the number they were waiting for has been calculated. He said their calculations indicate after libraries they still had a little over $4 million in increases in support and instructional support.

Chairman Bardanouve said he had tried to avoid taking positions, but did want the regents to know that he thought it was wrong to enter a contract before the Legislature met.

Representative Cody asked Mr. Schneider what the exact dollar amount of a grade 5 take home pay, and how much above that would be health insurance. Mr. Schneider said take home pay is very difficult to calculate, b ut $46.65 a month for gross pay and $15 a month for the state health insurance program. The second year it puts $46.65 plus $20 for health insurance. Rep. Cody asked how many actual state employees does this state have. Mr. Schneider said the problem is whether you are talking FTE's or employees. He said there is about 2,000 difference between the two. He said the rule of thumb used on employees was 11,700 st ate and approximately 4,000 university, but that is anyone who works from 1 hour a week to someone who works full time. Rep. Bardanouve said the comment from Mrs. Bennett earlier was they knew how many employees they have, but do not know how many employees the university has.

Representative Menahan said Rep. Peck had talked about the contract, what it said, and if it was funded, and he would like to ask Mr. McGarvey and the professor if that was their vies. The professor read the language. He said it was a 4 year contract. "The normal increase of all full time equivalent faculty members for the 1989 -'90 academic year shall be equivalent to the average state wide classification pay schedule increase appropriated by the 51st Legislature." He said, in other words, if you appropriate a pay plan, we get it. Mr. McGarvey said he would add that 13,200 Mr. Erickson passed out to you talks about the 4 steps, the freezes, it has always been normal increase, and it is pretty clear what was negotiated and ratified.

Representative Peck asked if the language was the same in all 4 negotiated agreements, and Mr. Krause said it is somewhat similar in the U of M and NMC. They do not have a signed agreement with Western or Eastern at the present time.

In response to a question from Rep. Bardanouve Dr. Krause said the Board of Regents was negotiating a contract sometime after the last session. In 1987 the contract with UTU expired. He said they were negotiating a contract at zero-zero pay increase with a few exceptions which totaled less than 1%. He said the Board did sign a contract for 4 years which included the 6 percent plus the pay plan. He said he felt it was essential to maintain the quality of education that this contract be kept.

Representative Bardanouve said the question is, was there a proviso in there that they would receive the contract raise or not? Dr. Krause said it is their intent to provide the funds for the salary increase. Rep. Marks said he was at the same meeting that Rep. Peck talked about. He said at that time none of the members had seen the contract. (150) He said he had asked the question and his impression of the response was that if the money isn't there, we think we can get away without putting that additional pay raise the state employees get. Rep. Kadas said that was his recollection also, but felt the answer was wrong and the contract was binding.

<u>Closing by Sponsor:</u> Representative Addy closed by thanking the committee for giving the bill a thorough hearing. He said this has been a volatile situation, and said to learn the University System was not in the pay plan was a shock to them. He said it was a relief to hear the Governor's office had agreed to an additional $13 million as a partial catch up.

Representative Bardanouve declared the hearing closed on House Bill 786, and said the committee would recess until 1 P. M.

HEARING ON HOUSE BILL 735

AN ACT ESTABLISHING A SCHOOL CAPITAL PROJECTS ACCOUNT; PROVIDING FOR THE ALLOCATION OF THE ACCOUNT AMONG THE SCHOOL DISTRICTS OF THE STATE; STATUTORILY APPROPRIATING THE ACCOUNT; PROVIDING FOR ALLOWABLE USES OF THE ACCOUNT; STATUTORILY APPROPRIATING MONEY FROM THE COAL SEVERANCE TAX PERMANENT TRUST FUND TO THE SCHOOL CAPITAL PROJECTS ACCOUNT; AND AMENDING SECTION 17-7-502, MCA."

Presentation and Opening Statement by Sponsor: Representative Ramirez, House District 87, Billings, Chief Sponsor of House Bill 735 (250) said this bill would provide a method whereby capital improvements for school districts could be equalized. He walked the committee through the bill, explaining the way the equalization would happen.

EXHIBITS 1 and 2 were handed in.

Testifying Proponents and Who They Represent:

None

Proponent Testimony:

None

Testifying Opponents and Who They Represent:

None

Opponent Testimony:

None

Questions From Committee Members: Representative Marks said the average annual cost per student, in those situations where the local districts might exceed the figure, you would expect them to pick that up as they do now? Rep. Ramirez said it is not arbitrary in the sense it is based upon actual expenditure figures. These are averages, and figures will vary.

Representative Menahan asked if this isn't the same concept that Bill Anderson from OPI had the last couple of years? Rep. Ramirez said he did not know, it didn't come from the OPI.

Representative Spaeth asked if the bill were to be passed out, how would he suggest it be funded. Rep. Ramirez said t hat right now it is the Coal Tax Trust collections in the future. He said he was opposed to using the Coal Tax Trust for ongoing operational expenditures, but felt this, being used for tangible investments, is what he has advocated for years.

Representative Spaeth asked if he wanted the bill funded the way it is in the bill and Rep. Ramirez answered that it depends. He said this is one of the bills that was assigned to Appropriations, and perhaps it should have been in a select committee first.

Closing by Sponsor: Representative Ramirez said in response to Rep. Spaeth's question, if it is something that really needs to be done and gets hung up on the source of funding, then

he would say do it some other way.
Chairman Bardanouve declared the hearing on House Bill 735 closed.

HEARING ON HOUSE BILL 769
THE MONTANA SUSTAINABLE AGRICULTURE RESEARCH AND EDUCATION ACT; AND PROVIDING AN APPROPRIATION"

Presentation and Opening Statement by Sponsor:

Representative Elliot, District 51, Trout Creek, Chief Sponsor of House Bill 769 said he had bent the ears of the committee enough on the floor of the House, and said he would turn it over to the proponents of the bill.

Testifying Proponents and Who They Represent:

Al Kurki, Director, Alternative Energy Resources Organization
Dr. Leroy Luft, Director, Extension Service Cooperative, MSU

Proponent Testimony:

Mr. Kurki said in the debate there were a number of interesting points raised. He said the bill speaks for itself. He said a point of clarification on floor debate, yes, this bill was initiated by his organization which is composed entirely of conventional farmers who are seeking ways to reduce their dependence on agri-chemicals for a variety of reasons. He said during the hearings farm organizations, conservation districts and grazing districts indicated support. MSU's role was in cooperating on the bill and we used their figures used in a budget modification sometime earlier. He said over the past 5 years, pesticide free grains raised in Montana have drawn a 15 to 20% premium over market price.

Dr. Luft said this low input sustainable agriculture program was originally as a program modification in their initial budget, and AERO and other groups advanced this as a separate bill after it did not surface within the committee. He said they are doing research, and have had a lot of

Testifying Opponents and Who They Represent:

None

Opponent Testimony:

None

Questions From Committee Members: Representative Spaeth asked if this was considered in the subcommittee and Representative Peck said it was, but it fell out in the Regents recommendation to the subcommittee. He said he thought it was in the budget book, but they accepted the Regent's recommendation.

Representative Cody asked if other states were appropriating money for sustainable agriculture and Dr. Luft answered that it varies, Pennsylvania, California and Nebraska, Iowa, etc. and they are very active. He said some have had a long tradition, some not over 3 or 4 years. Rep. Cody asked how much research was done by the Research Station for chemical companies and Dr. Luft answered there was some funded by chemical companies, those interested in herbicides and fertilizers.

Chairman Bardanouve asked if they couldn't rearrange their budget to do this and Dr. Luft said they could do some, but on the Extension side they are one deep as far as specialists working in the different areas. He said at the last session they gave up about 20 FTE within the Extension service so they are running pretty tight.

Representative Cobb asked if they could have a break down of where the money would go and Dr. Luft said the division of the amount as listed in the bill of $352,900 was for the biennium to fund a full time faculty person in each of the experiment stations and a half time classified person in each. It would be 2 professional and one classified as far as the numbers are concerned. He said the break down was $52,450 for the FTE for personal services and $20,000 for operation and $6,000 for capital for a total of $78,450 in the Extension service. On the Experiment Station side it was $52,450 on personal services, $40,000 of operations and $6,000 for capital, for approximately $99,000.

Closing by Sponsor: Representative Elliott (691) said in answer to an earlier question, he was informed the Regents had asked for $176,000 for this program for FY 91.

Chairman Bardanouve declared the hearing on House Bill 769 closed.

HEARING ON HOUSE BILL 234

AN ACT INCREASING MEMBER AND EMPLOYER CONTRIBUTIONS TO THE PUBLIC EMPLOYEES' RETIREMENT ALLOWANCES UNDER THE RETIREMENT SYSTEM; AMENDING SECTIONS 19-3-701, 19-3-801, 19-3-904, AND 19-3-1008, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE."

Presentation and Opening Statement by Sponsor:

Representative Spaeth, House District 84, Joliet and Chief Sponsor of House Bill 234, ((737) said this bill concerns changes in the retirement plan. He said it changes the retirement formula from 1 over 60 to 1 over 56, increases the employee contribution phased in from the 6% to 6.7% and increases, starting in 1993, the employer's retirement from

6.417 to 6.7 in 1993. He said there is some cost associated with it, but the employees pick up 70 some percent of the cost involved in it.

Tape 2, B, 000.

Testifying Proponents and Who They Represent:

Tom Schneider, Montana Public Employees Association
Rep. Vicki Cocchiarella, House District 59, Missoula
Nadiean Jensen, Montana State Council #9, AFSCME
Dennis Hemmer, Non Aligned Employees
Wilbur Rehmann, Association
Jim McGarvey, Montana Fed
Lou Terry, Classified
Representative Ed Grady, House District 47, Canyon Creek

Proponent Testimony:

Mr. Schneider passed out EXHIBIT 1, and said on the floor there had been a couple of questions asked and he would try to answer them. One was, weren't the people who retire now the only ones who were hurt by the pay freeze, and he said no. He said if you freeze salaries, it doesn't matter which 2 years, it will have an affect on the benefit, since that is based on the final salary they retire under. He said they have not changed the qualification so a person cannot retire early or retire before 60 without a penalty. He said this bill only changed the method of calculating the benefit. He said that change is about a 7% change in retirement benefits.

Representative Cocchiarella said she would like to go on record as being in favor of this bill.

Ms. Jensen said her members are in support of this bill and would ask the committee to support it.

Mr. Hemmer said they support the bill. There is a cost to the employees, but all the employees will benefit. There is a small cost to the state, but with the effects of the bill that cost will be minimal.

Mr. Rehmann said he represented the nurses at the State Hospital, and they support the bill.

Mr. McGarvey said he would like to register support from the groups he represents in support of the bill.

Lou Terry asked the support of the committee for this bill.

Representative Ed Grady asked to be listed as a proponent for this bill.

Testifying Opponents and Who They Represent:

None

Opponent Testimony:

None

Questions From Committee Members: (086) Representative Cody asked Mr. Schneider if, when he referred earlier to the gross increase of $46.65 a year under 786. He said for an employee making $1,000 a month, it would be $1.50 less per month.

Chairman Bardanouve, addressing a question to Mr. Schneider said in saying this was primarily designed because of the pay freeze, and you say all employees will receive 7% increase in pension whether they have 5 years or 35 years. He said he could not see what that had to do with the pay freeze. Mr. Schneider said the primary basis of a benefit is the number of years you work and the other is the salary averaged out over the highest 3 consecutive years. If the salary has been frozen, it will not be as high as it would have been, and therefore when the percent is supplied your benefits will be reduced by the amount the salary was held back.

Closing by Sponsor: Representative Spaeth said the bill has been heard so many times, and deals fairly with the compensation package we are dealing with, and he would urge passage of the bill.

Chairman Bardanouve declared the hearing on House Bill 234 closed.

HEARING ON HOUSE BILL 782

AN ACT TO GENERALLY REVISE THE FORENSICS FUNCTIONS OF THE DEPARTMENT OF JUSTICE; ESTABLISHING A DIVISION OF FORENSIC SCIENCES; CLARIFYING THE AUTHORITY OF THE ATTORNEY GENERAL CONCERNING FORENSICS PERSONNEL; AMENDING SECTIONS 44-3-102, 44-3-104, 44-3-106, 44-3-201, 44-3-211, 44-3-301, AND 44-3-303, MCA; REPEALING SECTIONS 44-3-202, 44-3-212, AND 44-3-304, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

Presentation and Opening Statement by Sponsor:

Representative Quilici, House District 71, Butte, Chief Sponsor of House Bill 782, said this is a request by the Appropriations Committee. He said the forensic science division of the Dept. of Justice is in section A of the big budget. He said there were some problems with the medical examiner concerning operations in the division. The Attorney General as asked for the authority to revamp the forensic sciences division, and that is what this bill does. He said this bill does put in a division administrator and the operating expenses which could come to around $50,000 a year.

Testifying Proponents and Who They Represent:

Marc Raciot, Attorney General

Proponent Testimony: Mr. Raciot said this bill is at our request. He told about some of the problems and cited the Legislative Audit report. He said one of the problems is they have a very expensive doctor who is paid to perform autopsies throughout the state and is paid to provide death investigation classes in schools and investigate crime scenes and he is never at the crime laboratory if they are performing their duties properly. He mentioned some of the cases which had received the wrong advice. He said they have taken steps in regard to individuals, but there is still a structural defect there. He said they believed they could obtain a forensic pathologist for less than they have been paying presently, which is $96,000 a year. He said he had one amendment to offer, attached as EXHIBIT 1 and also a copy of the fiscal note, EXHIBIT 2.

Testifying Opponents and Who They Represent:

None

Opponent Testimony:

None

Questions From Committee Members: None

Closing by Sponsor: Representative Quilici said there was no doubt they needed to give the Attorney General the power and the tools to run the division in a proper manner.

Chairman Bardanouve closed the hearing on House Bill 782.

DISPOSITION OF HOUSE BILL 782

Motion: Motion by Representative Cody to adopt the proposed amendment (exhibit 1) page 3, lines 10 and 11. Voted and passed.

Recommendation and Vote: Voted, Passed, House Bill 782 DO PASS AS AMENDED.

