

MINUTES

MONTANA SENATE 51st LEGISLATURE - REGULAR SESSION COMMITTEE ON STATE ADMINISTRATION

Call to Order: By Chairman William E. Farrell, on January 10, 1989, at 10:00 a.m.

ROLL CALL

Members Present: All

Members Excused: None

Members Absent: None

Staff Present: Eddy McClure

HEARING ON SB 58

Presentation and Opening Statement by Sponsor:

Senator Tom Beck indicated he was here to ask for the committee's support of SB58, which is to repeal the sunset date on the sick leave fund established in 1985. Senator Beck reported the fund was created by the employees, and is on a voluntary basis. They contribute hours of sick leave to this fund. If an employee suffers an extensive illness or accident which forces them to use all of their personal leave, the employee would then be eligible for a grant of leave from this fund. To date, 447 employees have joined the fund and contributed approximately 5,306 hours of sick leave. 5 employees have received grants totalling 504 hours of sick leave.

The other activity is the grants between employees. An employee who suffers an extensive illness or accident which forces him or her to take off all personal leave, may receive grants of sick leave directly from co-workers. To date, 146 employees have received direct grants from 1,033 of their co-workers. There is a maximum benefit of 160 hours of granted sick leave which can be received in any 12 month period by an individual. A sick leave fund advisory council was created to advise the Department of Administration on the rules of the sick leave fund. The Council has recommended, and the Department adopted, a program that largely delegates administration of grants, from the fund and direct grants, to individual state agencies. The sick leave fund and direct grants have allowed many state employees to continue their income and group insurance during periods of serious illness

when their own leave has been exhausted. The program has provided unexpected benefits. The feedback received from the Department indicates a high level of satisfaction with the program for both employees and administrators who have participated in this program. Management, which can now extend this benefit to the employees who seriously need the assistance, report a positive feedback on the morale of the employees of the State of Montana who have been able to use this to help their co-workers. This workload has been administered by the State Personnel Division, has not taken any more FTEs to administer the program, and has appeared to be a very successful program.

Senator Beck encouraged the committee to pass SB58 and eliminate the sunset, so this program can continue.

List of Testifying Proponents and What Group they Represent:

Laurie Ekanger, Administrator, State Personnel Division
Tom Schneider, Executive Director, Montana Public Employees Association

List of Testifying Opponents and What Group They Represent:

None.

Testimony:

Ms. Ekanger indicated her department was responsible for working with the Advisory Council to set up this program. When this program was passed 2 sessions ago, it was an idea based on experience other employers had in allowing their employees to share sick leave with a needy fellow worker. This sunset provision was included in case the program did not work without funding, as there was no funding attached to this program. As it turns out, working with the Advisory Council and all the personnel officers in the state, they were able to put together a simple program where people can exchange their sick leave or they can contribute some of their sick leave into a pool. It has been a very popular program. What typically happens is a fellow worker develops a serious illness, such as cancer, and this program has allowed fellow workers and management to make a gesture of caring for their fellow workers. For that reason, alone, this program has been extremely popular, and it has not cost anything to run. There is no reason not to continue it, and we ask that you do pass this bill.

Mr. Tom Schneider indicated the Montana Public Employees Association would like to go on record in support of this bill, and to tell the committee that, since its inception, there have been no problems with this program.

Chairman Farrell announced the hearing on SB58 as closed.

DISPOSITION OF SB 58

Recommendation and Vote:

Motion passed that SB 58 do pass.

HEARING ON SB 60

Presentation and Opening Statement by Sponsor:

Senator Tom Beck indicated he would like to ask that the Department of Administration be allowed to review and approve all change orders up to \$25,000, instead of \$5,000. He further indicated the purpose of this bill is to amend the law already on the books allowing the Department to make change orders up to \$25,000 without increased liability exposure. Senator Beck noted that, currently, anything over \$5,000 must be approved by the Board of Examiners, the Architectural and Engineering Division, and the Department of Administration. What they are asking is, in order to eliminate possible liability exposure to the State of Montana for construction delay damages, that they be allowed to make change orders up to \$25,000.

