

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 52nd LEGISLATURE - REGULAR SESSION

COMMITTEE ON STATE ADMINISTRATION

Call to Order: By CHAIR JAN BROWN on April 12, 1991, at 10:34 a.m.

ROLL CALL

Members Present:

Jan Brown, Chair (D)
Vicki Cocchiarella, Vice-Chair (D)
Beverly Barnhart (D)
Gary Beck (D)
Ernest Bergsagel (R)
Ervin Davis (D)
Jane DeBruycker (D)
Roger DeBruycker (R)
Gary Feland (R)
Gary Forrester (D)
Patrick Galvin (D)
Harriet Hayne (R)
Betty Lou Kasten (R)
John Phillips (R)
Jim Southworth (D)
Carolyn Squires (D)

Members Absent:

Fred "Fritz" Daily (D)
Richard Simpkins (R)
Wilbur Spring (R)

Staff Present: Sheri Heffelfinger, Legislative Council
Judy Burggraft, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

HEARING ON HJR 50

Presentation and Opening Statement by Sponsor:

REP. JOHN PHILLIPS, House District 33, Great Falls, said the progress of the retirement systems and how it affects the future needs to be studied. "You are not going to change anything that has happened." It would be easier to close a university than it would be to change any system that is in place right now. He questioned whether there would be 46 or 50 retirement bills every session. The bill is self explanatory. It is a study

resolution. HJR should pass because it will be funded by the retirement systems.

Proponents' Testimony: None

Opponents' Testimony:

Tom Schneider, Montana Public Employees' Association, said two years ago this Committee had a resolution to correct the problems with state employee salaries. "The employees could only receive \$560 or 2.5 percent, but we had a resolution and we knew the pay plan was broken, so we were going to study it for two years." The Legislature would meet in 1991 to correct the problems with a "broken" pay plan. That was done. He and Rep. Cocchiarella were on the committee along with staff member, Sheri Heffelfinger. Eighteen months were spent on the study. The results of that study committee were never submitted to the Legislature in bill form. It has never been debated by the Legislature because nobody could reach an agreement. The cost of living for retirees was studied in 1984-1985. Two bills were recommended, neither of which were ever put in bill form before the Legislature. In 1982, there was a Blue Ribbon Commission to study collective bargaining and labor relations. Five bills were recommended, and none of them were ever debated in a House or Senate Committee. In the early 1970s the retirement systems were studied. Studies are fine, but they are not going to reduce the number of bills of the Legislature. When an issue is studied, 'how much money is spent' is the point that is studied. That is what was done when the salaries were studied. "We didn't study what should be done with salaries; we studied how we could do something with salaries with a certain amount of money." People need to look at both sides of the equation, not only what is being spent for retirement and the differences of the system, but also what needs to be done to make the systems meet the requirements of the people who are contributing to them. If that is done, then he would support the study. He presented an amendment. **EXHIBIT 1.** The world has changed. In 1945 there was a Teachers' Retirement System that required a person to work 50 years to get 25 percent of his salary. That wasn't the formula; it paid a matching annuity. Progress had been made since then. The study should address not only what the systems cost, but whether the dollars spent are spent in the best way and if other benefits could be provided if the money was spent more wisely. That can't be done unless the resolution says the study will consider benefits along with costs and actuarial evaluations. All sides of the issue should be examined so results of the study may possibly be put in bill form if needed, and there won't be as many bills the next session.

Questions From Committee Members:

REP. GALVIN asked Mr. Schneider if he thought this body was the proper place to negotiate labor contracts and then act, or should the question be put before the individual agencies involved. How

could it be resolved? Mr. Schneider said no. This body isn't the proper place to negotiate labor contracts. Labor contracts can't be negotiated individually for each agency in state government because of Title 7, which is a federal regulation on equal pay. There are state equal pay requirements. Negotiations need to take place.

REP. PHILLIPS asked Larry Nachtsheim, Public Employees' Retirement Board, to comment on the status of the retirement system and the future. Mr. Nachtsheim said retirement benefits aren't enacted for two years. When a retirement benefit is enacted, it is almost for perpetuity. In 1973, the Committee looked at consolidation of systems and benefit enhancements. A bill was not drafted from that study, but in 1975 the police systems in the first and second class cities were consolidated. In 1981 the fire systems in the first and second class cities were consolidated. The formula has been changed for the Public Employees' Retirement System (PERS) on two different occasions. The formula has been changed in several other systems. A great deal of legislation has occurred since 1973 as a result of the studies. He agrees with the amendment, but he doesn't have a position for the resolution because he hasn't had an opportunity to present it to the Board. It's not possible during the session for committees to take specific retirement measures for each system and try to develop any kind of future policy. If a bill isn't passed this session, that doesn't mean it won't be passed in a future session. He agrees with Mr. Schneider that circumstances do change, such as: salary structures, jobs, and memberships of systems. These issues came from the dialogue of the original committee study. Time is needed to study the future of retirement. To that degree this resolution will do what the resolution in 1973 did.

