MINUTES

MONTANA HOUSE OF REPRESENTATIVES
53rd LEGISLATURE - REGULAR SESSION

COMMITTEE ON APPROPRIATIONS

Call to Order: By REP. TOM ZOOK, on March 3, 1993, at 8:10 A.M.

ROLL CALL

Members Present:
- Rep. Tom Zook, Chair (R)
- Rep. Ed Grady, Vice Chair (R)
- Rep. Francis Bardanouve (D)
- Rep. Ernest Bergsagel (R)
- Rep. John Cobb (R)
- Rep. Roger DeBruycker (R)
- Rep. Marj Fisher (R)
- Rep. John Johnson (D)
- Rep. Royal Johnson (R)
- Rep. Mike Kadas (D)
- Rep. Betty Lou Kasten (R)
- Rep. Red Menahan (D)
- Rep. Linda Nelson (D)
- Rep. Ray Peck (D)
- Rep. Mary Lou Peterson (R)
- Rep. Joe Quilici (D)
- Rep. Dave Wanzenried (D)
- Rep. Bill Wiseman (R)

Members Excused: None

Members Absent: None

Staff Present: Terry Cohea, Legislative Fiscal Analyst
Mary Lou Schmitz, Committee Secretary

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

Committee Business Summary:
Hearing: HB 198, HB 605, HB 514, HB 537, HB 515, HB 474
Executive Action: HB 515

CHAIRMAN ZOOK announced the pay plan bills, HB 198 and HB 605 will be heard together.

HEARING ON HB 198

An Act establishing state employee compensation plans and benefit levels: providing pay schedules for fiscal years 1994 and 1995.

<u>Opening Statement by Sponsor</u>: **REP. MARY LOU PETERSON, HD 1** said an interesting thing happened with this bill. Different people looked at it and decided it was a clean bill. The University system looked at it and said they were not in it. She has amendments, **EXHIBIT 1.**

HB 198 has been referenced in the Governor's discussions and some of his speeches and it addresses health care. The emphasis of the bill is: 1) not giving an increase in wages but recognizing the terrific health costs. The first amendment shows in one place in the bill but not another. The second amendment is the University System that was left out. This plan calls for $5 million the first year of the biennium and $5 million the second year of the biennium. The cost is just short of $5 million to the general fund. Overall cost is just over $10 million.

<u>HEARING ON HB 605</u>

An Act generally revising the state employee pay plan; providing pay adjustments for certain state employees; revising certain collective bargaining provisions; providing shift differential and hazardous duty pay; revising the longevity allowance; revising employer group insurance contributions.

<u>Opening Statement by Sponsor</u>: **REP. VICKI COCCHIARELLA, HD 59, Missoula** said HB 605 addresses the needs and concerns of public employees in the state of Montana, needs and concerns the legislature has created for them. Public employees have no meaningful pay plan. The responsibility on the legislature's part comes from not funding those pay plans.

Public employees are taxpayers in the state of Montana. When the legislature puts tax increases on the population the same tax increases apply to public employees. Public employees face the same inflation that other citizens face.

We promise public employees we are going to work hard to reorganize and provide better management. The promises go down the tube every time the legislature meets.

For public employees the only thing they can expect is when a coworker gets laid off they get to absorb twice the work load. Vacancy savings is used by management as a tool to balance their budgets.

In this session and sessions in the past, the threat of layoffs is constant on employees' minds and creates low morale. The legislature has put that pressure on employees and their families.

What HB 605 does, in its revised form with no amendments at this point, is create a bargaining table with public employees.

Cathy Mason, Staff Representative for Montana Public Employees

Association said she used to work for the State Personnel Department when the Market Base Pay System was implemented. She helped assist that internal committee to develop this pay plan. The proposal is outlined in six points and she gave testimony from **EXHIBIT 2.**

<u>Proponents' Testimony</u>: **Steve Johnson, Chief of the labor relations bureau** gave testimony from **EXHIBIT 3** in support of HB 198.

Joyce Brown, Chief of the Employee Benefits Bureau supports HB 198 and explained that $20 per employee per month for the first year and $20 per employee per month for the second year was what their consultant has projected will be required to fund the projected increases for those two fiscal years. That is going to require some cost savings to actually reach those targets. The actual projections were $20 the first year and $25 the second year but they feel they can make sufficient cost savings in the health care plan to essentially keep the amount that employees are contributing for health insurance benefits reasonably level. This would be the fourth and fifth year of the $20 increase to the state contribution. The $20 increase started in FY 1991 and at that time represented a 15% increase, for FY 1994 it represents a 10.5% and for FY 1995 a 9.5% increase.

Sue Hill, Board of Regents, said the Board of Regents supports the concept of pay increases for University System employees provided for in HB 605. They believe the 3% each year increases provided for in that bill are not unreasonable and University System employees certainly need and deserve a salary increase. They also support increasing insurance contributions that are provided for in both bills. The University System is facing serious budget problems next biennium and the Regents are considering salary cuts for administrative and professional employees. As a result they can only support pay increases if they are accompanied with an added appropriation. In addition the University System needs to be excluded from the requirement in HB 605 to begin negotiations in April. It makes no sense for them to begin negotiations that early, given the fact the state's negotiators traditionally take the lead in salary negotiations, and they believe that is in the legislature's desire.

Noel Anderson, Cook, Warm Springs, Montana said she supports HB 605. She takes home $360 every two weeks to support two children. She is concerned about tax and insurance increases.