List of Testifying Proponents and What Group they Represent:

Tom O'Connell, Administrator, Architecture and Engineering Division

List of Testifying Opponents and What Group They Represent:

None.

Testimony:

Mr. O'Connell indicated that, under the statutes of the State of Montana, he has the authority to approve contracts of any amount. If they receive bids for \$10 million, he can approve those contracts without going to the Board of Examiners. However, if he has a change order on that contract, he can not approve it, if it is over \$5,000, without getting the approval of the Governor, the Attorney General, the Secretary of State. The main purpose of the bill is to simplify the process to make it more consistent with the contract and authority that already exists in the Department of Administration and, most importantly, to avoid the potential for construction delay

claims from contractors. Due to the cumbersome process, and the fact that it takes so long to process paperwork, claims can be made that we are holding up the construction job, and the State could be liable for damages.

Questions From Committee Members:

Q. Senator Bengtson asked what was the change that Senator Beck earlier indicated may have to be made.

A. Senator Beck responded that, in order to coincide the title of the bill with the intent of the bill, there might be a couple of small changes.

Eddy McClure indicated that the title reads ". . . to require the Department of Administration to review and approve change orders up to \$25,000 for contracts . . .", and that is correct, if you look at (d). But, she noted, the new sentence reading "The department may refer change orders under \$25,000 . . ." is not really reflected in the title. A phrase will probably have to be added to the title saying, in effect " . . . authorizing the department to refer change orders under \$25,000 . . ." Ms. McClure noted this is not reflected in the title of the bill.

Q. Senator Hofman asked Senator Beck what kind of buildings are being referred to. Just state buildings, or all buildings?

A. Senator Beck responded that he was sure it refers to state buildings which are utilizing state dollars.

Q. Senator Vaughn asked, now that costs have gone up, are they finding quite a few change orders coming up to that \$25,000, more than they did in the past.

A. Mr. O'Connell responded that this is not the case. The majority of the change orders are under \$25,000. He indicated they would still like to go to the Board of Examiners for the large ones with a large fiscal impact to the state, but the problem is that lots of construction projects will continually have change orders, the only legal mechanism to change a contract amount on a state project. When one is over \$5,000, and they have to go through the process of all the approvals, they are holding up the progress of the contractor, and the potential is for the contractor to come to the state indicating we delayed their progress, and we are responsible for the delay damages. The arbitration they have been involved in recently has upheld those contentions from the contractors. This is simply a method to help speed up the change order process.

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Q. Senator Bengtson asked if there is any review on change orders under \$25,000, except at the discretion of the Board of Examiners. Senator Bengtson indicated she is in favor of streamlining the process, and not having to go through all this, but she noted she does not understand the process enough.

A. Mr. O'Connell responded that every change order that is processed has a review by the architect, if there is one on the job, by the agency, and by his department, no matter what the dollar amount. He further stated that only if the change order is over \$25,000 would they have to obtain the approval of the Board of Examiners, as well.

DISPOSITION OF SB 60

Amendments and Votes:

Motion passed that SB 60 be amended to reflect the full intent of the bill in the title.

Recommendation and Vote:

Motion passed that SB 60 do pass as amended.

ADJOURNMENT

Adjournment At: 10:30 a.m.


WILLIAM E. FARRELL, Chairman

WEF/mhu
SB58.110

ROLL CALL

STATE ADMINISTRATION COMMITTEE

51ST LEGISLATIVE SESSION

DATE: January 19, 1989

NAME	PRESENT	ABSENT	EXCUSED
HUBERT ABRAMS	✓		
JOHN ANDERSON, JR.	✓		
ESTHER BENGTON	✓		
WILLIAM E. FARRELL	✓		
ETHEL HARDING	✓		
SAM HOFMAN	✓		
PAUL RAPP-SVRCEK	✓		
TOM RASMUSSEN	✓		
ELEANOR VAUGHN	✓		

STANDING COMMITTEE REPORT

January 10, 1989

MR. PRESIDENT:

We, your committee on State Administration, having had under consideration SB 58 (first reading copy -- white), respectfully report that SB 58 do pass.