REP. KASTEN said she has been a member of one interim committee. Legislation has resulted from it as well as knowledge to the members of that committee. It has been stated that this doesn't always occur. What is the true story with interim committees? CHAIR BROWN stated the question would be answered during the sponsor's closing statement.

REP. FORRESTER asked REP. PHILLIPS what he thought about the amendments. REP. PHILLIPS said he didn't have a problem with them.

Closing by Sponsor:

REP. PHILLIPS said to REP. KASTEN that she was right. There have been many studies to close university systems. It is totally impossible politically, and changing the retirement system might be impossible. Changes must be made to correct the problems of eight systems introducing individual bills. He doesn't disagree with Mr. Schneider's amendment. People in the retirement system need to be treated decently. He has been a member of this Committee for six sessions and watched the history of it. "The

whole system needs to be looked at, and we are not going to change anything that has already happened in the system." If this resolution can reduce the number of bills that come before this Committee and allow the legislators adequate time to study them, then this might accomplish something. Study committees don't get much attention, but this issue needs to be studied. It is important to many people.

EXECUTIVE ACTION ON HJR 50

Motion: REP. SOUTHWORTH MOVED HJR 50 DO PASS.

Motion: REP. SOUTHWORTH moved to amend HJR 50. (see Exhibit 1)

Discussion:

REP. SOUTHWORTH said this is a complex issue. A study by a committee certainly educates more people about the system. Knowledge is gained of a complex system. "Most of us dealing with this issue have little knowledge of the system."

CHAIR BROWN asked Ms. Heffelfinger if the location of the amendment was correct. Ms. Heffelfinger said under Subsection (1), it addresses a study and comparison of benefits; that is probably the only place in the Resolution that it addresses benefits, so it is an acceptable place to insert the amendment. Technical changes need to be made.

REP. COCCHIARELLA referred to Pg. 2 where it says Legislative Council assigns an appropriate interim committee. She asked REP. PHILLIPS if the Legislative Council would pick the people, and would Legislators be on the committee or not? REP. PHILLIPS said the Speaker of the House and the President of the Senate will probably appoint the members. That is normally what happens in any study resolution.

Vote: HJR 50 AMENDMENT. Motion carried unanimously.

Motion: REP. SOUTHWORTH MADE A SUBSTITUTION MOTION THAT HJR 50 DO PASS AS AMENDED.

Discussion:

REP. COCCHIARELLA asked Ms. Heffelfinger if language was needed to be more specific, so it is an appointment by the Speaker of the House and the President of the Senate. Ms. Heffelfinger said no; this is the traditional way to word it.

REP. PHILLIPS said there will be people on the Committee other than State Administration Committee members. CHAIR BROWN said the Resolution doesn't say anything about that. She asked Linda King, PERS, to respond. Ms. King said the members of the actual interim study committee will be Legislators, and Legislative Council staff will be at the disposal of the Committee, which

will include Ms. Heffelfinger and anyone from the retirement systems. With the budget that is being requested in HB 2, there would be enough funds to bring in outside experts. There would be sufficient funds to design a study to meet the needs. The resources will be available from the Legislative Council and the retirement divisions, but those people will not be on the Committee.

Vote: HJR 50 AS AMENDED. Motion carried unanimously.

ADJOURNMENT

Adjournment: 11:05 a.m.


JAN BROWN, Chair


JUDY BURGGRAFF, Secretary

JB/jb/jt

HOUSE OF REPRESENTATIVES
STATE ADMINISTRATION COMMITTEE

ROLL CALL

DATE 3/12/91

NAME	PRESENT	ABSENT	EXCUSED
REP. JAN BROWN, CHAIR	✓		
REP. VICKI COCCHIARELLA, VICE-CHAIR	✓		
REP. BEVERLY BARNHART	✓		
REP. GARY BECK	✓		
REP. ERNEST BERGSAGEL	✓		
REP. FRED "FRITZ" DAILY		ab	
REP. ERVIN DAVIS	✓		
REP. JANE DEBRUYCKER	✓		
REP. ROGER DEBRUYCKER	✓		
REP. GARY FELAND	✓		
REP. GARY FORRESTER	✓		
REP. PATRICK GALVIN	✓		
REP. HARRIET HAYNE	✓		
REP. BETTY LOU KASTEN	✓		
REP. JOHN PHILLIPS	✓		
REP. RICHARD SIMPKINS		ab	
REP. JIM SOUTHWORTH	✓		
REP. WILBUR SPRING		ab	
REP. CAROLYN SQUIRES	✓		

Judy

HOUSE STANDING COMMITTEE REPORT

April 12, 1991

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Mr. Speaker: We, the committee on State Administration report that House Joint Resolution 50 (first reading copy -- white) do pass as amended.

Signed: *Jan Brown*

Jan Brown, Chairman

And, that such amendments read:

1. Page 2, line 25.

Following: "systems"

Insert: "and recommendations for benefit changes to keep each system current with the needs of its members"

EXHIBIT 1
DATE 4/12/91
HB HJR 50

Amend HOUSE JOINT RESOLUTION NO. 50

Amend Pg. 2, Ln. 25, by striking ";" and ADD "and recommend benefit changes to keep each system current with the needs of its members;"