Tom Schneider, Montana Public Employees Association in support of HB 605. This legislature sets the salaries for state employees. When the legislature freezes salaries only the state employee salaries are frozen. If the legislature does not move this plan 3% a year, which is the basis of the salary surveys and is a technically arrived at figure, the employees will not be 6% behind in 1995, will be 26% behind. His association does support the health insurance proposals in both bills. If health insurance is not increased that will be another cost out of pocket, another loss of benefits, but is a cost that will have to be paid. They need to look at the pay system the state provides and need to make it priority because, until they do that, the simple solution is always "just freeze the state employee pay".

Mike Dahlem, Staff Director, Montana Federation of Teachers and Montana Federation of State Employees presented testimony in support of HB 605 and opposition to HB 198, **EXHIBIT 4.**

Bea Steen, State Employee is here on annual leave from her position as **Paralegal, Department of Transportation** to oppose HB 198 and support HB 605.

<u>Questions From Committee Members and Responses</u>: **REP. KADAS** referred to **Steve Johnson** saying **Ms. Hill** from the University System noted even with the amendments, the funding in this bill was 47% of the cost and the proposal was to make up the difference with tuition. Is that accurate? **Mr. Johnson** said he did not know. **REP. KADAS** asked what the intent of the Administration is for funding the pay plan increases in the University System. **Mr. Johnson** said there are no pay increases proposed in the pay bill. His understanding is the increase in insurance contributions is fully funded in the pay bill. **REP. KADAS** asked is it the intent of the Administration to fully fund health insurance increases for the University System in the pay bill? **Mr. Johnson** said that is his understanding.

CHAIRMAN ZOOK said the amendment, **EXHIBIT 1**, addresses that. **REP. KADAS** said there is a question as to how much total cost it actually covers. **Dave Lewis, Budget Director** said he does not have the work papers for HB 198 with him and hasn't actually looked at the amendment but the way these are normally calculated is to look at the health insurance being a flat cost per FTE but multiply the extra dollars times the number of FTE and then you would fund it based on the way that the employees are now paid. His assumption is if the percentages given were correct, it was funded in the amendment. So it was probably split between general fund and other funds. **REP. KADAS** said if the ratio is 75% general fund, 25% tuition, the total cost of the increase would be funded on those proportions. **Mr. Lewis** said yes that is entirely the case. If you look at the rest of the agencies, for instance, Health Department or SRS, you would split the cost based on the existing funding source. **REP. KADAS** asked if the proposal also includes the University System, including classified and faculty or just classifieds? **Mr. Lewis** said he thinks it includes all employees but will check it. **REP. KADAS** said he would like to know the Administration's intent regarding that.

REP. KASTEN said all this money puts them above what they have in the budget. Have the sponsors any suggestions, combined or what to do to find this money? **REP. PETERSON** asked if her question is where the funding is going to come for this? **REP. COCCHIARELLA**

said public employees have always supported raising taxes. The last two sessions they have come with proposals for tax increases that they would pay out of their own pockets. They are very realistic and willing to do that. **REP. PETERSON** said she does not have a plan to find the $10 million to fund the bill. The bill says this is a necessary part of living for people because of the health care increases.

REP. MENAHAN said in view of the fact that some of the people have been down-graded, such as kitchen workers, is there something we can do to see that those people are moved up on the pay matrix to where they should be? **Mr. Lewis** said the state classification system is administered by the Department of Administration. Those jobs are classified based on comparison with other jobs. The entire staff from the State Personnel Division is here and the question could be directed to someone from there. **John McEwen, Bureau Chief of Classification,** said he would address any questions concerning classification. **REP. MENAHAN** said a couple of years ago the people in the kitchen areas of the institutions were down-graded, the same as the part-time workers in the University System kitchens. Is there any effort made by the Classification Department to see that those positions are upgraded? **Mr. McEwen** said no, not specifically. They do carry out classification reviews and currently are in the process of reviewing all classifications across all state agencies. They look at the classifications of those food service workers.

REP. QUILICI said looking at both bills, HB 605 has a figure of $72 million but HB 198 has a figure of $10 million. How does the administration intend to fund HB 198? **Mr. Lewis** said HB 198 was funded in the Governor's budget. It was funded in the original budget submitted by Governor Stephens, that funding was retained in the Governor Racicot budget. It has a $5 million general fund impact and the remainder is other funds. HB 605 is not funded in either executive budget. If you consider the appropriation process, at this point, to be a zero sum game and look at the average cost of a state employee with benefits of approximately $25,000, you have to absorb the cost of HB 605. **REP. QUILICI** asked how the $10 million funded in the executive budget coincides with HR 2? **Mr. Lewis** said if HB 198 is passed funding would be allowed within the $1.837 billion cap. The fact it is the Governor's budget is almost irrelevant at this point because the House is now dealing with subcommittee actions and is attempting to balance to the $1.837 billion. Any of the bills passed out of this committee, not in HB 2, obviously will have to have funding adjustments in some other area.

Terry Cohea, Legislative Fiscal Analyst said on the revised fiscal impact sheet HB 198, general fund cost of this bill with the University amendment is approximately $5 million. Under the "other fund" column is about $5.9 million. For HB 605, the LFA is using the numbers from the fiscal note $42.1 million general fund impact and the "other fund" column is $37.1 million impact.