DO PASS

Signed: _____
William E. Farrell, Chairman

W.E.
1/11/89
8:45 a.m.

STANDING COMMITTEE REPORT

January 11, 1989

MR. PRESIDENT:

We, your committee on State Administration, having had under consideration SB 60 (first reading copy -- white), respectfully report that SB 60 be amended and as so amended do pass:

1. Title, line 8.

Following: "CHAPTER 2;"

Insert: "TO AUTHORIZE THE DEPARTMENT TO REFER CHANGE ORDERS UNDER \$25,000 AFFECTING PROJECT SCOPE OR UNUSUAL CHANGE ORDERS TO THE BOARD OF EXAMINERS;"

AND AS SO AMENDED DO PASS

Signed: _____
William E. Farrell, Chairman

J.C.
1/12/89
11:45 a.m.

EXHIBIT NO. 1

DATE 1/10/89

BILL NO. SB58

WITNESS STATEMENT

To be filled out by a person testifying or a person who would not like to stand up and speak but wants their testimony entered into the record.

NAME: Tom Schneider DATE: 1/10/89

Address: Box 716
Helena

Phone: 442-4600

Representing whom?
MPEA

Appearing on which proposal?
SB 58

Do you: SUPPORT? AMEND? OPPOSE?

Comments:

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY

DEPARTMENT OF ADMINISTRATION - TESTIMONY SUPPORTING SB 58
Repeal sunset provisions for State Employee Sick Leave Fund

- I. State Employee Sick Leave Fund:
 - A. Created for State Employees in 1985.
 - B. Scheduled to terminate in June 1989.

- II. Two Activities Included:
 - A. Sick Leave Fund - Employees may voluntarily contribute accrued sick leave to a central fund and thereby become eligible to draw from the fund if they suffer an extensive illness or injury.
As of December 31, 1989:
447 members - 5306 hours of sick leave
5 grants received from fund - 504 hours of sick leave granted.

 - B. Direct Grants - Employees may directly grant sick leave credits to another employee who has suffered an extensive illness or injury.
As of December 31, 1989:
146 direct grants received - 1033 donor employees.
15,187 hours offered - 13,979 hours of sick leave accepted.

- III. The Sick Leave Fund Advisory Council:
 - A. Established to advise the Dept. of Administration on the Sick Leave Fund Program.

- IV. Administration of Program:
 - A. No budget was provided to implement program.
 - B. A system of leave vouchers has been established that make administration of the program very simple.
 - C. Cost of administrating the program have been absorbed in the State Personnel Division budget.
 - D. Cost of additional sick leave have been absorbed by the agencies employ- ing the ill or injured employee.

- V. Benefits:
 - A. Program has provided significant assistance to 149 state employees who have experienced a serious illness or injury.
 1. Before they are eligible: Must exhaust all their own leave. Sick leave, annual leave and compensatory time.
 2. Must be absent from work for at least 10 consecutive working days.
 3. Must have certification from a Physician.
 - B. Grants have covered surgeries, serious injuries, cancers, heart disease, chronic illnesses.

- VI. Department of Administration Recommends DO PASS on SB 58.

For more information call Laurie Ekanger or Mark Cress, State Personnel Division, 444-3871.

SENATE STATE ADMIN.

EXHIBIT NO. 3

DATE 1/10/89

BILL NO. SB60

Amendments to Senate Bill No. 60
First Reading Copy

For the Committee on Senate State Administration

Prepared by Eddy McClure
January 10, 1989

1. Title, line 8..

Following: "CHAPTER 2;"

Insert: "TO AUTHORIZE THE DEPARTMENT TO REFER CHANGE ORDERS UNDER
\$25,000 AFFECTING PROJECT SCOPE OR UNUSUAL CHANGE ORDERS TO
THE BOARD OF EXAMINERS;"