Motion: Motion by Representative Cody that House Bill 782, as amended, do pass.

Recommendation and Vote: Voted, passed.

DISPOSITION OF HOUSE BILL 234

Motion: Motion by Representative Spaeth that House Bill 234 do pass

Discussion: None

Amendments, Discussion, and Votes: None

Recommendation and Vote: Vote on motion that House Bill 234 **DO PASS**, voted, passed.

HEARING ON HOUSE BILL 543

"AN ACT PERMITTING CERTAIN RETIRED MONTANA HIGHWAY PATROL OFFICERS OR THEIR SURVIVING SPOUSES OR DEPENDENTS TO BECOME MEMBERS OF THE STATE OF MONTANA EMPLOYEE GROUP BENEFITS PLAN; REQUIRING A PERCENTAGE OF A RETIRED OFFICER'S OR HIS SURVIVING SPOUSE'S OR DEPENDENT'S PREMIUM FOR COVERAGE UNDER THE PLAN TO BE PAID WITH REVENUE COLLECTED FROM MOTOR VEHICLE REGISTRATION FEES; INCREASING THESE FEES; AMENDING SECTIONS 2-18-704 AND 61-3-321, MCA; AND PROVIDING EFFECTIVE DATES."

Presentation and Opening Statement by Sponsor:

Representative Connelly House District 8, Kalispell said this bill would allow retired highway patrol officers to come on the (343) the employee group benefit medical plan. She said it also would allow the Dept. of Administration to pay 1/2 of the premium under the plan, and it would be funded by putting 50 cents on each car license. She said the retiree would pay the other half and they could have it withheld on their retirement allowance. She said the reason for the bill is that the Retired Highway Patrolmen could not get social security until 1977 to come under Social Security.

EXHIBITS 1, 2 and 3 were handed in and are attached to the minutes.

Testifying Proponents and Who They Represent:

Mr. Al Rierson, Highway Patrol Association
Gene Miller, Highway Patrol Association

Proponent Testimony:

Mr. Al Rierson said it was needed because of the financial status people have gone through who are on retirement. He said they were not able to go under social security years ago. The A.G. issued an opinion that once you were retired you were no longer a benefactor under the patrol system and since he could not be a benefactor under Social Security, he had resigned as a result. (405)

Mr. Miller said some of the retirees had fallen through the cracks and this would help remedy the situation.

Testifying Opponents and Who They Represent:

Dave Ashley, Department of Administration

Opponent Testimony:

Mr. Ashley said he does not disagree with retiree's perspective in the sense that pensions have not kept up with inflation and medical inflation is running about 3 times the consumer price index. He said they are opposed to House Bill 543 because this bill is a piece meal approach to retiree's health care, it is a costly bill and it is a bad precedent. EXHIBITS 1, 2 AND 3 were passed out for the committee and are attached to the minutes.

Tape 3, A, 000.

Mr. Ashley said the spouses and dependents benefits listed in this bill was a commitment that had not even been made to the active employees in the state.

Questions From Committee Members: Representative Cody said they had heard several times that the retirees could not go under social security until 1974, and asked if they elected not to do so after that. Rep. Connelly said when they were offered the option and they had several meetings and did intend to go under Social Security, but the A.G. office issued an opinion sent a representative around the state and told them not to do so because it would cost the state too much money.

Representative Grady noted there had been several bills that tried to address this problem since retirement plans were not keeping up with inflation, and Mr. Ashley said this is a difficult problem. Mr. Ashley said it is a difficult problem and said he would turn the committee's attention to one bill that passed this session, the automatic cost of living increase for four of the systems. Linda King answered the cost of living that is in the Highway Patrol Retirement System is a minimum benefit, and allows that the retirement allowance of a retired Highway patrol officer can be no less than a percentage of a newly confirmed Highway Patrol officer in any given year. As inflation goes up to the point where a newly confirmed officer is making more than the retiree then the automatic cost of living increase kicks in and they get an increase.

Representative Grady said since the bill was amended from $1 to 50 cents, and asked why they did not stay at $1. He was told the information received from the analyst was they did not need that much.

Representative Grinde said you were told by the analyst that 50 cents was adequate to fund this. He asked why it was originally $1. Rep. Connelly said this came as a result of a discussion on funding by the person who drafted the bill, and they had suggested $1. She said later in talking to Lois Menzies and also Joyce Brown they said 50 cents, and it was lowered to that amount.

Representative Menahan asked if anyone knew what the financial status of the present insurance plan, and Rep. Bardanouve said the figures he had is that more and more retirees are going on the pay plan, and it is pushing the cost of the insurance plan up for the younger generation since the retirees are more costly.

Closing by Sponsor:

Representative Connelly said these people were not eligible to come under social security. They were getting a small pension because that was all the department had offered them. He said they took care of the cost of the bill by putting the cap on it. She read figures showing there would be a surplus of funds, and said the bill would not be costly nor set any precedent.

Chairman Bardanouve declared the hearing on House Bill 543 closed, and announced a recess subject to the adjournment of the House.

The committee reconvened at 7:03 p.m. (183)

Representative Bardanouve said it was important to get the pay plan out tonight.

DISPOSITION OF HOUSE BILL 786

Further Discussion: Chairman Bardanouve asked Mr. Lewis if they had arrived at any final figures on the pay plan, and Mr. Lewis said he and Dr. Krause had extensive conversations and thinks they are in agreement on the numbers unless something changes. He said the difference is for the support areas and their position is that H. B. 100 has approximately $3.7 million increase over the fiscal year of the '89 base; that the cost of the pay plan for the personnel in those programs is approximately $2.3 million. He said the difference is that Dr. Krause points out the base that is established for calculating House Bill 100 was the appropriated level for the University System. He said that during the fiscal year they had transferred approximately $1.7 million into those programs, and he is saying the real increase from actual expenditures is approximately $2 million. He said for purposes of analyzing H.B. 100, the appropriated level has been used for the base, and believes there is agreement there is a $3.7 million increase for personal services. He said they have calculated the cost of the pay plan for the affected people in those areas at $2.3 million.

Dr. Krause said he thought they had ironed out where the differences are. All of the formula drives off actual expenditure. He said in looking at the FY'88 base, the appropriated amount was $32.3 million and in '88 the actual expenditure we drove off of was $34 million. He said they were able to get more clarification from the budget office as to what is in and what is out, and a couple were included. He said to fund the pay plan for the support area they believe the figure, with these adjustments is $2.3 million.

Representative Bardanouve asked if they agreed there was money in there for it, and Dr. Krause said he did not agree there was money in for it, there is some money there. There is $1.9 million there, but it wasn't intended for pay increases, it was intended to provide the instructional support. He said it was never their intention to have zero increases in operations to fund salaries. In answer to a question from Rep. Bardanouve, Dr. Krause said there is always monies that transfer from one category to another. He said when they worked the budget they used actual expenditures consistently throughout. Chairman Bardanouve asked where it leaves us, and Dr. Krause recommended adding another $2.3 million to the pay plan and pass it out. Mr. Lewis said the question is what was the money in H.B. 100 intended for. He said they have allowed the $1 million for the libraries and the ongoing maintenance of the libraries. He said they think there is $3.7 million above the appropriated base, and again the argument of what is the real base. He said the $3.7 million is for personnel, and if you don't add $3.7 million for personnel you have no money for the pay plan.

Chairman Bardanouve asked Rep. Peck for his opinion. Rep. Peck referred to a letter of Jan. 6 from Mr. Shackleford. He said he assumed he was saying the same thing to the Commissioner's office and the Regents that he was saying in the letter. He said he had written and asked Mr. Shackleford exactly what was in the $13 million. Mr. Shackleford had written, "as noted in my Jan 12, 1989 letter to the House Appropriations and Senate Finance and Claims Committees, the only proviso on the use of the $13 million is that indirect funds which are included in the $13 million be used in the area of research, not for general operations and maintenance and that they relate to the original funding source. Other than this condition, the Board of Regents was given authority to allocate the funds where they are most needed. Those areas may be in any combination of staff salaries, community colleges, vocational technical centers, inflationary increases or other areas of need, but these are decisions for the Regents." Rep. Peck said it sounded pretty clear to him that salaries are within the $13 million.

Representative Marks (296) asked, if you include the transfer in the base, is that the base we used to start from for our $13 million, or is that the base after you transfer the money in. Dr. Krause said part of the problem is that much of it is formula driven, so as you calculate the formula, you start over, so there was not that additional money in the base, it was taken from somewhere else. He said if they added it in one, they took it out of the other.

Chairman Bardanouve asked if it were possible to strike a compromise. We could split this in half and each would be half right and half wrong. Mr. Lewis said we think the money is in there. Rep. Bardanouve said he might be right, but he was trying to strike a compromise. Mr. Lewis said his instructions were "don't put any more money in the bill".

Representative Kadas said he had spent a lot of time looking into this, and thinks he would be closer to agreeing with Mr. Lewis than with Dr. Krause.

Motion: Motion by Representative Kadas to include $5.2 million in the bill for faculty salaries over the 6 and 6, so that they were able to pay the contract. (340)

Discussion: Representative Marks said he assumed the intent of the motion is to add the equivalent of the pay plan to the universities. Representative Kadas answered yes, over and above the 6 plus 6. Representative Quilici said he was confused. He said they had listened to testimony in the Select Committee on the Pay Plan and the labor people and the Regents said the money was not in there for the classified employees, we hear it again this afternoon, now we find out it is stated we need $2.3 million to pay the classified positions, and no doubt these faculty people need that kind of a raise. If we are not sure we can't get the lower echelon the raises they are deserving, how can you go for $5.2 million for faculty? He said we already know the faculty got a 6 and 6, and that is a lot better than the classified got, at practically nothing.

Representative Spaeth said he had just added up 2.3 and 5.2 and it comes to 7.5. He asked if this is all out of the $13 million? Mr. Lewis said the key part is the $5.2 part being offered in this motion. We are not recommending an appropriation for that 5.2. We are recommending only the money in the 6 and 6 which is in House Bill 100. Rep. Spaeth said if they decide to give them the 5.2, that money would have to come from some place and asked where it would come from. Mr. Lewis said the $5.2 million is not a cost unless the Regents go ahead and award that pay raise to the contract faculty. It is at their discretion. He said we are recommending there not be an increased appropriation, and if they choose to meet that cost it will come out of their regular budget.

Representative Spaeth said, if they are legally bound, and a court should so decide, where would the money come from?

Mr. Lewis said if they got a court order to issue the raise, it could come out of their current operating budget or it could be the subject of a supplemental and they would be back for more money. He said there is at least a question as to whether or not they have to pay it. Rep. Bardanouve said there is about $8 million of additional fees, so we are not looking at $13 million, we are looking at about $21 million. Representative Marks discussed the options available to the University System.

Representative Menahan said he did not believe all of the parts of the University were subject to the agreement, and asked about the agreement with the students to increase their fees by $8 million, didn't we say we would do something for them for their contribution? Mr. Krause said (526) the Board of Regents said they would do everything possible to use the student fee increase to the instructional program to fund the instructional program and the libraries. Rep. Menahan asked how many people are signed on the agreement? Dr. Krause said there are about 3500 in the system. He said there are two other contracts that are not yet settled, Western and Eastern.

Representative Kadas said from what he is able to find out, the classified people are taken care of.

Tape 3, side B, 000,

Representative Quilici said he had checked with the LFA and the Budget office, and they seem to think the money is in the pay plan for the classified employees. He said he can find nothing specific. It is specific on the 6 and 6, but nothing specific saying the classifieds have the money in H.B. 100.

Rep. Menahan asked if the motion is to cover the agreements only, and Rep. Kadas said it was to cover all 6 units.

Representative Swysgood asked Rep. Peck, even though there are 2 units that are not a part of the agreement, did House Bill 100 allow a 6 and 6 for all the units for it's staff? Rep. Peck said the money was allocated in the amount of $13 million. We asked Dr. Krause and the Regents to bring us back a recommended distribution. It indicated that it covered all the units of the system.

<u>Amendments, Discussion, and Votes:</u> Rep. Kadas Motion to add the money for the pay plan above the 6 and 6. Roll call vote, **MOTION FAILED.**

<u>Amendments, Discussion, and Votes:</u> Representative Menahan asked what we were going to do about the nurses and those who are not covered in the contract. Representative Bardanouve said this committee could not discuss every segment.

Representative Quilici asked if the nurses were covered either in 786 or House Bill 100. He was told by Mr. Lewis that they are in 786 under the pay plan.

Motion by Representative Marks to amend House Bill 786 of exhibit 1, 1 through 12 on page 1, and 13 on page 2.

Voted, PASSED

Motion: Motion by Representative Marks that House Bill 786 do pass as amended.

Recommendation and Vote: Roll call vote on the motion **DO PASS AS AMENDED.** Voted, passed.

The meeting was adjourned at 7:30 p.m.

ADJOURNMENT

Adjournment At: 7:30 p.m.

Bardanouve

REP. FRANCIS BARDANOUVE, Chairman

FB/sk

6402.min

DAILY ROLL CALL

HOUSE APPROPRIATIONS COMMITTEE

51st LEGISLATIVE SESSION -- 1989

Date 3/20/89

NAME	PRESENT	ABSENT	EXCUSED
REPRESENTATIVE BARDANOUVE	✓		
REPRESENTATIVE SPAETH	✓		
REPRESENTATIVE PECK	✓		
REPRESENTATIVE IVERSON	✓		
REPRESENTATIVE SWIFT	✓		
REPRESENTATIVE QUILICI	✓		
REPRESENTATIVE BRADLEY	✓		
REPRESENTATIVE PETERSON	✓		
REPRESENTATIVE MARKS	✓		
REPRESENTATIVE CONNELLY	✓		
REPRESENTATIVE MENAHAN	✓		
REPRESENTATIVE THOFT	✓		
REPRESENTATIVE KADAS	✓		
REPRESENTATIVE SWYSGOOD	✓		
REPRESENTATIVE KIMBERLEY	✓		
REPRESENTATIVE NISBET	✓		
REPRESENTATIVE COBB	✓		
REPRESENTATIVE GRINDE	✓		
REPRESENTATIVE CODY	✓		
REPRESENTATIVE GRADY	✓		

CS-30

Insert: "11.70"

9. Page 14, line 20.
Strike: "12.05"
Insert: "12.10"

10. Page 14, line 21.
Strike: "12.45"
Insert: "12.50"

11. Page 14, line 22.
Strike: "12.85"
Insert: "12.90"

12. Page 14, line 23.
Strike: "13.25"
Insert: "13.30"

13. Page 14, line 24.
Strike: "13.65"
Insert: "13.70"

14. Page 17.
Following: line 24
Insert: "It is the intent of the legislature that a portion of the money appropriated to the Montana university system in House Bill No. 100 be used to fund increases in salaries for contract faculty and increases in salaries and group benefits for support staff and instructional support staff comparable to the increases provided in [this act] for other state employees.