The appropriation in HB 605 is significantly less than that amount. However, **Ms. Mason's** figures come close to the fiscal note impact when the higher insurance cost is adjusted. The cost is approximately $79 million.

REP. BARDANOUVE asked **REP. COCCHIARELLA** how her plan relates to the present plan that was passed in the 1991 session? **REP. COCCHIARELLA** said the $112 million pay bill came to the legislature initially. In that bill everyone was moved to the market rate as quickly as possible and it included an increase to the base. What was done in HB 605 is remove that progression rate and leave the longevity in in hopes that it gets people closer to where they should be. If we fund this bill appropriately, because we didn't when the pay plan was first set up, it would be $112 million. **REP. BARDANOUVE** said if they had continued the pay plan as passed in 1991, it would cost $112 million? **REP. COCCHIARELLA** said yes, in the bill, 3% is the way the market has moved so they are trying to keep in line with what is going on in the market. That is not a cost of living inflation figure, it is a market figure.

REP. BARDANOUVE said if HB 198 is passed, will there have to be cuts in the $99 million goal set in HR 2? **Mr. Lewis** said that is at the discretion of this committee and the House. If the committee and the House hold to the $1.837 billion target, then obviously all spending has to be within that target. It will have to be adjusted between HB 2 and the other bills passed. **REP. BARDANOUVE** said in order to get to the LFA target we'll have to make additional cuts to accommodate this bill. **Mr. Lewis** said, in most cases, the budgets are below the LFA current level at this point. If the target is $1.837 billion, cuts will have to be made elsewhere if additional bills are passed.

REP. ROYAL JOHNSON said **Mr. Schneider's** testimony suggested when he figured his budgets he started with salaries and that was his primary program. Almost every business, including the state, thinks along the same lines. In **Mr. Schneider's** absence, **Jim Adams, Associate Director, MPEA,** said, speaking on their behalf, the state employees do not feel the legislature treats them as a priority when it comes to wages. That was the point **Mr. Schneider** was making. **REP. JOHNSON** asked **Mr. Adams** how he feels the state of Montana, in financial problems, should deal with the state employees? Are cuts better, elimination of jobs or not increasing salaries? **Mr. Adams** said he feels the legislature should take a look at the programs they want to fund, look at staff and after that decision has been made, appropriately fund the staff left. **REP. JOHNSON** asked if **Mr. Adams** would eliminate some positions and programs? **Mr. Adams** said yes, if it was a legislative decision. If programs are not eliminated there is still a funding problem. The remaining employees have to be supported. You cannot cut programs and freeze salaries.

REP. KADAS said he was interested in **Mr. Lewis'** comment that the executive budget now is almost irrelevant in light of House action. **Mr. Lewis** said obviously, the executive budget is the starting point. The subcommittees and this committee have moved on past that and now have a compilation of subcommittee budgets that are being rolled into HB 2. Those subcommittee budgets may or may not bear much resemblance to the executive budget recommendations. The point he is trying to make is the $5 million is in Governor Racicot's amended budget for HB 198. It will probably not carry a lot of weight right now because the compilation of subcommittees has gone beyond that. **REP. KADAS** asked **Mr. Lewis** where he moved as he originally proposed an executive budget and now, has been endorsing the $99 million and $99 million. **Mr. Lewis** said he hasn't "endorsed" the $99/$99. He has said he and the agencies will work with the subcommittees in good faith as they move toward meeting that target to lay out alternatives, to give them the benefit of the agencies' information on what the impact of accepting those various funding alternatives might be. There is still an executive budget but he recognizes reality. **REP. KADAS** said **Mr. Lewis** is endorsing the pay bill that costs $10 million. What is your recommendation then as far as where that $10 million will come from? **Mr. Lewis** said if you wish to disregard the entire subcommittees' efforts at this point and go back and adopt the **Racicot** budget for every agency and every line of the proposal, you would have a balanced budget with the $5 million in it. **REP. KADAS** said he doesn't mind if **Mr. Lewis** responds in the current context. **Mr. Lewis** said then they are back to **REP. BARDANOUVE's** issue that, given the level of the budgets that have been approved by the subcommittee, if HB 198 is approved, there would have to be additional cuts in some areas. **REP. KADAS** asked **Mr. Lewis** if he thought there ought to be additional $10 million cuts in order to fund this bill? **Mr. Lewis** said again, he would have to go back to where they started. If you go back to the **Racicot** budget, that bill is funded. If you stay with the subcommittee budgets there will have to be additional cuts. So whether he thinks it is appropriate or not is irrelevant because at this point they are dealing with reality which is the levels of the budgets as they are in the subcommittee reports.

CHAIRMAN ZOOK told **REP. KADAS** they adopted the targets, not the executive branch. **REP. KADAS** said he understands that but is trying to find out how the Budget Director feels about those targets and how he feels about other things in relation to those targets, particularly, additional spending.

REP. BARDANOUVE said they are short of meeting the target by about $22 million, according to the released figures. This will be about another $5 million of general fund so they will be about $27 million short of the target. **CHAIRMAN ZOOK** said **REP. BARDANOUVE** was using figures that don't involve the contingencies, but that is his prerogative. If you use the contingency figures the target is less. Today it would show $12.7 below their target, with the contingencies but SRS recently came in with between $5 million and $8 million to add to that.

REP. FISHER asked **Noel Anderson** what grade level she is. **Ms. Anderson** said she is a grade 8.