(5) There is appropriated $90,000 from the general fund to the department of administration for the biennium ending June 30, 1991, for use by the committee on state employee compensation provided for in [section 11]. These funds may be used for contracted services, salary and benefits for temporary staff, compensation for committee members, and other necessary expenses incurred by the committee in performing its duties as provided in [section 11]."

Dyleria

STANDING COMMITTEE REPORT

March 21, 1989

Mr. Speaker: We, the committee on Appropriations report that HOUSE BILL 786 (first reading copy -- white) do pass as amended.

Signed: Francis Bardanouve, Chairman

And, that such amendments read:

1. Title, line 10.
Following: "BENEFITS"
Insert: "AND FOR USE BY THE COMMITTEE ON STATE EMPLOYEE COMPENSATION"

2. Page 14, line 13.
Strike: "9.25"
Insert: "9.30"

3. Page 14, line 14.
Strike: "9.65"
Insert: "9.70"

4. Page 14, line 15.
Strike: "10.05"
Insert: "10.10"

5. Page 14, line 16.
Strike: "10.45"
Insert: "10.50"

6. Page 14, line 17.
Strike: "10.85"
Insert: "10.90"

7. Page 14, line 18.
Strike: "11.25"
Insert: "11.30"

8. Page 14, line 19.
Strike: "11.65"

STANDING COMMITTEE REPORT

March 20, 1989

Mr. Speaker: We, the committee on Appropriations report that HOUSE BILL 234 (third reading copy -- blue) do pass.

Signed: ______________________
Francis Bardanouve, Chairman

STANDING COMMITTEE REPORT

March 23, 1989

Mr. Speaker: We, the committee on Appropriations report that HOUSE BILL 782 (first reading copy -- white) do pass as amended .

Signed: Bardanouve
Francis Bardanouve, Chairman

And, that such amendment read:

1. Page 3, lines 10 and 11.
Following: "examiners"
Strike: ", who serve at his pleasure"

6

And, that such amendments to House Bill 111 read as follows:

HB 780

[redacted]" 3/20/89

Insert: "ALLOWING THE DEPARTMENT OF HEALTH AND ENVIRONMENTAL SCIENCES AUTHORITY TO ESTABLISH RULES NO LATER THAN JULY 1, 1990; "

[redacted]

Insert: "<u>NEW SECTION.</u> [redacted]. Adoption of rules. The department of health and environmental sciences shall, after seeking input from counties, licensed motor vehicle wrecking facilities, and the general public, adopt rules pertaining to the reuse and restoration of junk vehicles. The department shall adopt these rules by no later than July 1, 1990."

passed

Amendments to House Bill No. 786
First Reading Copy

For the Select Committee on Employee Compensation

Prepared by Lois Menzies
March 18, 1989

EXHIBIT 1
DATE 3/20/89
HB 786

1. Page 14, line 13.
Strike: "9.25"
Insert: "9.30"

2. Page 14, line 14.
Strike: "9.65"
Insert: "9.70"

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Insert: "10.10"

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Insert: "13.30"

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Strike: "13.65"
Insert: "13.70"

13. Page 17.
Following: "."
Insert: "It is the intent of the legislature that a portion of the money appropriated to the Montana university system in House Bill No. 100 be used to fund increases in salaries for contract faculty and increases in salaries and group benefits for support staff and instructional support staff comparable to the increases provided in [this act] for other state employees.

(5) There is appropriated $90,000 from the general fund to the department of administration for the biennium ending June 30, 1991, for use by the committee on state employee compensation provided for in [section 11]. These funds may be used for contracted services, salary and benefits for temporary staff, compensation for committee members, and other necessary expenses incurred by the committee in performing its duties as provided in [section 11]."

EXHIBIT 2
DATE 3/20/89
HB 786

BOARD OF REGENTS
1990-1991 Pay Plan Funding Needs

	Needed for 1990-91	Included in HB 786†	Balance Needed
University System Contract Faculty			
Salaries*	$ 5,266,842	no	$ 5,266,842
Insurance	$ 925,063	yes	
University System Classified/Professional			
Salaries*	$ 3,907,356	no	$ 3,907,356
Insurance	$ 1,043,226	no	$ 1,043,226
Vocational-Technical Employees			
Salaries*	$ 724,346	yes	
Insurance	$ 159,042	yes	
TOTAL PAY PLAN FUNDING NEEDED	**$12,025,875**		**$10,217,424**

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† Based on informal discussion with Budget Office.

* Assumes 3% Average Increases.

500f
SR/kkf

EXHIBIT 3
DATE 3/20/89
HB 786

UNIVERSITY SYSTEM PAY PLAN
SUMMARY

HB100

INSTRUCTION-Funding is included for salary increases for all contract faculty. (6% each fiscal year)
Funding for instruction support salary increases varies by fiscal year and unit from 3.8% to 12.6%.

PLANT-Funding is included for salary increases by a 4% increase in the program each fiscal year.

SUPPORT-Funding is included for salary increases and varies by fiscal year and by unit from 1/2% to 6%.

HB786

RESEARCH-Pay Plan and Health Insurance is funded.

PUBLIC SERVICE-Pay Plan and Health Insurance is funded.

PLANT PROGRAM-Pay Plan and Health Insurance is funded.

CONTRACT FACULTY-Health Insurance is funded.

AGRICULTURE EXPERIMENT STATION-Pay Plan and Health Insurance is funded.(Except for Contract Faculty)

COOPERATIVE EXTENSION SERVICE-Pay Plan and Health Insurance is funded.(Except for Contract Faculty)

FORESTRY & CONSERVATION EXPERIMENT STATION-Pay Plan and Health Insurance is funded.(Except for Contract Faculty)

BUREAU OF MINES-Pay Plan and Health Insurance in funded.(Except for Contract Faculty)

VOCATIONAL-TECHNICAL CENTERS-Pay Plan and Health Insurance is funded.

The administration is confident that the proposed funding in HB786, when combined with HB100, meets the personal services obligations of the University System.

MFSE

MONTANA FEDERATION OF STATE EMPLOYEES

AFT, AFL-CIO

P.O. Box 1246 Helena, Montana 59624 (406) 442-2123

ARTCRAFT, BUTTE

JIM McGARVEY
President

EXHIBIT 4
DATE 3/20/89
HB 766

FACT SHEET --HB 770

PAY PLAN FOR STATE EMPLOYEES--PROVISIONS OF REP. MENAHAN'S BILL

1. 1988-89: Retroactive pay increase of 2%

2. 1990-91: 5% Plus step on pay plan matrices

3. 1991-92: 5% plus step on pay plan matrices

4. 1990-91: New institutional pay plan schedule including shift differential

5. 1991-92: 5% in institutional pay plan schedule

6. 1988-89: Retroactive equity adjustment equal to three steps for teachers in Institutions and Family Services

7. Vacancy savings may not be used to fund negotiated agreements in the University System or in any of the state matrices.

8. Classifications are appealable.

9. Grades are to be negotiated.

10. An additional $20 employer contribution for insurance each year of the biennium.

RATIONALE FOR HB 770:

State employees have not received an adequate pay increase for six years. During that time, inflation has eaten away at state employee's spending power. Between 1983 and 1988, state employees have suffered a 15 percent loss in real wages.

HB 770 sends an economic message to state employees. That message is: "The Legislature values the contribution that dedicated state employees have made to the State of Montana."

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HB 786

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SELECTED ECONOMIC INDICATORS

EXHIBIT 5
DATE 3/20/89
HB 786

MONTANA

PERCENT CHANGE 1970 - 1987

INDICATOR	% CHANGE
State govt. genl. rev. *	383
Total personal income	296
Expend. on higher ed.	253
Per capita pers. income	247
Consumer prices	189
Avg. faculty salary all ranks	138
Avg. state employee *#	177

*percent change is for the period 1970-1986
#excludes instruction

FY90 MATRIX (FY89+2.5% BUT NO LESS THAN $560)
NINE MONTH, NO INSURANCE

STEP	BA	BA+1	BA+2	BA+3	MA	MA+1
1	$14,891	$15,373	$15,867	$16,108	$16,350	$16,844
2	$15,457	$15,994	$16,532	$16,801	$17,071	$17,608
3	$16,023	$16,616	$17,197	$17,496	$17,792	$18,373
4	$16,591	$17,241	$17,862	$18,189	$18,514	$19,137
5	$17,155	$17,862	$18,527	$18,881	$19,236	$19,903
6	$17,723	$18,487	$19,195	$19,576	$19,958	$20,668
7	$18,286	$19,107	$19,858	$20,269	$20,679	$21,430
8	$18,854	$19,731	$20,526	$20,964	$21,403	$22,194
9	$19,420	$20,353	$21,191	$21,657	$22,125	$22,959
10	$19,986	$20,977	$21,856	$22,350	$22,846	$23,744
11	$20,553	$21,579	$22,519	$23,046	$23,584	$24,525
12	$20,553	$21,579	$22,519	$23,046	$23,584	$24,525
13	$20,553	$21,579	$22,519	$23,046	$23,584	$24,525

EXHIBIT 6
DATE 3/20/89
HB 786

FY90 MATRIX WITH $1560 INSURANCE
NINE MONTH

$16,451	$16,933	$17,427	$17,668	$17,910	$18,404
$17,017	$17,554	$18,092	$18,361	$18,631	$19,168
$17,583	$18,176	$18,757	$19,056	$19,352	$19,933
$18,151	$18,801	$19,422	$19,749	$20,074	$20,697
$18,715	$19,422	$20,087	$20,441	$20,796	$21,463
$19,283	$20,047	$20,755	$21,136	$21,518	$22,228
$19,846	$20,667	$21,418	$21,829	$22,239	$22,990
$20,414	$21,291	$22,086	$22,524	$22,963	$23,754
$20,980	$21,913	$22,751	$23,217	$23,685	$24,519
$21,546	$22,537	$23,416	$23,910	$24,406	$25,304
$22,113	$23,139	$24,079	$24,606	$25,144	$26,085
$22,113	$23,139	$24,079	$24,606	$25,144	$26,085
$22,113	$23,139	$24,079	$24,606	$25,144	$26,085

FY91 MATRIX (FY90 + 2.5% BUT NO LESS THAN $560
NINE MONTH, NO INSURANCE

STEP	BA	BA+1	BA+2	BA+3	MA	MA+1
1	$15,451	$15,933	$16,427	$16,668	$16,910	$17,404
2	$16,017	$16,554	$17,092	$17,361	$17,631	$18,168
3	$16,583	$17,176	$17,757	$18,056	$18,352	$18,933
4	$17,151	$17,801	$18,422	$18,749	$19,074	$19,697
5	$17,715	$18,422	$19,087	$19,441	$19,796	$20,463
6	$18,283	$19,047	$19,755	$20,136	$20,518	$21,228
7	$18,846	$19,667	$20,418	$20,829	$21,239	$21,990
8	$19,414	$20,291	$21,086	$21,524	$21,963	$22,754
9	$19,980	$20,913	$21,751	$22,217	$22,685	$23,533
10	$20,546	$21,537	$22,416	$22,910	$23,417	$24,338
11	$21,113	$22,139	$23,082	$23,622	$24,174	$25,138
12	$21,113	$22,139	$23,082	$23,622	$24,174	$25,138
13	$21,113	$22,139	$23,082	$23,622	$24,174	$25,138

FY91 MATRIX WITH $1800 INSURANCE
NINE MONTH

$17,251	$17,733	$18,227	$18,468	$18,710	$19,204
$17,817	$18,354	$18,892	$19,161	$19,431	$19,968
$18,383	$18,976	$19,557	$19,856	$20,152	$20,733
$18,951	$19,601	$20,222	$20,549	$20,874	$21,497
$19,515	$20,222	$20,887	$21,241	$21,596	$22,263
$20,083	$20,847	$21,555	$21,936	$22,318	$23,028
$20,646	$21,467	$22,218	$22,629	$23,039	$23,790
$21,214	$22,091	$22,886	$23,324	$23,763	$24,554
$21,780	$22,713	$23,551	$24,017	$24,485	$25,333
$22,346	$23,337	$24,216	$24,710	$25,217	$26,138
$22,913	$23,939	$24,882	$25,422	$25,974	$26,938
$22,913	$23,939	$24,882	$25,422	$25,974	$26,938
$22,913	$23,939	$24,882	$25,422	$25,974	$26,938

MONTANA
MOUNTAIN VIEW SCHOOL (STATE)
EFFECTIVE 7/88

LANES: 6
STEPS: 11

EXHIBIT 7
DATE 3/20/89
HB 786

STEP	BA 1	BA+15 2	BA+30 3	BA+45 4	MA 5	MA+15 6
1	14,331	14,813	15,307	15,548	15,790	16,284
2	14,897	15,434	15,972	16,241	16,511	17,048
3	15,463	16,056	16,637	16,936	17,232	17,813
4	16,031	16,681	17,302	17,629	17,954	18,577
5	16,595	17,302	17,967	18,321	18,676	19,343
6	17,163	17,927	18,635	19,016	19,398	20,108
7	17,726	18,547	19,298	19,709	20,119	20,870
8	18,294	19,171	19,966	20,404	20,843	21,634
9	18,860	19,793	20,631	21,097	21,565	22,399
10	19,426	20,417	21,296	21,790	22,286	23,165
11	19,993	21,019	21,959	22,484	23,008	23,927

STATEWIDE 1988-89

COMPOSITE SCHEDULE QUARTER HOURS

	BA	BA+15	BA+30	BA+45	MA	MA+15
NO.	134	134	134	76	130	71
1	15,810	16,341	16,880	17,337	17,642	18,274
2	16,407	16,983	17,560	18,036	18,380	19,066
3	17,000	17,621	18,237	18,727	19,118	19,873
4	17,617	18,287	18,945	19,463	19,891	20,701
5	18,229	18,952	19,651	20,193	20,663	21,533
6	18,821	19,609	20,352	20,926	21,429	22,371
7	19,408	20,245	21,044	21,647	22,193	23,217
8	19,972	20,870	21,712	22,339	22,935	24,020
9	20,506	21,498	22,379	23,022	23,666	24,819
10	21,000	22,102	23,051	23,710	24,400	25,632
11	21,466	22,662	23,702	24,400	25,130	26,441
12	21,650	23,149	24,306	25,022	25,835	27,232
13	21,745	23,393	24,842	25,632	26,508	28,014
14	21,802	23,508	25,120	26,187	27,114	28,740
15	21,830	23,562	25,278	26,560	27,640	29,408
16	21,854	23,593	25,357	26,827	28,054	29,931
17	21,864	23,603	25,386	26,911	28,196	30,154
18	21,874	23,614	25,407	26,943	28,270	30,245
19	21,884	23,624	25,422	26,964	28,293	30,259
20	21,892	23,632	25,430	26,973	28,308	30,261
21	21,899	23,640	25,438	26,981	28,317	30,263
22	21,901	23,641	25,439	26,984	28,318	30,266
23	21,902	23,642	25,441	26,986	28,319	30,268
24	21,903	23,643	25,442	26,988	28,320	30,270
25	21,904	23,645	25,443	26,990	28,322	30,272

Dollar Comparisons

CHANGES IN AMOUNT OF SALARY SCHEDULES
FOR SCHOOL DIST.MOUNTAIN VIEW SCHOOL (STATE) 1988-89 Schedule
AND SCHOOL DIST.COMPOSITE (Statewide 1988-89)
(COMPUTATION WAS MADE ON THE SAME STEP LEVEL OF TWO SCHEDULES.)

STEP	BA	BA+15	BA+30	BA+45	MA	MA+15
1	-1,479	-1,528	-1,573	-1,789	-1,852	-1,990
2	-1,510	-1,549	-1,588	-1,795	-1,869	-2,018
3	-1,537	-1,565	-1,600	-1,791	-1,886	-2,060
4	-1,586	-1,606	-1,643	-1,834	-1,937	-2,124
5	-1,634	-1,650	-1,684	-1,872	-1,987	-2,190
6	-1,658	-1,682	-1,717	-1,910	-2,031	-2,263
7	-1,682	-1,698	-1,746	-1,938	-2,074	-2,347
8	-1,678	-1,699	-1,746	-1,935	-2,092	-2,386
9	-1,646	-1,705	-1,748	-1,925	-2,101	-2,420
10	-1,574	-1,685	-1,755	-1,920	-2,114	-2,467
11	-1,473	-1,643	-1,743	-1,916	-2,122	-2,514

Percent Comparisons

PERCENT CHANGES OF SALARY SCHEDULES
FOR SCHOOL DIST.MOUNTAIN VIEW SCHOOL (STATE) 1988-89 Schedule
AND SCHOOL DIST.COMPOSITE (Statewide 1988-89)
(COMPUTATION WAS MADE ON THE SAME STEP LEVEL OF TWO SCHEDULES.)

STEP	BA	BA+15	BA+30	BA+45	MA	MA+15
1	-9.4	-9.4	-9.3	-10.3	-10.5	-10.9
2	-9.2	-9.1	-9.0	-10.0	-10.2	-10.6
3	-9.0	-8.9	-8.8	-9.6	-9.9	-10.4
4	-9.0	-8.8	-8.7	-9.4	-9.7	-10.3
5	-9.0	-8.7	-8.6	-9.3	-9.6	-10.2
6	-8.8	-8.6	-8.4	-9.1	-9.5	-10.1
7	-8.7	-8.4	-8.3	-9.0	-9.3	-10.1
8	-8.4	-8.1	-8.0	-8.7	-9.1	-9.9
9	-8.0	-7.9	-7.8	-8.4	-8.9	-9.8
10	-7.5	-7.6	-7.6	-8.1	-8.7	-9.6
11	-6.9	-7.3	-7.4	-7.9	-8.4	-9.5

MONTANA
HB 770 PROPOSAL

LANES: 6
STEPS: 11

STEP	BA 1	BA+15 2	BA+30 3	BA+45 4	MA 5	MA+15 6
1	15,334	15,849	16,378	16,636	16,895	17,424
2	15,940	16,515	17,090	17,378	17,666	18,242
3	16,546	17,180	17,801	18,122	18,438	19,060
4	17,153	17,849	18,513	18,863	19,211	19,878
5	17,757	18,513	19,224	19,603	19,983	20,697
6	18,364	19,182	19,939	20,347	20,756	21,515
7	18,967	19,845	20,649	21,089	21,528	22,331
8	19,574	20,513	21,364	21,833	22,302	23,148
9	20,180	21,178	22,075	22,573	23,075	23,967
10	20,785	21,847	22,787	23,316	23,846	24,786
11	21,393	22,491	23,497	24,058	24,619	25,602

Dollar Comparison

CHANGES IN AMOUNT OF SALARY SCHEDULES
FOR SCHOOL DIST. HB 770 PROPOSAL
AND SCHOOL DIST. COMPOSITE (STATEWIDE 1988-89)
(COMPUTATION WAS MADE ON THE SAME STEP LEVEL OF TWO SCHEDULES.)

STEP	BA	BA+15	BA+30	BA+45	MA	MA+15
1	-476	-492	-502	-701	-747	-850
2	-467	-468	-470	-658	-714	-824
3	-454	-441	-436	-605	-680	-813
4	-464	-438	-432	-600	-680	-823
5	-472	-439	-427	-590	-680	-836
6	-457	-427	-413	-579	-673	-856
7	-441	-400	-395	-558	-665	-886
8	-398	-357	-348	-506	-633	-872
9	-326	-320	-304	-449	-591	-852
10	-215	-255	-264	-394	-554	-846
11	-73	-171	-205	-342	-511	-839

Percent Comparison

PERCENT CHANGES OF SALARY SCHEDULES
FOR SCHOOL DIST. HB 770 PROPOSAL
AND SCHOOL DIST. COMPOSITE
(COMPUTATION WAS MADE ON THE SAME STEP LEVEL OF TWO SCHEDULES.)

STEP	BA	BA+15	BA+30	BA+45	MA	MA+15
1	-3.0	-3.0	-3.0	-4.0	-4.2	-4.7
2	-2.8	-2.8	-2.7	-3.6	-3.9	-4.3
3	-2.7	-2.5	-2.4	-3.2	-3.6	-4.1
4	-2.6	-2.4	-2.3	-3.1	-3.4	-4.0
5	-2.6	-2.3	-2.2	-2.9	-3.3	-3.9
6	-2.4	-2.2	-2.0	-2.8	-3.1	-3.8
7	-2.3	-2.0	-1.9	-2.6	-3.0	-3.8
8	-2.0	-1.7	-1.6	-2.3	-2.8	-3.6
9	-1.6	-1.5	-1.4	-2.0	-2.5	-3.4
10	-1.0	-1.2	-1.1	-1.7	-2.3	-3.3
11	-0.3	-0.8	-0.9	-1.4	-2.0	-3.2

Dollar Comparison

CHANGES IN AMOUNT OF SALARY SCHEDULES
FOR SCHOOL DIST. MOUNTAIN VIEW SCHOOL (STATE) 1988-89 Schedule
AND SCHOOL DIST. HB 770 PROPOSAL
(COMPUTATION WAS MADE ON THE SAME STEP LEVEL OF TWO SCHEDULES.)

STEP	BA	BA+15	BA+30	BA+45	MA	MA+15
1	-1,003	-1,036	-1,071	-1,088	-1,105	-1,140
2	-1,043	-1,081	-1,118	-1,137	-1,155	-1,194
3	-1,083	-1,124	-1,164	-1,186	-1,206	-1,247
4	-1,122	-1,168	-1,211	-1,234	-1,257	-1,301
5	-1,162	-1,211	-1,257	-1,282	-1,307	-1,354
6	-1,201	-1,255	-1,304	-1,331	-1,358	-1,407
7	-1,241	-1,298	-1,351	-1,380	-1,409	-1,461
8	-1,280	-1,342	-1,398	-1,429	-1,459	-1,514
9	-1,320	-1,385	-1,444	-1,476	-1,510	-1,568
10	-1,359	-1,430	-1,491	-1,526	-1,560	-1,621
11	-1,400	-1,472	-1,538	-1,574	-1,611	-1,675

Percent Comparison

PERCENT CHANGES OF SALARY SCHEDULES
FOR SCHOOL DIST. MOUNTAIN VIEW SCHOOL (STATE)
AND SCHOOL DIST. HB 770 PROPOSAL
(COMPUTATION WAS MADE ON THE SAME STEP LEVEL OF TWO SCHEDULES.)

STEP	BA	BA+15	BA+30	BA+45	MA	MA+15
1	-6.5	-6.5	-6.5	-6.5	-6.5	-6.5
2	-6.5	-6.5	-6.5	-6.5	-6.5	-6.5
3	-6.5	-6.5	-6.5	-6.5	-6.5	-6.5
4	-6.5	-6.5	-6.5	-6.5	-6.5	-6.5
5	-6.5	-6.5	-6.5	-6.5	-6.5	-6.5
6	-6.5	-6.5	-6.5	-6.5	-6.5	-6.5
7	-6.5	-6.5	-6.5	-6.5	-6.5	-6.5
8	-6.5	-6.5	-6.5	-6.5	-6.5	-6.5
9	-6.5	-6.5	-6.5	-6.5	-6.5	-6.5
10	-6.5	-6.5	-6.5	-6.5	-6.5	-6.5
11	-6.5	-6.5	-6.5	-6.5	-6.5	-6.5

LEGREQ48.wk2;col ba200

OFFICE OF THE LEGISLATIVE AUDITOR

02/14/89
08:00 AM

DEPRECIATION REPORT FOR THOSE FACILITIES LISTED AS NEW SCHOOLS
--EXCLUDES "ADDITIONS" FOR ELEMENTARY SCHOOLS
DATA OBTAINED FROM SCHOOL DISTRICTS (UNAUDITED)

	When Project Let to Bid	Original Contract Amount	Final Cost of Project	Planned Capacity (ANB)	Class	Cost in 1988 Dollars *	Annual Depreciation Using Cost in 1988 Dollars @ 30 years	@ 40 years	@ 50 years
Drummond Elem.									
Supr. Walter Piippo 288-3281									
Project	April 1986	$909,000	$1,020,000	225	3	$1,086,211	$36,207.02	$27,155.26	$21,724.21
East Helena Elem.									
Supr. Jim Koke 227-5033									
Project 1	April 1985	$1,715,385	$1,739,600	300	2	$1,902,590	$63,419.65	$47,564.74	$38,051.79
Lincoln									
Supr. Richard Trerise 362-4201									
Project 1 (elementary school)	May 1979	$577,240	$520,000	140	2	$803,155	$26,771.84	$20,078.88	$16,063.10
	TOTALS	$3,201,625	$3,279,600	665		$3,791,955	$126,399	$94,799	$75,839
ANNUAL DEPRECIATION PER UNIT/ANB (TOTAL/665)							$190.07	$142.55	$114.04
STATEWIDE DEPRECIATION USING FY88 ANB (DIST ANB = 104,388; FROM DIST RPT)							$19,841,334.79	$14,881,001.09	$11,904,800.87

D

EXHIBIT 1
DATE 3-20-89
HB 735

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02/14/89
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EXHIBIT 2
DATE 3-20-89
HB 735

DEPRECIATION REPORT FOR THOSE FACILITIES LISTED AS NEW SCHOOLS FOR HIGH SCHOOL FACILITIES
--EXCLUDES "ADDITIONS"
DATA OBTAINED FROM SCHOOL DISTRICTS (UNAUDITED)

	When Project Let to Bid	Original Contract Amount	Final Cost of Project	Planned Capacity (ANB)	Class	1988 Dollars Cost *	Annual Depreciation Using Cost in 1988 Dollars @ 30 years	@ 40 years	@ 50 years
Harlem H.S. Supr. Bob McNeill 353-2287 Project (H.S./Jr High - classrooms)	1986	$4,000,000	$4,000,000	280	2	$4,259,649	$141,388.30	$106,491.23	$85,192.98
Lewistown H.S. Bus. Mgr. Stacey Bestel 538-8777 Project (High School)	Aug. 1984	$5,466,700	$5,463,105	750	1	$6,152,328	$205,077.60	$153,808.20	$123,046.56
Big Sky H.S. Project 1 note:the contract figures used were the bond issuance costs	1980	$8,227,100	$12,953,658	1425	1	$18,349,756	$611,658.53	$458,743.90	$366,995.12
Gardiner H.S. Supr. Lynn Mavencamp 848-7261 Project (facility, gym, cafeteria, multi-purpose room)	July 1986	$3,018,000	$3,800,000	150	3	$4,046,667	$134,888.89	$101,166.67	$80,933.33
Sweetgrass Co. H.S. Frazer H.S. Clerk, Harold Blount Project	July 1984	$2,844,000	$3,247,103	250	3	$3,656,756	$121,891.87	$91,418.90	$73,135.12
Billings Sky View H.S. Clerk 'Dick Reich 255-3500 Project	April 1985	$22,083,000	$21,563,246	1800	1	$23,583,586	$786,119.54	$589,589.65	$471,671.72
Absorokee H.S. Sup. Mike Reynolds 328-4583 Project (entire school)	Dec. 1988	$2,164,784	$2,168,322	200	3	$2,168,322	$72,277.40	$54,208.05	$43,366.44
Bainville H.S. Sup. Dale Sailer Project 2 (new building)	April 1985	$3,033,500	$3,065,000	200		$3,352,171	$111,739.04	$83,804.28	$67,043.42
	TOTALS	$50,837,084	$56,260,434	5055		$65,569,235	$2,185,641.17	$1,639,230.87	$1,311,384.70
				DEPRECIATION PER UNIT/ANB (TOTAL/5305)			$432.37	$324.28	$259.42
				STATEWIDE DEPRECIATION USING ANB (FY88 H.S. ANB = 44,929)			$19,426,047.87	$14,569,535.90	$11,655,628.72

DATE 3/20/89
HB 735

Amendments to House Bill No. 735
First Reading Copy

Requested by Representative Ramirez
For the Committee on Appropriations

Prepared by Greg Petesch
March 13, 1989

1. Page 1, line 21.
Following: "instruction"
Insert: "between elementary school districts and high school districts in the ratio that the average construction cost of an elementary school building per pupil per year based on a 50-year life of an elementary school building bears to the average construction cost of a high school building per pupil per year based on a 50-year life of a high school building. After allocating the money in the account between elementary school districts and high school districts, the superintendent of public instruction shall allocate the elementary school portion of the account"
Following: "each"
Insert: "elementary"

2. Page 1, line 23.
Following: "statewide"
Insert: "elementary school"
Following: "ANB."
Insert: "The superintendent of public instruction shall allocate the high school portion of the account to each high school district in the ratio that the ANB of the district has to the statewide high school ANB. (3)"
Renumber: subsequent subsections

MONTANA PUBLIC EMPLOYEES ASSOCIATION

1426 Cedar Street • P.O. Box 5600
Helena, Montana 59601
Telephone (406) 442-4600

March 16, 1989

EXHIBIT 1
DATE 3/20/89
HB 234

TO: House Appropriations Committee

FROM: Thomas E. Schneider, Executive Director

Subject: House Bill 234

House Bill 234 has now passed out of the State Administration Committee, passed second reading and passed out of the Select Committee on State Employee Compensation. This bill is the result of two years of work with our membership and the PERD Board and Actuary. The bill was dicsussed with all legislative candidates who attended our meetings during this last fall. The only change was a decision to change our original 1/55 to 1/56 because we promised to keep the total cost to the 1% of salary required by SB 149 which was vetoed last session.