Closing by Sponsor: **REP. PETERSON** said these are truly extraordinary times and their work takes a great deal of effort on the part of the committee as well as the whole legislature to see what they will do about their budget. The state workers have that escalating medical cost. It is that portion of the Governor's plan to help state workers maintain their salary, through support to their medical plan. The administrators in each department need to look at the inequity and longevity questions that have come up today. If kitchen help is not addressed, that should be a management plan as **REP. MENAHAN** mentioned. Those details need to be worked out. She would like this bill to be considered as part of the process.

Closing by Sponsor: **REP. COCCHIARELLA** said she would like the committee to think about the citizens of Montana and the purpose of government. How does the legislature provide service to people? The people who serve the citizens should be the highest priority. They should look at the whole picture. Until they are realistic about what they expect the people to do, they should quit dealing with vacancy savings and be true managers of the people who work for the state. The people who work in government provide the services for the citizens and if we don't quit balancing the budget on their backs, the state will never get the service the citizens expect.

CHAIRMAN ZOOK closed the hearings on HB 198 and HB 605.

HEARING ON HB 514

An Act formalizing the state payment of a portion of the salaries of county assessors by providing that the state pay 70 percent of the salaries of county assessors and deputy assessors.

Opening Statement by Sponsor: **REP. TED SCHYE, HD 18, Glasgow** read the title and said that is exactly what the bill does. This is something that should have been done a long time ago. The state has done it in the past but when they don't have any money, pass it back onto the local governments. It is a fairness issue and there is a constitutional issue involved.

Proponents' Testimony: **Keith Colbo, Montana Assessors' Association** said this association is a requester of this bill that's intended to address several issues. HB 514 would set in statute the payment level the state participates in for the assessors and deputy assessors for the state of Montana. Article 8 of the Constitution, Revenue and Finance section, passed in 1972 created a partnership between the state and local governments in regard to administration of property tax. That partnership has endured the years, has been tested as that relationship has developed. Until 1985, the state of Montana funded 100% of the salaries of deputies and the elected assessors of county government. Since then the state's share of the assessors' salaries has diminished as part of budget balancing, loading back on local governments the responsibilities to come up with the full amount. HB 514 is attempting to establish a base. 70% has been selected for the appropriation level set at the 1991 session. As further justification, Title 15, Chapter 8 establishes the county assessors as agents of the Department of Revenue.

Dennis Burr, Montana Taxpayers' Association and former employee of Department of Revenue said the legislature originally gave the Department of Revenue 3 mills to run that program. The Department thought that was enough but because of some faulty information had to come back one year later and ask for 6 mills. During that time, through supplemental appropriations, the state paid 100% of the expenses of all the assessors and appraisers' offices. There was nothing in the law that required that except everything the county assessor does is a duty of the state Department of Revenue and it simply seemed like the right thing to do.

Sharon Harlin, Assessor, Big Horn County presented testimony from **EXHIBITS 1 and 2**

Chuck Krause, Assessor, Butte-Silver Bow said as county assessor he is very aware of the budget problems facing the state of Montana as well as local governments across the state. Currently, the Department of Revenue pays approximately 70% of the assessors and deputy assessors' salaries and the counties pay the other 30%. If HB 514 is passed the counties know they can budget 30% of the salaries each year without the fear of having that increased at a later date.

Cele Pohle, Assessor, Powell County handed out **EXHIBIT 3**, letters from a majority of the counties stating their opinions that the 70%-30% salary bill is the way to go as far as the statutory obligation with the Department of Revenue and would make county budgeting a lot easier. She read from **EXHIBIT 4,** a letter from the Board of County Commissioners of Cascade County.

Marian Olson, President, Montana Assessors' Association, and Hill County Assessor said the assessor is the agent for the Department of Revenue even though elected by some of the same people that have elected the legislators to their positions. The deputies are appointed and act in the capacity of elected assessors in their absence. **Director Robinson** has been working with their association in the past few months and refers to a good working partnership between the assessors and the Department of Revenue.

Spence Hegstad, Beaverhead County Commissioner said because he is a new county commissioner he will be going through the same process as the legislature. The importance of HB 514 is maintaining the position of assessor and deputy assessor and funding that the counties can afford.

Dennis Winters, representing 31 counties of Montana Oil, Gas, Coal said their Board of Directors are in support of HB 514.

Leonard Wortman, former County Assessor and current County Commissioner, Jefferson County said he is new to the position so hasn't had time to go through the budgeting process. Jefferson County, like most other counties in Montana, is financially responsible. They have learned to be prudent with limited resources.

Lloyd Wolery, County Commissioner, Hill County said he represents the Hill County Commissioners and are united in asking the committee to support HB 514 which would formalize the state payment of 70% of the county and deputy assessors' salaries.

John Allhends, Commissioner, Madison County spoke in support of HB 514.

Cort Harrington, representing Montana County Treasurers' Association said the county treasurers have voted to support this legislation and urge favorable consideration.

Donna Heggem, Commissioner, Fergus County spoke in support of HB 514.

Arnold Goettel, Teton County Commissioner urged the committee's support of HB 514.

Dennis Freeland, Toole County Commissioner supports HB 514.

Bonnie Ramey, Jefferson County Clerk and Recorder urged the committee's support of HB 514.

Gordon Morris, Director, Association of Counties stands before the committee on behalf of all 56 counties in support of HB 514.