There are two reasons for the bill.

1. Because of the wage freeze the past two years, all employees retiring from now on will start 8 1/2% behind inflation. This is because the benefits are based on salary and salaries were frozen.
2. The new administration expressed a desire to reduce government through retirement incentive which has been used widely by the private sector with good results. This bill coupled with HB 235 gives the incentive to approximately 2112 PERD members to retire now with no loss because of the wage freeze.

As stated the bill changes the formula for the retirement system from 1/60 to 1/56. To give you an example of what that means to the average retirement beneift:

CURRENT FORMULA (Average PERD retiree is 62 years old and has 18 years of ser

18/60 = 30% of $ 21,882* = $ 6564.60 Annually or $ 547.05 Monthly

HOUSE BILL 234

18/56 = 32.413% of $ 21,882 = $ 7092.61 Annually or $ 586.13 Monthly

This bill increases retirement benefits for all members, whether they have 5 years or 35 years by approximately 7%.

The cost of the benefit change has been calculated by the PERD Actuary at .98%. As written, the bill will provide the additional contribution with the employees paying 70% of the cost and the employers paying 30%. The employee contribution will increase over the next five years from 6% to 6.7% and the employer contribution will increase starting in 1993 from 6.417% to 6.70%.

* Average salary of a PERD members qualified for retirement now.

MPEA

SYSTEM	EMPLOYEE CONT.	EMPLOYER CONT.	OTHER	YEARS TO FUND
PERD	6.0%	6.417%		24.96 Yrs.
TRD	7.044%	7.428%		36.4 Yrs.
Police	7.50%	13.02%	15.06%	29.51 Yrs.
Firefighters	6%	13.02%	22.98%	34.25 Yrs.
Game Wardens	7.90%	7.15%	11.19%	11.27 Yrs.
Sheriff's	7.0%	7.67%		Full
Highway Patrol	7.59%	26.75%		36.65 Yrs.
Judges	7%	6%	25%	

The reason for the five year funding plan, which has been approved by the Actuary, is to phase in the employee funding as not to eat up any salary increases during this time of economic problems. This method has been used before by both the PERD and TRD.

DOES THIS BILL RESULT IN SAVINGS?

While we feel that it will, we are choosing to leave that up to you. If you think that employees who retire will be replaced by lower paid employees or not replaced at all - the bill will result in savings.

DOES THIS BILL COST MONEY?

While people have said that this bill will cost money because of the pay out of vacation and sick leave, remember, this bill does not create that pay out and it will occur anyway when these employees retire. This bill could save money, however, because the wage freeze has not increased the value of these pay outs. If these employees choose to wait until they receive a salary increase before they retire, they will be paid at that level of salary in addition to the increase number of days which are accrued.

In closing, I want you to know that this bill comes at the right time for everyone. The employees who retire make up for some of the loss to inflation, the state on the other hand may be able to save money and reduce numbers of employees particularly in the mid management levels. If you have any questions please call on me.

passed

Amendments to House Bill 782
First Reading Copy (White)

Requested by the Attorney General's Office
For the Committee on Appropriations
March 20, 1989

1. Page 3, lines 10 and 11.
   Following: "examiners"
   Strike: ", who serve at his pleasure"

EXHIBIT 1
DATE 3/20/89
HB 782

EXHIBIT 2
DATE 3-20-89
HB 782

STATE OF MONTANA - FISCAL NOTE
Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB 782, Version: Introduced

Description of Proposed Legislation:

An act to generally revise the forensic's functions of the Department of Justice; establishing a Division of Forensic Sciences; clarifying the authority of the Attorney General concerning forensic's personnel.

Assumptions:

1. Assume that the Department of Justice would hire an administrator as a result of this bill.
2. Assume that HB 744 will be signed by the Governor providing that the Forensic Science Division will be funded by the General Fund

EXHIBIT 2
DATE 3/20/89
HB 782

Fiscal Impact:	FY 1990 Existing Law	FY 1990 Proposed Law	FY 1990 Diff.	FY 1991 Existing Law	FY 1991 Proposed Law	FY 1991 Diff.
REVENUE:						
EXPENDITURES:						
General Fund	-0-	52,600	52,600	-0-	53,900	53,900

BUDGET DIRECTOR DATE
Office of Budget and Program Planning

PRIMARY SPONSOR DATE

Fiscal Note for ______

EXHIBIT 1
DATE 3-20-89
HB 543

Association of Montana Highway Patrolmen
and
Association of Retired Montana Highway Patrol Officers

President — Michael G. Davis
Vice-President — Cal Wylie
Secretary-Treasurer — K. Scott Wyckman

HB 543

President — Buck Baldry
Vice-President — Robert Pike
Secretary-Treasurer — Frank Willems
Legislative Committee — Gene Miller
Al Rierson

The information in the following cap sheet makes it necessary for us to address the health needs of retired Highway Patrol Officers and their widows.

MONTHLY COST EXPENSE COMPARISON OF 1973 AND 1988

ITEM	1973	1988
Health Insurance	$ 24.00/mo.	$164.00/mo. (for one person)
Mandatory Car Insurance	12.58	35.50
Car License	2.85	8.12
Home Taxes (47 yrs. old)	33.14	82.82
Home Insurance (47 yrs. old)	16.41	33.11
Electricity	14.64	69.17
Heating	18.90	57.50
Water	7.21	24.80
Telephone	8.40	16.25
Total	$138.13	$491.27
Pension	484.00	604.00
	- 138.13	- 491.27
Monthly Balance After Expenses	$345.87	$112.73

**MONTANA HIGHWAY PATROL OFFICERS ARE NOT COVERED BY SOCIAL SECURITY.

Additional Comparison of Expenses:

ITEM	1973	1988	PERCENTAGE DIFFERENCE
**Hospital Room	20.00 (day)	225.50 (day)	1,028%
**Doctor Visit	5.00	29.00	480%
**Dentist Visit	4.00	34.00	750%

MONTANA HIGHWAY PATROL SUMMARY OF RETIREES
Number of Members in the Various Age Groups and Average Monthly Benefits

Under 55	55-59	60-64	65-69	70-74	75-79	80-84	Over 84	Total
38	37	17	14	8	14	10	1	139
$856	$861	$944	$640	$518	$489	$519	$373	$762 (Average)

**THE COST IS FUNDED BY 50 CENTS ON THE REGISTRATION FEE--WHICH IS EQUIVALENT TO TWO 25-CENT POSTAGE STAMPS.

Gray HOUSE BILL NO. 543 -- Unofficial
March 15, 1989

A BILL FOR AN ACT ENTITLED: "AN ACT PERMITTING CERTAIN RETIRED MONTANA HIGHWAY PATROL OFFICERS OR THEIR SURVIVING SPOUSES OR DEPENDENTS TO BECOME MEMBERS OF THE STATE OF MONTANA EMPLOYEE GROUP BENEFITS PLAN; REQUIRING A PERCENTAGE OF ~~A~~ CERTAIN RETIRED ~~OFFICER'S~~ OFFICERS' OR ~~HIS~~ THEIR SURVIVING ~~SPOUSE'S~~ SPOUSES' OR ~~DEPENDENT'S PREMIUM~~ DEPENDENTS' PREMIUMS FOR COVERAGE UNDER THE PLAN TO BE PAID WITH REVENUE COLLECTED FROM MOTOR VEHICLE REGISTRATION FEES; INCREASING THESE FEES; AMENDING SECTIONS 2-18-704 AND 61-3-321, MCA; AND PROVIDING EFFECTIVE DATES."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. Section 1. **Election of membership in state employee group benefits plan authorized for certain retirees.** Retired Montana highway patrol officers HIRED ON OR BEFORE MARCH 31, 1986, or their surviving spouses or dependents who are receiving a retirement allowance under Title 19, chapter 6, and who are not members of the state of Montana employee group benefits plan on September 1, 1989, may elect to become members of the plan by submitting a written application to the department of administration on or before September 1, 1990.

NEW SECTION. Section 2. **Partial payment of premium for CERTAIN retired highway patrol officers, spouses, and dependents.** (1) ~~The~~ SUBJECT TO THE RESTRICTIONS IN SUBSECTION (3), THE department of administration shall pay 50% of the premium for coverage under the state of Montana employee group benefits plan, including coverage for a spouse and dependents, from revenue deposited in the state special revenue fund as provided in 61-3-321(5) for the following persons:

(a) a Montana highway patrol officer ~~retiring~~ HIRED ON OR BEFORE MARCH 31, 1986, WHO RETIRES on or after September 1, 1989, AND who elects to remain a member of the employee group benefits plan;

(b) a Montana highway patrol officer HIRED ON OR BEFORE MARCH 31, 1986, who retired before September 1, 1989, or his surviving spouse or dependents AND who are members of the employee group benefits plan; and

(c) a retired Montana highway patrol officer HIRED ON OR BEFORE

MARCH 31, 1986, or his surviving spouse or dependents who elect to become members of the employee group benefits plan under [section 1].

(2) The remainder of the premium must be paid by the retired patrol officer or his surviving spouse or dependents and may be withheld from his or his beneficiary's monthly allowance as provided in 19-6-706.

(3)(A) THE PARTIAL PREMIUM PAYMENT MADE UNDER SUBSECTION (1) MAY NOT EXCEED ONE-HALF OF THE PREMIUM IN EFFECT ON JULY 1, 1989, FOR SIMILAR COVERAGE.

(B) A RETIRED OFFICER OTHERWISE QUALIFIED UNDER SUBSECTION (1) WHO IS EMPLOYED IN A POSITION COVERED BY A RETIREMENT SYSTEM UNDER TITLE 19, CHAPTERS 3 THROUGH 13, AND HIS SPOUSE AND DEPENDENTS ARE INELIGIBLE FOR THE PARTIAL PREMIUM PAYMENT PROVIDED FOR IN THIS SECTION UNTIL THE RETIRED OFFICER TERMINATES HIS EMPLOYMENT IN THE COVERED POSITION.

Section 3. Section 2-18-704, MCA, is amended to read:

"2-18-704. **Mandatory provisions.** (1) An insurance contract or plan issued after June 30, 1977, under this part must contain provisions that permit:

(a) the member of a group who retires from active service under the appropriate retirement provisions provided by law to remain a member of the group until he becomes eligible for medicare under the federal Health Insurance for the Aged Act, 42 U.S.C. 1395, as amended, unless he is a participant in another group plan with substantially the same or greater benefits at an equivalent cost or unless he is employed and, by virtue of that employment, is eligible to participate in another group plan with substantially the same or greater benefits at an equivalent cost;

(b) the surviving spouse of a member to remain a member of the group as long as the spouse is eligible for retirement benefits accrued by the deceased member as provided by law unless the spouse is eligible for medicare under the federal Health Insurance for the Aged Act or unless the spouse has or is eligible for equivalent insurance coverage as provided in subsection (1)(a);

(c) the surviving children of a member to remain members of the group as long as they are eligible for retirement benefits accrued by the deceased member as provided by law unless they have equivalent coverage as provided in subsection (1)(a) or are eligible for insurance coverage by virtue of the employment of a surviving parent or legal guardian.

(2) An insurance contract or plan issued after June 30, 1983, under this part must contain the provisions of subsection (1) for remaining a member of the group and also must permit:

(a) the spouse of a retired member the same rights as a surviving spouse under subsection (1)(b);

(b) the spouse of a retiring member to convert a group policy as provided in 33-22-508; and

(c) continued membership in the group by anyone eligible under the provisions of this section notwithstanding the person's eligibility for medicare under the federal Health Insurance for the Aged Act.

(3) ~~A~~ Except as provided in [section 2], a person electing to remain a member of the group under subsections (1) and (2) must pay the full premium for his coverage and for that of his covered dependents."

Section 4. Section 61-3-321, MCA, is amended to read:

"**61-3-321. Registration fees of vehicles -- public-owned vehicles exempt from license or registration fees -- disposition of fees.** (1) Registration or license fees ~~shall~~ must be paid upon registration or reregistration of motor vehicles, trailers, housetrailers, and semitrailers, in accordance with this chapter, as follows:

(a) motor vehicles weighing 2,850 pounds or under (other than motortrucks), $5;

(b) motor vehicles weighing over 2,850 pounds (other than motortrucks), $10;

(c) electrically driven passenger vehicles, $10;

(d) all motorcycles and quadricycles, $2;

(e) tractors and/or trucks, $10;

(f) buses ~~shall be~~ are classed as motortrucks and licensed accordingly;

(g) trailers and semitrailers less than 2,500 pounds maximum gross loaded weight and housetrailers of all weights, $2;

(h) trailers and semitrailers over 2,500 up to 6,000 pounds maximum gross loaded weight (except housetrailers), $5;

(i) trailers and semitrailers over 6,000 pounds maximum gross loaded weight, $10;

(j) trailers used exclusively in the transportation of logs in the forest or in

EXHIBIT 2
DATE 3-20-89
HB 543

Gray HOUSE BILL NO. 543 -- Unofficial
March 15, 1989

the transportation of oil and gas well machinery, road machinery, or bridge materials, new and secondhand, ~~shall~~ must pay a fee of $15 annually, regardless of size or capacity.

(2) All rates ~~shall be~~ are 25% higher for motor vehicles, trailers, and semitrailers not equipped with pneumatic tires.

(3) "Tractor", as specified in this section, means any motor vehicle except passenger cars used for towing a trailer or semitrailer.

(4) If any motor vehicle, housetrailer, trailer, or semitrailer is originally registered 6 months after the time of registration as set by law, the registration or license fee for the remainder of the year ~~shall be~~ is one-half of the regular fee.

(5) An additional fee of ~~$3~~ ~~$4~~ $3.50 per year for each registration of a vehicle ~~shall~~ must be collected as a registration fee. Revenue from this fee ~~shall~~ must be forwarded by the respective county treasurers to the state treasurer for deposit in the motor vehicle recording account of the state special revenue fund. The ~~state treasurer~~ DEPARTMENT OF JUSTICE shall distribute ~~25% of the revenue~~ 50 CENTS from ~~this~~ EACH fee COLLECTED to the ~~department of administration for partial payment of premiums as provided in [section 2]~~ STATE EMPLOYEE GROUP BENEFIT PLAN'S RESERVE FUND.

(6) The provisions of this part with respect to the payment of registration fees ~~shall~~ do not apply to ~~or be~~ and are not binding upon motor vehicles, trailers or semitrailers, or tractors owned or controlled by the United States of America or any state, county, or city.

(7) The provisions of this section relating to the payment of registration fees do not apply when number plates are transferred to a replacement vehicle under 61-3-317, 61-3-332(7), or 61-3-335."

NEW SECTION. **Section 5. Extension of authority.** Any existing authority to make rules on the subject of the provisions of [this act] is extended to the provisions of [this act].

NEW SECTION. **Section 6. Effective dates.** (1) [Sections 4, 5, and this section] are effective July 1, 1989.

(2) [Sections 1 through 3] are effective September 1, 1989.

-END-

71-1101 through 71-1107, 71-1402, 71-1403, 71-1410 through 71-1415, 71-1513, 71-1523, 77-1001, 77-1008, 77-1011, 82-3501 through 82-3503, 82A-1902 through 82A-1904, 82A-1907, and 82A-1908, R.C.M. 1947, are repealed.

EXHIBIT 3
DATE 3-20-89
HB 543

Approved March 11, 1974

CHAPTER NO. 122

AN ACT ALLOWING POLICEMEN AND HIGHWAY PATROLMEN TO **SECURE SOCIAL SECURITY** COVERAGE, AMENDING SECTIONS 59-1102.1 AND 59-1108, R.C.M. 1947.

Be it enacted by the Legislature of the State of Montana:

Section 1. Section 59-1108, R.C.M. 1947, is amended to read as follows:

"59-1108. **Persons excepted from act.** This act shall not apply to, and there shall be excluded from the operation thereof, all employees of the state and of the political subdivisions thereof operating under the provisions of any retirement plan for firemen."

Section 2. Section 59-1102.1, R.C.M. 1947, is amended to read as follows:

"59-1102.1. **Referendum and certification.** (a) Pursuant to section 218 (d) (6) of the Social Security Act, the public employees' retirement system of the state of Montana shall, for the purposes of this act, be deemed to constitute a separate retirement system with respect to the state and a separate retirement system with respect to each political subdivision having positions covered thereby. With respect to employees of the state the governor is empowered to authorize a referendum, and with respect to the employees of any political subdivision he shall authorize a referendum upon request of the governing body of such subdivision; and in either case the referendum shall be conducted, and the governor shall designate an agency or individual to supervise its conduct, in accordance with the requirements of section 218(d) (3) of the Social Security Act, on the question of whether service in positions covered by a retirement system established by the state or by a political subdivision thereof should be excluded from or included under this act. The notice of referendum required by section 218(d) (3) (C) of the Social Security Act to be given to employees shall contain or shall be accompanied by a statement, in such form and such detail as the agency or individual designated to supervise the referendum shall deem necessary and sufficient, to inform the employees of the rights which will accrue to them and their dependents and survivors, and the liabilities to which they will be subject, if their services are included under an agreement under this act.

(b) Pursuant to section 218 (p) (1) of the Social Security Act, the highway patrolmen's retirement system of the state of Montana, and the public

employees' retirement system of the state of Montana and the metropolitan police retirement system of the various cities of Montana shall, for the purposes of this act be deemed to constitute separate retirement systems with respect to the state and separate retirement systems with respect to each political subdivision having portions covered thereby. With respect to highway patrolmen of the state the governor is empowered to authorize a referendum and with respect to the employees of any political subdivision he shall authorize a referendum upon request of the governing body of such subdivision and in either case the referendum shall be conducted, and the governor shall designate an agency or individual to supervise its conduct, in accordance with the requirements of section 218 (d) (3) of the Social Security Act, on the question of whether service in positions covered by a retirement system established by the state or by a political subdivision thereof should be excluded from or included under this act. The notice of referendum required by section 218 (d) (3) (C) of the Social Security Act to be given to employees shall contain or shall be accompanied by a statement, in such form and such detail as the agency or individual designated to supervise the referendum shall deem necessary and sufficient, to inform the employees of the rights which will accrue to them and their dependents and survivors, and the liabilities to which they will be subject, if their services are included under an agreement under this act.

(c) Upon receiving evidence satisfactory to him that with respect to any such referendum the conditions specified in section 218(d) (3) of the Social Security Act have been met, the governor shall so certify to the secretary of health, education, and welfare."

Approved March 11, 1974

CHAPTER NO. 123

AN ACT PERMITTING STATE AGENCIES TO CONTRACT WITH REHABILITATION ORIENTED AGENCIES WITHOUT COMPETITIVE BIDDING IN CERTAIN INSTANCES.

Be it enacted by the Legislature of the State of Montana:

Section 1. There is a new section to be numbered 82-1938, R.C.M. 1947, which reads as follows:

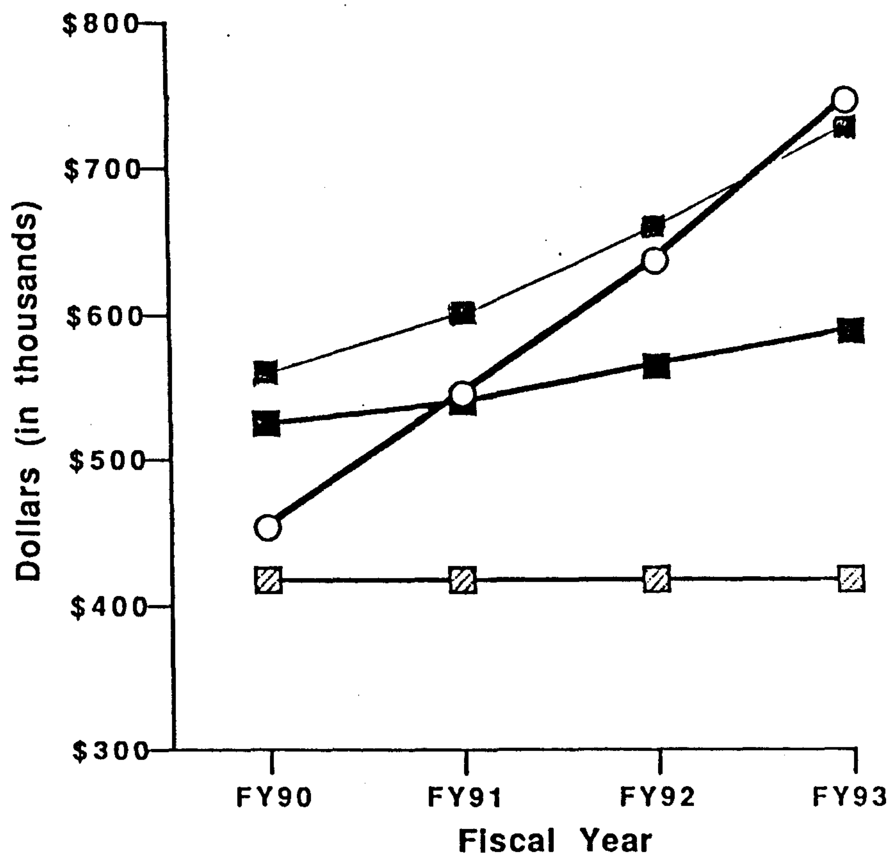
82-1938. **Policy.** It is the policy of the state of Montana to encourage state agencies to negotiate contracts with sheltered workshops and work activity centers principally engaged in rehabilitation programs that are located in Montana.

Section 2. There is a new section to be numbered 82-1939, R.C.M. 1947, which reads as follows:

82-1939. **Definition.** For the purpose of this act, a "sheltered workshop" and a "work activity center" mean a workshop having a sheltered workshop certificate, or an evaluation and training certificate, or a work

ult 3
HB 543

HB 543
Projected Costs and Revenues



Revenue from 50¢ motor vehicle tax

Total revenues from motor vehicle tax and premiums paid by Highway Patrol retirees

Costs of providing coverage

Institutional Investor

The Postretirement Time Bomb

Can corporate America continue to shoulder retiree health-care benefits? Rising medical costs may make it impossible.

BY HILARY ROSENBERG

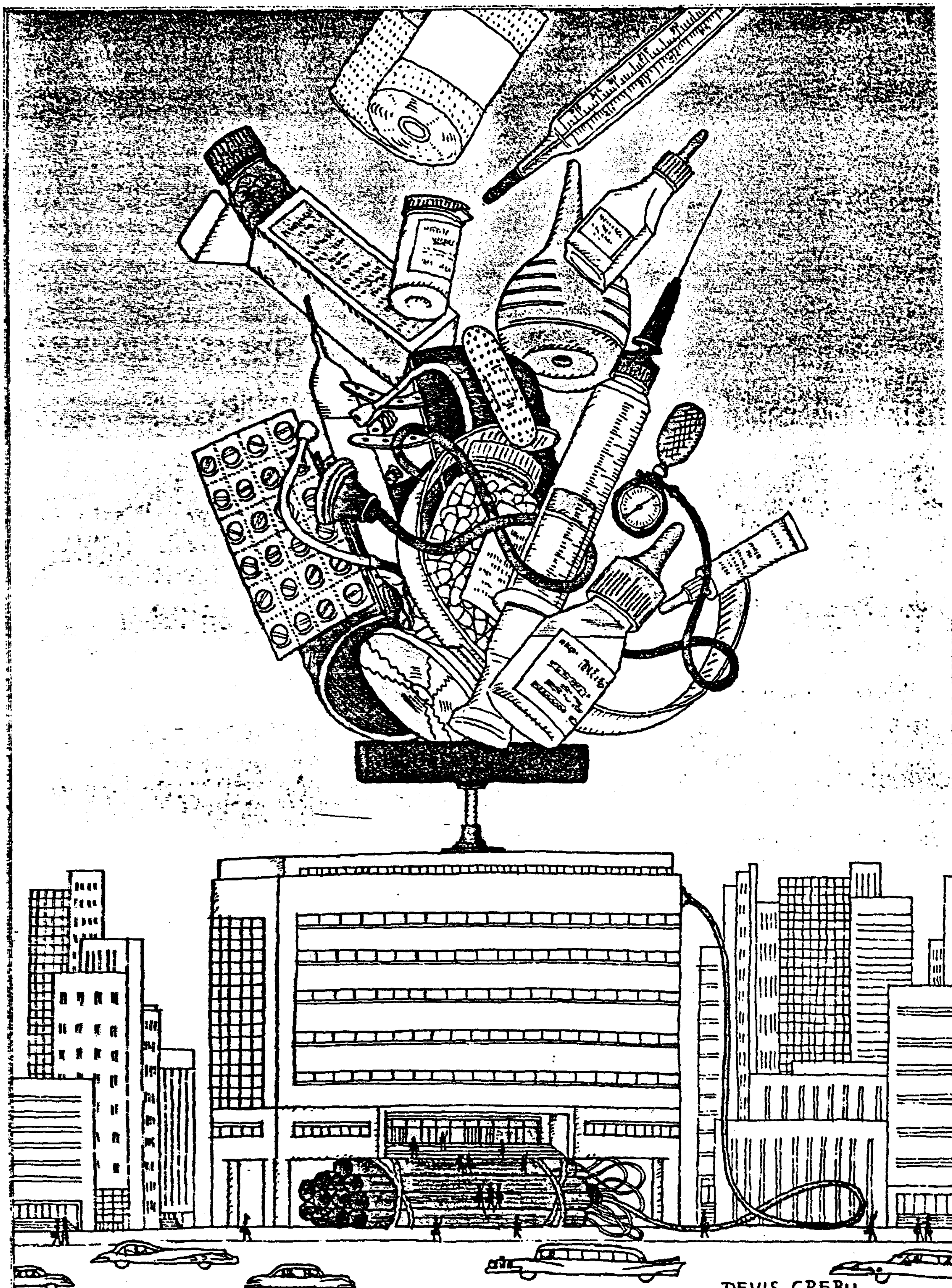
Illustration by Devis Grebu

Fred Van Remortel is not a threatening man. Actually, he's an ingratiating fellow in his late forties whose cloud of white hair and wire-rimmed glasses suggest a high school math teacher. But as a managing director at the benefits consulting firm Brown Bridgman & Company in Burlington, Vermont, he helps corporations confront and deal with a yawning black hole in their back yards—postretirement health-care liabilities. And given the dreadful nature of that subject, it's no surprise that he has at times been the target of a certain amount of animosity.