Mick Robinson, Director, Department of Revenue stands as a proponent of some aspects of this bill. One of his goals is to improve relationships that presently exist between the Department, Director of the Department, and Assessors. As they moved through the budget process, both the Department of Revenue and the Assessors' Association were put in a very difficult predicament in terms of trying to meet the spending goals they were presented with. The Property Assessment Division of the Department of Revenue is the largest division of that agency. It comprises almost 400 of the 700 FTE within the department, a significant impact for the agency. As they are presented with specific reductions there is no other alternative than to address that particular division.

On a year to year basis they are put in a very difficult position regarding the assessors as elected officials and having their salary compensation included within a program where they have some management discretion. What he would like to recommend is that there would be some setting up of the elected assessors' salaries as a separate program outside of the management discretion of the Department of Revenue. When they are given vacancy savings allocations, for example, they have no option but to allocate those vacancy savings across all the particular positions. That is one of the reasons for the reduction that has moved down from that 70% level. There are elements in this bill he can support. From the perspective of the Department of Revenue. he would recommend the elected assessors' salaries be set up as a separate program and the legislature deal with that program from an appropriation standpoint rather than having it grouped within a division that is under the management control of the Department of Revenue.

Opponents' Testimony: None

Questions From Committee Members and Responses: **REP. BARDANOUVE** said he has been told personnel in certain areas of income tax, corporation licenses and natural resources in Helena contribute more per person than others. To meet the target, the Department of Revenue will have to make cuts. Who will be cut? **Mr. Robinson** said that was one of the critical areas discussed with the subcommittee. The subcommittee did replace a couple of recommendations to meet the target that had the greatest level of revenue impact. As a result of allocating deductions the department is below its target at this point by $300,000. The other reductions they are taking do not have a short term impact on revenue, but there is probably going to be some long term impact on services that will result in negative revenue. If this is re-inserted into their budget and they have to take the reduction in other areas, it would have to be in the area of corporate or individual income tax audit. The other service areas within the agency have been reviewed thoroughly and would not be able to absorb any more cuts in those areas.

CHAIRMAN ZOOK asked **Mr. Robinson** how good are the auditors if they don't have accurate assessments to work with? **Mr. Robinson** said the corporate income tax and individual income tax auditors are auditing a different revenue than property tax auditors. The proposal they have placed in front of the committee regarding the property assessment area does have some good logic behind it. The service level will be maintained because of the automation they have put in place in the property tax and the personal property tax areas. It will reduce significantly the clerical effort that has been a manual process in the counties over many years. What they are proposing is downsizing, and perhaps the only way to get to that, and not pass cost off to the county, was a proposal that was accepted by the subcommittee. The first two proposals they presented did not impact directly the loss of the deputy assessor position. They did pass costs on to the counties so they came back with a regionalization proposal to provide the same level of service that is provided now. The concept would allow them to retain the majority, if not all, of those deputy assessors. The regional concept is a work force that would be able to move into some of those areas in case of illness or vacations to accommodate the hours the facilities would be open.

REP. QUILICI asked what effect would the deletion of the deputy county assessors have on the re-appraisal cycle? **Mr. Robinson** said they did ask the subcommittee to include language in the appropriation bill. The language is not directly related to the deputy assessor position but is related to the downsizing in the proposal that has been presented. The downsizing is not just at the county level but also appraisal staff. He has some concerns about the ability of that particular division to meet its statutory requirements regarding the next re-appraisal cycle.

REP. QUILICI asked what effect it would have in some of the smaller rural county offices if the deputy county assessor was deleted? **Mr. Robinson** said that is going to be one of the most difficult problems they will have to face. The workload in some of the smaller counties, in terms of volume of activity coming in, probably does not justify the two or three people presently in that office, especially as they move toward the automation of the personal property. As the staffing is reduced it will probably have some impact on the service level, the ability of that office to be open 8 to 5. One of the elements they have put in the committee bill is perhaps the latitude for some of the smaller offices to maintain a shorter number of opening hours.

REP. QUILICI asked how computerization will take place if there are not enough people to put the material into the computers? **Mr. Robinson** said the personal property tax computerized system that has been developed, basically reduces the amount of data entry that would be required. In the past, a manual reporting sheet went out to each personal property tax owner. This was filled out manually by the individuals and sent in to the assessment office for a manual calculation and manual entry. They have gone to a system entering the data and that data becomes part of the base. That pre-printed form is sent out to the property tax payer and after making adjustments, additions or deletions, will be sent back to the assessor's office. The amount of entry is only going to be in connection with those additions or deletions. The actual data entry has been reduced. It doesn't solve the amount of hours they will have to be available for taxpayers but does solve the manual entry problem.

REP. QUILICI said the deputy assessors are providing needed service. During the break, he looked at major remodeling jobs in various counties and additions to buildings. This won't be picked up unless these people are out seeing the construction. Anytime this happens the state is losing a tax base. **Mr. Robinson** said one of the goals of the department, in terms of automation of the personal property tax, is elimination of some of the manual tasks. That would then free up employees within that office to move out into the county to audit or try to do a better job of consistent reporting regarding personal property tax. Their hope was it would increase state revenue.