Consider the visit Van Remortel paid a few years ago to a communications company with huge retiree health costs: "I saw the CFO and the treasurer and I said, 'You guys have got a hell of a problem.' And the treasurer said, 'No. We don't.' And when I asked him what he meant by that, he looked me in the eye and said: 'I think you should leave. We don't *have* a problem, so we're not going to talk about it with you or anybody.'"

Reflecting on that incident and others like it, Van Remortel concludes, "Back then the prevailing thought was that if they ignored the problem, it would go away. Deny, deny, deny."

Unfortunately, there is no denying that while companies have been hiding their heads in the sand, the medical benefits they've long been promising their retirees have mushroomed out of control. Estimates of the total benefits owed to current and future retirees nationwide range from $500 billion to a mind-blowing $2 trillion. To be sure, the retiree health load averages only 25 percent of pension liabilities at major companies. But unlike pensions, almost all these obligations are unfunded, which makes them a ghastly drain on earnings. Indeed, these costs have helped drive such companies as Allis-


DEVIS GREBU

Benefits consultant Fred Van Remortel: Companies used to think "that if they ignored the retiree health-care problem, it would go away."

Chalmers Corporation and LTV Corporation into bankruptcy.

The sheer magnitude of the numbers has drawn growing scrutiny from the outside. Worried about the security of these benefits, Congress is now considering granting new tax incentives that would prompt their funding. The courts have made it clear that retiree health promises cannot easily be reneged upon. And the Financial Accounting Standards Board (FASB) is drawing up new accounting rules that will require prominent display of these benefits on financial statements—a move that will brutally wallop corporate earnings and net worth.

With all these forces closing in, companies today are finally beginning to face the problem head-on. Realizing that they are providing a benefit they can't afford, many are slimming down their postretirement plans to a more manageable size. A few have also started to prefund these liabilities using the limited tax-favored vehicles that are currently available. And more are poised to move if Congress extends new tax incentives. But even if Washington comes through, the cash outlays required for all-out funding could be prohibitive for most companies. The ultimate result may be a new wave of benefit cutbacks that will leave retirees to fend for themselves. Predicts Steven Ferruggia, the director of group actuarial practice at Buck Consultants, "Some companies may terminate retiree health-care benefits rather than face the financial impact of an FASB standard."

Caught off guard

Corporate America got into this bind in a surprisingly short time. When Medicare came along in the early 1960s, most employers began offering retiree health insurance to pick up what Uncle Sam didn't cover. But what was once a small and predictable expense has grown into a monster of frightening proportions. Galloping health-care inflation, an aging work force, medical advances that enable people to live longer, and Medicare cutbacks that have shifted more of the load to employers have all conspired to pump up benefit costs. An even more insidious culprit has been the rise of the early-retirement program, which has greatly increased the number of retirees under the age of 65—leaving companies with the task of fully insuring them until Medicare kicks in.

For a long time none of this worried corporations too much, because they assumed they could drop these plans at will. The fact that the Employment Retirement Income Security Act of 1974 (ERISA) imposes no vesting requirements on postretirement health benefits seemed to support that notion. And sure enough, a few companies have tried to cast off their plans. White Farm Equipment Company and LTV Corporation canceled their postretirement programs when they went belly up in 1980 and 1986, respectively. And a financially strapped Bethlehem Steel Corporation reduced its benefits coverage in 1984.

Then came the lawsuits. Federal district and appeals courts indicated that companies cannot reduce or terminate postretirement insurance unless they have reserved the right to do so in their plan documents and employee booklets. For employers that is certainly preferable to the lower-court judgment in the White Farm case—reversed on appeal—implying that companies could not alter benefits for retirees no matter what precautions they take. However, the future remains uncertain, since "different courts can make different interpretations," says Robert Sandler, a partner at the Milwaukee-based law firm Reinhart, Boerner, Van Deuren, Norris & Rieselbach.

As if all that weren't bad enough, the FASB sword hanging over companies' heads threatens them even more directly. Today the majority of corporations treat the cost of retiree health benefits as mere operating expenses. But the FASB believes that retiree health care is a form of deferred compensation, just like pensions. And once the board's new standards take effect sometime in the next few years—the proposed rules are due out in 1989—postretirement benefits will get essentially the same accounting treatment as pensions: unfunded liabilities will be logged on the balance sheet, and accrued benefits will be charged to earnings. All in all, says Richard Ostuw, a vice-president at Towers, Perrin, Forster & Crosby (TPF&C), "the new accounting will ruin everybody's day."

It has already cast a pall over many executive suites. In fearful anticipation of the draft rules, companies have been flocking to their consultants during the past year to gauge the dimensions of the expected damage. On the balance-sheet side, the news is more than depressing. One automobile maker will shoulder an unfunded liability on the order of $7 billion, according to a consultant. Allied-Signal Corporation's estimated burden exceeds $2 billion, half its market capitalization.

Similarly, Herbert Nerling, an assistant treasurer at E.I. du Pont de Nemours & Company, reports that his organization's retiree health load is "somewhat less than half" of its total pension liability, which amounted to $7.3 billion at the end of 1987. At Southwestern Bell, the recently refigured obligation is "significantly higher" than the $1.5 billion calculated in 1986, notes Craig Campbell, the associate director for benefit planning. And at companies that tend to have small pension obligations—such as banks and insurance companies, which generally have low pay scales—the number for postretirement benefits outstrips the pension liability. Overall, the blow to net worth will be severe. The consulting firm Milliman & Robertson estimates that major companies with generous plans could see their net equity per employee decrease by one-half once the rules take full effect.

> **Companies with generous plans could see their net equity per employee decrease by one-half.**

What the accounting changes will do to earnings is also, in a real sense, sickening. In evaluations of 75 of its clients, TPF&C found that postretirement costs under the new rules will be dramatically higher than current expense figures; the median company's costs will spurt from $300 to $2,600 per active employee per year, jumping from 1 percent to 10 percent of payroll. That translates into an earnings reduction of 10 percent on up—and sometimes annihilation. And since the market judges management by an earnings barometer, this could in turn mean that stock prices and credit ratings will get royally hammered.

Having seen the numbers—and recovered their wits—corporations are now searching for ways to mitigate the upcoming blast to their financial statements. The option getting the most attention these days is postretirement plan redesign aimed at curtailing expense and liability figures. Most plans are still in the study stage, and in the end, predicts TPF&C's Ostuw, "a large group will continue to provide what they're providing now." But, he adds, "I believe that the majority will take some action." His firm alone is already working with 10 of this nation's 100 largest firms on overhauling their retiree plans.

Before they lay a finger on their plans, however, companies are taking measures to protect themselves from possible lawsuits: they have reserved the right to alter their programs in all benefit-plan documents and employee booklets, and some employers are reinforcing that message in exit interviews with retiring workers. In this way, observes William Danish, a consultant at Kwasha Lipton, "corporations are attempting to remove any promise of permanence." That done, companies are going ahead with benefit changes for all workers, including older ones and retirees.

Here's a rundown of the redesign steps being taken, many of which mirror companies' cost-cutting efforts in their medical plans for active workers.

■ **Utilization controls.** By encouraging retired employees to use outpatient care and cost-efficient alternatives such as HMOs and preferred-provider organizations, companies hope to bring down their long-term medical costs. FMC Corporation, for one, has jacked up the co-payment retirees must make on hospital services from 10 to 20 percent of the total bill. And Owens-Corning Fiberglas is actively exploring cost-containment alternatives such as hospital utilization reviews and case management for both retirees and active employees.

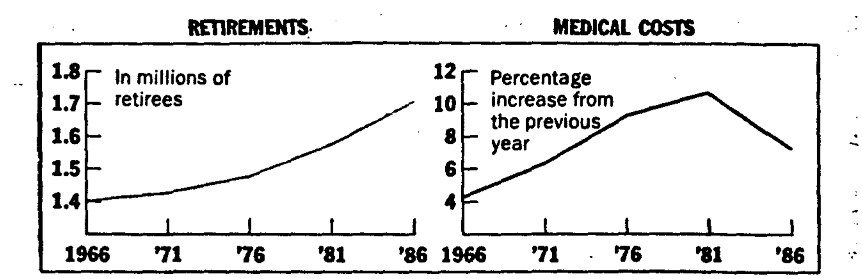
■ **Cost-shifting.** For the majority of medical services, many companies have long paid the difference between the total cost and the amount covered by Medicare. But growing numbers are now pegging the reimbursement rate to that of active employees, which sometimes requires retirees to pick up part of the tab—a so-called carve-out system. This switch can cut projected liabilities almost in half.

Some large companies are also indexing their plan deductibles to Medicare deductibles or the inflation rate, requiring that retirees help make up cuts in Medicare coverage and raising employee contributions to premiums. Along with its recent shift to a Medicare carve-out program, McKesson Corporation, for one, requires retirees to pay some of the premium. And starting this year, employees who pick up their gold watches from the Equitable Life Assurance Society must dig into their pockets to finance part of their health-care premiums if they have less than 30 years under their belts. The fewer the years of service, the smaller the company's contribution—and workers with less than 10 years must pay their own way. Consultants say linking contributions to length of service may reduce liabilities by 10 to 20 percent.

Companies that prefer luring to pushing are taking a different approach: giving retirees the option of joining a new, lower-cost medical plan that has sweeteners designed to draw them in. The new plan might soften the blow of increased yearly deductibles, for instance, by offering a long-term care benefit or higher lifetime maximum coverage than the old plan. Giving retirees a choice in the matter might, of course, be the best way to avoid litigation.

■ **Benefit takebacks.** A few companies are rescinding premium subsidies for future retirees. Nonunion workers who joined International Paper Company after October 1987 have to carry the full cost of their health-care coverage when they retire. And although they will be able to buy coverage through the company plan—guaranteeing insurability and group rates—this step still goes a long way toward a cancellation of postretirement health benefits. As a result, International Paper's retiree health liability will dwindle to nothing over time.

RETIREMENT COSTS TO CORPORATIONS



More Americans than ever have retired during the last 20 years. At the same time, medical costs have exploded, putting a huge burden on corporate health-care programs.

SOURCES: SOCIAL SECURITY ADMINISTRATION; HEALTH INSURANCE ASSOCIATION OF AMERICA

■ Defined-dollar plans. More than any other tactic, corporations are investigating a new type of plan that grants retirees a cash allowance to cover their health-care needs. Unlike traditional schemes that promise a specified set of benefits, inflation and all, this method furnishes a set amount of cash, transferring the inflation risk to retirees. By periodically reviewing the size of the grant, "the employer decides how much of inflation it will cover," says Thomas Kluhman, a consultant with TPF&C. "The company is in control." He has found that these "defined dollar" plans can cut long-term liabilities by 25 to 50 percent, depending on how much inflation the employer shoulders.

The best-known defined-dollar program is one that Pillsbury introduced in 1987 for its nonunion workers. When they retire, employees are granted benefit credits to use in purchasing health care through the company's flexible-benefit plan. The number of credits awarded is linked to a retiree's length of service—1,400 per year of service, each worth $1—and Pillsbury can revise the credit level each year for both new and current retirees. (The first year it made no change.) If the company does not increase credits to match a rise in insurance premiums, retirees may have to choose less generous options.

Less publicized is a similar benefits program launched in January 1988 at North Carolina National Bank Corporation (NCNB). Under the new system, the company creates medical expense accounts for retirees to which it annually contributes a specific dollar amount (to be reviewed every five years for possible increase) for every year of service—up to a maximum of 30 years. Any cash not spent rolls into the following year's account, and medical expenses in excess of account balances must be made up by retirees. "We have substituted a known cost for an unknown level of future liabilities," says Mary Lou Foltz, NCNB's benefits manager.

Planning ahead

Of course, the aim of all this tinkering is to get projected obligations down to an affordable level. Many corporations would like to prefund as much as they can afford. "A company cannot look ahead 15 to 20 years and know with certainty that it will have the cash to cover the liability," says Donald Phillips, the director of investment management at Ameritech. "Prudent management suggests that you should prefund." Indeed, Ameritech, NCNB, and others—including several utilities—plan to create reserves. But companies are just as concerned about the tax and investment implications of funding as they are about the benefit-security issue. And given the lame choice of postretirement trust vehicles currently available, most figure they're better off keeping their assets at work in the company.

For the lack of attractive options corporations can thank Congress, which whacked the 501(c)(9) tax-qualified trust—also known as a voluntary employee beneficiary association (VEBA)—over the head in its 1984 tax act. VEBAs once enjoyed all the tax privileges of pension trusts and as such were perfect for funding retiree health benefits. But to counter widespread misuse of the trusts as tax shelters, Washington planted a minefield of new taxes and restrictions. Tax-deductible pay-ins are limited by the fact that inflation can no longer be taken into account in calculating funding, for instance. And investment earnings on VEBAs are now fully taxable.

These changes have dramatically reduced the widespread appeal of this approach. IBM, for example, halted contributions to its postretirement VEBAs after 1984. But Northrop Corporation and 3M continue to use the VEBAs they set up several years ago. "We're still contributing, but only what we can get

Shaky Balance Sheets

New accounting standards for postretirement benefits will cause headaches for most companies.

If the Financial Accounting Standards Board (FASB) were to fall off the planet tomorrow, companies would no doubt celebrate with whole truckloads of champagne. And who could blame them? The new accounting rules that the FASB is cooking up for postretirement medical benefits will have a devastating impact on financial statements—and consequences far more extensive than those caused by the recently revised pension accounting standards, which were also hotly opposed by corporate America. For its part, however, the board matter-of-factly contends that it's simply trying to keep things on the up-and-up.

"We aren't the ones who made the [retiree health] promise," says Diana Scott, the head of the FASB's postretirement project. "We're just asking companies to live up to that promise." Although the rules should get through their comment period and reach final form in 1989, they may not take effect until 1992 or later. When they do, companies may be forced to recognize the liabilities all at once—an option some board members favor.