REP. GRADY said **Mr. Robinson** said the department was $300,000 under the target. According to the LFA figures it is $1.2 million over target. He asked **Mr. Robinson** to explain the difference. **Mr. Robinson** said he thought they were short of the target by $300,000 and would like to investigate the $1.2 million figure. His understanding was they came out of subcommittee and did not meet their goal. They were short of meeting the target but thought the dollar amount was in the area of $300,000. **REP. PETERSON** said when the subcommittee was doing the Department of Revenue it looked at a base figure and what had happened to the two bases. They were convinced as a committee that the target was not the true representation of where they should have started. They worked to the $300,000 reference figure and the $1.2 million was the original target base. **Mr. Robinson** said the difference is not a $9,000 or $10,000 supplemental. A FY 1992 supplemental was removed twice in arriving at their target. It was removed from their actual expenditures in FY 1993 and also removed for the FY 1992 appropriation. It is $9,000 or $10,000 they were operating with in this particular fiscal year. His contention was there was double counting in terms of the removal of the $9,000 or $10,000. They presented that information to the subcommittee, and based on recognition of the double counting by the subcommittee, adjusted the target down.

REP. ROYAL JOHNSON said **Mr. Robinson** alluded to the coordination the department has to have with the county assessors, deputy county assessors etc. and asked if the assessors would like to be on the state pay plan rather than the county? Would this improve the coordination effort? **Mr. Robinson** said he can't speak for the assessors. The present structure has, in terms of the Department of Revenue, the elected officials' salaries and the deputy assessors' salaries blended in the same division with classified state employees. It does provide mechanical and technical problems for the Department in terms of management of that particular division. If they have elected officials' salaries that are funded at the state level, he does think they should be treated as the county attorneys' salaries are treated in the Department of Justice. It is established as a separate program. The Department of Revenue does not have direct control over the salary levels that are granted at the county levels, nor do they have any control of the individuals appointed to the deputy assessor position. For the understanding of the legislature and also management of the Department of Revenue, it would be much better if that was a separate program.

Gordon Morris, MACO said before the legislative session his association had a proposal that the assessors would come into the pay matrix and basically remain at the same level they are currently salaried as an elected county official. From the association's perspective, they would have no reason to oppose that, except they do not wish to lose any local control. They want continued election of these officials.

REP. BARDANOUVE said in the smaller counties referred to, the SRS worked between counties with some of their personnel. Would it be possible to have some of these deputy assessors work more than one county? **Mr. Robinson** said that is one of the components of the option the Department presented to subcommittee; a regional work force that can move into the various counties for appraisal of property and working in the assessor's office.

REP. WISEMAN asked what percent of the taxes collected at the local level by the assessor ends up in Helena and what percent stays at the local level? **Mr. Robinson** said that an average of about 30% of property tax revenue flows to the state.

Closing by Sponsor: **REP. SCHYE** said the assessors and deputy assessors are on the front line. If they are cut or workloads increased, the state loses money.

CHAIRMAN ZOOK closed the hearing on HB 514.

HEARING ON HB 537

An Act revising Montana Developmental Center loan provisions.

Opening Statement by Sponsor: **REP. BARDANOUVE** said HB 537 is an offshoot of a bill he carried last session. In the last session he worked with the Legislative Auditor and the Department and came up with a viable concept for care of disabled people. The Montana Developmental Center at Boulder is a very old and, in many ways, an obsolete facility. The Legislative Auditor worked out a way to build a new institution, not just one building, but a whole new campus. They found they could build a new facility which will meet all the Medicaid and Medicare standards, with bonds, pay for it with Medicaid and federal reimbursements, and show some savings. However, since the $8 million bond issue was passed, the ANE office has found that some of the electrical distribution system, preparation of the sites, and various other costs were underestimated. This bill will raise a bonding issue up to $10.5 million. It will still be economically feasible and leave some savings in the operation but not quite as much as before. There will also be a savings in personnel. At the present time there are 354 FTE on campus. When this facility becomes operational in 1996, the FTE can be reduced by 30 which will save about $1 million. He referred to **EXHIBITS 1 and 2** for more information.

Proponents' Testimony: **Bob Anderson, Special Services Division, Department of Corrections and Human Services** said some major changes have been made in that facility over the last three years. The population has been reduced from approximately 200 residents down to 110 residents. The Department is continually trying to change and improve programs regarding the facility. One of their proposals last biennium was to develop a new campus that would be smaller and more consolidated and better fit the mission of the facility. He also referred to **EXHIBITS 1 and 2.**

Opponents' Testimony: None

Questions From Committee Members and Responses: **REP. KADAS** asked what will be the increased cost to the general fund in relation to where we are now? **Mr. Anderson** said if status quo is maintained and they maintain the current facility, it will cost the general fund more money to operate than if they had the new facility. **REP. KADAS** said if they have the facility at $8.6 million versus having the facility at $10.5 million what will the impact be? **Mr. Anderson** said it won't impact the savings operationally, it will remain basically the same. There may be some additional maintenance people if they can't get the kinds of things they need to have done such as streets, but at the $8.5 million they are still showing savings of about $1 million a year. If they don't have the $10.5 million, the project will be the same but the campus won't be as nice and some of the things the patients need won't be available.

CHAIRMAN ZOOK said he understood there would be fewer savings of approximately $300,000 a year over 4 years. **Mr. Anderson** said the original calculation was for $8.6 million of bonds over 20 years. The new request is 23-year bonds. The savings will be $350,000 less over the total amortization of the four year bond.