But as Richard Ostuw, a vice-president at Towers, Perrin, Forster & Crosby, points out, "That would make a lot of companies insolvent." To avoid such an outcome, the FASB will probably follow the route it took with its pension accounting rules and allow corporations a three-year transition period for postretirement benefits to be phased into financial statements.

Implementing the standards will undoubtedly be complex. Each year companies will have to charge to their earnings a two-part amount. One part is the current value of the portion of expected future benefits allocated to employees that year. This figure will tend to increase every year as employees move closer to retirement and will hit companies with aging work forces particularly hard. The second part is the amortization of benefits earned in the years before the new rules. As for the balance sheet, the liability will reflect benefits expected to be provided to current retirees and those active employees who are "expected to become entitled to coverage," notes Scott.

So to figure their starting liability, companies will have to determine their total obligations to current retirees (figured on a projected basis) and add in the benefits active employees have accrued so far (also figured on a projected basis). Thereafter they'll make annual adjustments to that figure by adding in new benefits accrued by active workers that year, less cash payments to retirees. And finally, they'll want to catch a plane bound for Nairobi before their accountants' bills roll in.

—Hilary Rosenberg,
Institutional Investor

as a tax deduction, and that has cut contributions in half," reports Richard Lohrer, Northrop's vice-president for trust investments. And in light of the desperate need to fund retiree health benefits, numerous other companies—Ameritech among them—are now considering tapping 501(c)(9)s despite their many disadvantages.

Another option is the 401(h) trust. Put simply, this is a retiree health-care trust within a pension trust, into which companies are permitted to funnel 25 percent of their pension contributions. Sounds nice, but this is hardly enough to fund mountainous liabilities at a time when overfunding has reduced pension pay-ins to a trickle. What's more, uncertainty surrounds the 401(h) because it puts postretirement benefits in the domain of pensions, which means they "may be subject to pension law," notes Kwasha Lipton's Danish. For these reasons, very few companies have used the 401(h).

Representative Rod Chandler (R-Wash.) wants companies to make tax-deductible contributions to a government-sponsored retiree health plan.

With companies longing to prefund and the tax-incentive routes all but closed, a number of insurance brokers are hawking a funding vehicle that has been around for years—corporate-owned life insurance (COLI), which is also catching on as a means of securing excess benefit promises to executives. "We're responding to what we see as the squeaky wheel," says John Lander, the president of Baker & Lander, a Boston-based insurance broker. In fact, notes Michael Gulotta, the president of Actuarial Sciences Associates (ASA), the benefits-consulting subsidiary of AT&T, "the insurance industry has carved itself a little niche here."

How do COLIs work in this context? A company buys life insurance on workers or retirees or both, naming itself the beneficiary. Then it can either let the policy's cash value build as an asset to offset the postretirement liability or borrow from the policy to pay health-care costs. COLIs have two advantages: interest on borrowing is partly tax-deductible, and the buildup of cash value (that is, the investment earnings on policy assets) is not taxed. When retirees die, the company collects on the policies and is thus reimbursed for its premium expenses.

COLI commissions can be costly, however, and Congress recently put limits on interest deductibility. Moreover, only the cash value minus loans will be allowed on the balance sheets—which could leave little to offset postretirement liabilities. And Washington is now considering a tax on any withdrawals or borrowings from life insurance policies.

But even with their drawbacks, COLIs are attracting more interest than other options. Lander knows of about 30 companies that have bought into the concept, most within the past year, and says at least 40 more are seriously contemplating a like move. One user is the Equitable, which partially funded its liability with life insurance last year. "We'd prefer to have a tax-deductible vehicle, but since none is available, we wanted to start funding," says Robert Sjogren, the vice-president of corporate benefits.

The best of both worlds

Also catching the corporate world's eye is a new type of variable life policy—a VEBA trust hybrid, the brainchild of Brown Bridgman & Company. The idea is to use VEBA contributions to buy the variable policy, which allows for aggressive investment of the bulk of policy premiums. As it grows, the trust collects death benefits that pay for retiree health costs. This mixed marriage gives companies the best of both worlds: tax deductions on VEBA pay-ins plus a tax-free buildup of investment earnings in the life policy. "The popular conception that [the 1984 tax bill] put VEBAs out of business just isn't true," asserts Van Remortel. Brown Bridgman not only is marketing this product itself but has also hooked up with Salomon Brothers, which is shopping the idea around to its corporate clients. Meanwhile, Lehman Management Company, also marketing a version of the product, had won a few tentative commitments by mid-April 1988.

But right now most corporations are just window-shopping for prefunding methods, hoping that Congress will come through with a more appealing pension-trust type of vehicle sometime soon. They shouldn't hold their breath, however, because although there is great concern in Washington over postretirement benefits, there's also little consensus on how to deal with the problem.

Some years back, there was a lot of talk in Congress of passing ERISA-like legislation that would mandate vesting and minimum funding standards. But now that idea is virtually dead. Companies oppose it out of a belief that mandatory funding would spell trouble for cash flow. Labor unions fear the cost involved would prompt employers to slash benefits or wages or both. Says United Auto Workers associate general counsel Alan Reuther, "There's a direct trade-off between the security of benefits and the adequacy of benefits." And even lawmakers cringe at the thought of the deep gash that new tax deductions would make in the Treasury's revenue collections.

That's why the only pending postretirement legislation being taken seriously by Congress is a bill, sponsored by Representative Rod Chandler of Washington State, that features voluntary funding. Under it, companies could make tax-deductible contributions to a so-called Voluntary Retiree Health Plan whose assets and investment earnings would accumulate tax-free until they were paid out in the form of retirement benefits. Some companies, however, are vehemently opposed to the vesting standards included in the bill, because they don't want to be locked into provid-

NANCY J. PIERCE

Mary Lou Foltz, the benefits manager for North Carolina National Banking Corporation, helped promote a flexible health-care plan for the company.

ing these benefits. Labor unions don't like the voluntary approach any better than mandatory funding—fearing that since only the healthiest companies would be likely to fund, retirees at weaker firms would be left dangling in the breeze. Congress, meanwhile, is turned off by the bill's $1 billion to $4 billion price tag over five years. And in any event, both lawmakers and retiree advocates have other priorities, including extending medical insurance to the 37 million Americans who have none and expanding Medicare to cover catastrophic illnesses.

In an effort to push a prefunding measure through, Chandler is revising his bill. The new version drops the vesting requirement and proposes revenue sources to offset the cost. Moreover, it allows companies to transfer surplus pension assets into a separate retiree health trust that gives companies a way to start funding these obligations, says Gulotta of ASA, whose parent company is one of a group of 35 lobbying for this option. The draft of the new accounting standards expected in 1989 should give voluntary funding new momentum. These rules "will be the single most important motivator for Congress to focus on this question," predicts Phyllis Borzi, the employee-benefits counsel on the House Labor-Management Relations subcommittee, "because CEOs and CFOs will come to Congress and tell it how important this is."

If a truly attractive tax-favored vehicle does eventually become available, how many corporations would use it?

Contends Du Pont's Nerling, "There's no question in my mind that Du Pont and a lot of major companies would fund." Perhaps. But it's more likely that a great many would not want to bear the expense of five to seven times current cash costs in the initial years of the program—even though prefunding can reduce benefit costs over the long haul—and hence would opt for no or only minimal funding.

"Companies have been so overwhelmed by the costs on a pay-as-you-go basis," sighs Dale Grant, a senior vice-president at Martin E. Segal Company, "that the idea of putting in more money to fund is beyond their comprehension." That means these benefits would continue to weigh down financial statements, surely leading to drastic benefit cuts or terminations farther down the road.

But that probably wouldn't be the end of this issue, no matter how much companies might like it to be. Benefit reductions and cancellations would no doubt enrage millions of retirees and lead them to press for reinstatements through still more bitter lawsuits. And what about the moral question here? Can corporations in all good conscience turn their backs on loyal former employees, leaving them to face wildly escalating medical costs on their own? Even if they tried to, workers would be likely to put inordinate pressure on Washington to rectify the situation. And then Congress just might turn around and mandate the provision of minimum benefits and vesting standards that would bleed companies dry.

As Representative Chandler and many others see it, that's precisely why corporations must begin facing the music today. Paring back benefit promises to realistic levels, buying the notion of funding, and supporting the enactment of some sort of new tax-favored trust vehicle are absolute necessities. The only other alternative—limping down the pay-as-you-go path—is no alternative at all in view of the terrible toll it will ultimately exact in terms of devastatingly high benefit costs, human suffering, and damaged employee relations. "Companies should be thinking about the bottom line in the year 2020," concludes Chandler emphatically, "because there isn't going to be any bottom line if we don't do something now." ■

THE WRITER

Hilary Rosenberg has been a staff writer for *Institutional Investor* since 1986. She previously worked as a writer for *Barron's* and as an associate editor at *Financial World*.

COMPARISON OF MONTANA PUBLIC RETIREMENT SYSTEMS

SYSTEM	CONTRIBUTION RATES		SOC.SEC.	RETIREMENT ELIGIBILITY	BASIC BENEFIT FORMULA
PERS	Employee Employer	6.0% 6.417%	Yes	Regular: age 60 w/ 5 yrs. service age 65, regardless of serv. 30 yrs service, any age Early: age 50 w/ 5 yrs. service 25 yrs service, any age	1.66% x FAS* x years of service (FAS = Final Average Salary = Average of highest consecutive 36 mos. salary) 1.66% x FAS x years of service x Early retirement factor
TEACHERS'	Employee Employer	7.044% 7.428%	Most	Regular: age 60 w/ 5 yrs. service 25 yrs. service, any age Early: age 50 w/ 5 yrs. service	1.66% x FAS x years of service 1.66% x FAS x years of service x Early retirement factor
JUDGES'	Employee State Dist.Crt. Fees Supreme Crt.	6.0/7.0% 6.0% 31.0% 1/4 court fees	Yes	Regular: age 65 w/ 5 yrs. service Involuntary: any age w/ 5 yrs. service	3.33% x FAS x yrs of service to 15 plus 1.00% x FAS x yrs in excess of 15 Same as above, actuarially reduced from age 65
HIGHWAY PATROL	Employee Employer + license fees	7.59% 26.75%	No	Regular: age 50 w/ 20 yrs. service Early: any age w/ 5 yrs. service	2% x FAS x yrs of service Same as above, actuarially reduced from age 60
SHERIFFS'	Employee Employer	7.00% 7.67%	Yes	Regular: age 55 w/ 25 yrs. service Early: age 55 w/ 20 yrs. service Involuntary: 10 yrs service, age 55	2% x FAS x yrs of service to 25 + 1.35% x FAS x yrs in excess of 25 up to max. of 60% FAS 2% x FAS x yrs of service, actuarially reduced from age 65 or 25 years service Same as early retirement
GAME WARDENS'	Employee Employer + fines	7.90% 7.15%	Yes	Regular: Age 50 w/ 20 yrs. service Involuntary: 10 years service, age 55	2% x FAS x yrs of service 2% x FAS x yrs of service
POLICE	Employee Employer State	6.0/7.5% 13.02% 15.06%	No	Regular: Age 50 w/ 20 yrs service	2.5% x Final Comp. x yrs of service to 20 + 1% x Final Comp. x yrs in excess of 20, up to a max of 60% of salary
FIRE-FIGHTERS'	Employee Employer State	6.0% 13.02% 22.98%	No	Regular: Age 50, w/ 10 yrs service	2.5% x Final Comp. x yrs of service to 20 + 1% x Final Comp. x yrs in excess of 20, up to a max of 60% of salary 2.0% x Final Comp. X yrs of service, up to a max of 60% (Post-7/1/81 hire)

ROLL CALL VOTE

HOUSE APPROPRIATIONS COMMITTEE

DATE ______ BILL NO. 786 NUMBER 1

NAME	AYE	NAY
REPRESENTATIVE SPAETH	✓	
REPRESENTATIVE PECK		✓
REPRESENTATIVE IVERSON		✓
REPRESENTATIVE SWIFT		✓
REPRESENTATIVE QUILICI	✓	
REPRESENTATIVE BRADLEY	✓	
REPRESENTATIVE PETERSON		✓
REPRESENTATIVE MARKS		✓
REPRESENTATIVE CONNELLY	✓	
REPRESENTATIVE MENAHAN	✓	
REPRESENTATIVE THOFT		✓
REPRESENTATIVE KADAS	✓	
REPRESENTATIVE SWYSGOOD		✓
REPRESENTATIVE KIMBERLEY	✓	
REPRESENTATIVE NISBET	✓	
REPRESENTATIVE COBB		✓
REPRESENTATIVE GRINDE		✓
REPRESENTATIVE CODY		✓
REPRESENTATIVE GRADY		✓
REPRESENTATIVE BARDANOUVE		✓

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Sylvia Kinsey
Secretary

Representative Bardanouve
Chairman

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Rev. 1985

ROLL CALL VOTE

HOUSE APPROPRIATIONS COMMITTEE

DATE ________ BILL NO. 786 NUMBER 2

NAME	AYE	NAY
REPRESENTATIVE SPAETH	✓	
REPRESENTATIVE PECK	✓	
REPRESENTATIVE IVERSON	✓	
REPRESENTATIVE SWIFT		✓
REPRESENTATIVE QUILICI		✓
REPRESENTATIVE BRADLEY		✓
REPRESENTATIVE PETERSON	✓	
REPRESENTATIVE MARKS	✓	
REPRESENTATIVE CONNELLY		✓
REPRESENTATIVE MENAHAN		✓
REPRESENTATIVE THOFT	✓	
REPRESENTATIVE KADAS		✓
REPRESENTATIVE SWYSGOOD	✓	
REPRESENTATIVE KIMBERLEY		✓
REPRESENTATIVE NISBET		✓
REPRESENTATIVE COBB	✓	
REPRESENTATIVE GRINDE	✓	
REPRESENTATIVE CODY	✓	
REPRESENTATIVE GRADY	✓	
REPRESENTATIVE BARDANOUVE	✓	

TALLY 12 8

Sylvia Kinsey
Secretary

Representative Bardanouve
Chairman

MOTION: 786 as amended

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Rev. 1985