REP. BERGSAGEL said there were discussions in Long Range Planning about the laundry and noticed it is included in this project. Is the requirement for the laundry at the prison to be reduced in size? **Rick Day, Director,** said the laundry listed here does not effect the laundry proposal for the prison. **Mr. Anderson** said the Department is still proposing about a $75,000 remodeling for a smaller laundry in building 104 which includes the totally ambulatory residents. That would just be personal care laundry. All the sheets and flatware will still be done at the prison which makes up almost 60% of the laundry. **REP. BERGSAGEL** said this will be an obligation to the state of Montana, paid for by Medicaid and Medicare. **Mr. Anderson** said the bonding will be paid for by two scenarios. They will be able to re-base their Medicaid rates based on increased construction costs, the interest on capitalization of those costs, and depreciation so they will be able to generate more revenue because those construction costs will be built into the rate. That will be how they will pay off the bonds. They will also make operational savings that will help pay off the bond. **REP. BERGSAGEL** said the indebtedness will be the state of Montana's? **Mr. Anderson** said they are not general obligation bonds as **REP. BARDANOUVE** indicated. They are revenue bonds and don't count against the state.

REP. PETERSON said **REP. BARDANOUVE** made reference there would be a reduction of 30 FTE when this goes into effect. What kind of FTE would be reduced? **Mr. Anderson** said this is based on their scenario of what the facility will look like, the smaller facility, and the savings generated. Right now they are proposing to reduce 3 or 4 administrative positions. These are mainly office supervisors, mail clerks and switchboard operators. They feel they won't need a centralized switchboard anymore. They can reduce 0.7 food service FTE. Because the campus is not spread out the food will not have to be delivered as far. The biggest reductions will be laundry, custodial and maintenance. That is self-explanatory because they will not have as many buildings. Direct care staff, because of the consolidation, can be reduced by 3 FTE and one cottage supervisor, because they will have one less cottage.

REP. ROYAL JOHNSON asked **Mr. Anderson** what kind of sewer and water systems are in place. These systems seem to be major problems in more rural settings for some of the institutions. **Mr. Anderson** said they have their own alarm system which is a problem because the fire codes on the current water system are not acceptable. The sewer system is fine. **Ralph DeCunzo, Project Manager for Market and Engineering for this project** said the current lagoon system, a three-cell system that is shared with the town of Boulder, will be maintained. The current water system is provided by three wells, adjacent to the river. They are currently investigating joining the city water system and get themselves out of the utility system on the institution.

REP. ROYAL JOHNSON said no matter whether you issue general obligation or revenue bonds in the state of Montana, they do have an effect on the total bonding capacity of the state. He referred to **EXHIBIT 1,** front page showing $10.5 million and on the third page, key assumptions, loan payments based on $13.160 million. What is the difference in those two figures? **Jerry Luehr, Executive Director, Montana Health Facility Authority** has the authority to issue these revenue bonds on behalf of the Montana Developmental Center. The $10.5 million for project costs is written in the bill. The additional costs would include $1.5 million for capitalized interest to pay for the interest to the bond holders for a two-year construction phase. The $1 million is for the debt-service reserve fund which is a reserve fund set aside to pay bond holder interest and principle payments in the event the revenues are interrupted or unable to do so. The third cost is $429,000 for the financing cost. **REP. JOHNSON** said since the authority has already come from the legislature to issue as much as $65 million additional general obligation bonds and none of those bonds have been sold as yet, have you investigated the possibility of using a general obligation and thereby making the savings that would result in general obligation as opposed to revenue bond issuance? **Mr. Luehr** said they have not calculated that because they were given instructions to calculate the cost of issuing a revenue bond. This is not private tax supported debt of the state of Montana. It was a determination of the last legislature that they did not want these bonds to be tax supported debt and that is why they are using the authority to issue revenue bonds. **REP. JOHNSON**

asked **Mr. Luehr** who told him he should only calculate it on a revenue bond issuance? **Mr. Luehr** said that was a determination made by the executive branch with the legislative branch during the last session. **REP. JOHNSON** said as long as you know what source of revenue will pay for the bonds, it really doesn't make any difference whether you have general obligation or revenue bonds. It would be wise to investigate the possibility of using that kind of financing and see what kind of financing savings you would have there. **Mr. Luehr** said he agreed.

REP. WISEMAN said Medicaid costs are killing us. The state has been hit with another $8 million in the last week. If they get the authority to put in something like the Oregon plan or pro-rating what Medicaid costs they are going to support, what kind of effect would that have on this project? **Mr. Anderson** said he is not that familiar with the Medicaid program but knows Medicaid covers the individuals who are developmentally disabled and need institutional care. They are also paying for community care on a waiver type program. If there was any kind of cap it would have an effect on every Medicaid recipient.

<u>Closing by Sponsor</u>: **REP. BARDANOUVE** said in reference to the previous question, the Oregon plan is basically a prioritization of medical costs and what they feel are less necessary costs because of a shortfall of money. The use of Medicaid money for this project will have a very high priority.

CHAIRMAN ZOOK closed the hearing on HB 537.

HEARING ON HB 515

An Act appropriating money to fund the tumor registry act.

<u>Opening Statement by Sponsor</u>: **REP. ANGELA RUSSELL, HD 99, Lodge Grass** said she was asked to introduce HB 515 to have money for the tumor registry. She understands a budget modification has been put in for the amount of $41.4 thousand per year or almost $83,000. As long as that modification is in there the committee probably can table this bill.

<u>Proponents' Testimony</u>: **Bob Robinson, Department of Health** said **REP. RUSSELL** did put this bill in with the intent to re-establish the tumor registry within the Department. It was one of the 5% cuts the Department identified last summer. Through the appropriation process the subcommittee did re-instate the 1.5 FTE and allowed $41,496 FY 1994 and $41,716 FY 1995. That will provide an adequate staff to continue the tumor registry function. It is an important function related to an identification of cancers throughout the state and providing that information to health professionals. As **REP. RUSSELL** indicated if the bill is tabled, as long as the appropriation stays within the Department, the effect will tend to maintain the tumor registry.

EXECUTIVE ACTION ON HB 515

Motion/Vote: **REP. KASTEN moved to TABLE HB 515. Motion carried unanimously.**

HEARING ON HB 474

An Act requiring that the budget information submitted by the Department of Justice include information concerning the state's share of county attorney salaries.

Opening Statement by Sponsor: **REP. MARY LOU PETERSON, HD 1** said when the subcommittee was doing supplementals one of the things they found was the county attorneys, as they had changed from part-time to full-time county attorneys, came in with a supplemental to pick up that amount of funding. The subcommittee wondered how to do budgets if they don't know who will do what.

Proponents' Testimony: **Jan Dee May, Centralized Services Director, Department of Justice** said her division carries out the state law which requires that half of all county attorneys' salaries be paid for from the general fund. They simply administer this program and cannot control it. Historically, the Department has had to come before this committee and the subcommittee requesting a supplemental. Although there are several reasons why the county attorney payroll program exceeds its budget, the major reason is the option counties have to go from part-time to full-time following decisions of the regular session. On July 1, beginning the fiscal year of 1992, there were four counties that opted to go from part-time to full-time. They did not have sufficient funds in their budget to pay for those salaries because they were not established by the 1991 legislature. HB 474 would simply require counties to notify the Department of Justice in advance during the regular budget preparation period if they were desiring to go from part-time to full-time. In this way they could give a better accounting to the legislature of the actual cost of this program. Another reason they ask for supplementals in this program is vacancy savings taken from this program.

Gordon Morris, Executive Director, Association of Counties said he has reviewed HB 474 and asked the committee to give favorable consideration.

Opponents' Testimony: None

Questions From Committee Members and Responses: None

Closing by Sponsor: **REP. PETERSON** asked the committee to postpone action on this bill until they see some other things coming through. But if we continue to fund the county attorney offices in the same manner that we have, then this would help when the supplementals come in.

CHAIRMAN ZOOK closed the Hearing on HB 474.

ADJOURNMENT

Adjournment: 11:45 A.M.

Tom Zook
REP. TOM ZOOK, Chair

Mary Lou Schmitz
MARY LOU SCHMITZ, Secretary

TZ/mls

HOUSE OF REPRESENTATIVES

APPROPRIATIONS COMMITTEE

ROLL CALL DATE 3/3/93

NAME	PRESENT	ABSENT	EXCUSED
REP. ED GRADY, V. CHAIR	✓		
REP. FRANCIS BARDANOUVE	✓		
REP. ERNEST BERGSAGEL	✓		
REP. JOHN COBB	✓		
REP. ROGER DEBRUYKER	✓		
REP. MARJ. FISHER	✓		
REP. JOHN JOHNSON	✓		
REP. ROYAL JOHNSON	✓		
REP. MIKE KADAS	✓		
REP. BETTY LOU KASTEN	✓		
REP. WM. "RED MENEHAN	✓		
REP. LINDA NELSON	✓		
REP. RAY PECK	✓		
REP. MARY LOU PETERSON	✓		
REP. JOE QUILICI	✓		
REP. DAVE WANZENREID	✓		
REP. BILL WISEMAN	✓		
REP. TOM ZOOK, CHAIR	✓		

HOUSE OF REPRESENTATIVES

APPROPRIATIONS COMMITTEE

ROLL CALL VOTE

DATE 3/3/93 BILL NO. HB 515 NUMBER

MOTION: Rep. Kasten moved to Table HB 515

Motion carried unanimously

NAME	AYE	NO
Rep. Ed Grady, V. Chair	X	
Rep. Francis Bardanouve	X	
Rep. Ernest Bergsagel	X	
Rep. John Cobb	X	
Rep. Roger DeBruyker	X	
Rep. Marj. Fisher	X	
Rep. John Johnson	X	
Rep. Royal Johnson	X	
Rep. Mike Kadas	X	
Rep. Betty Lou Kasten	X	
Rep. Wm. Red Menahan	X	
Rep. Linda Nelson	X	
Rep. Ray Peck	X	
Rep. Mary Lou Peterson	X	
Rep. Joe Quilici	X	
Rep. Dave Wanzenreid	X	
Rep. Bill Wiseman	X	
Rep. Tom Zook, Chair	X	
	18	0

EXHIBIT 1
DATE 3/3/93
HB 198

Amend House Bill No. 198:

1. Page three, line 23.
   Following: "first"
   Insert: "complete"

2. Page 29.
   Following line 22, insert:
   "University System

528,284	377,086	1,056,717	755,459"

EXHIBIT 2
DATE 3/3/93
HB 605

KEY POINTS OF
STATE EMPLOYEE COMPENSATION
(HB 605)

1. **Cost of Living Increase**

   A. All pay matrices, excluding teachers, will be adjusted upward 3% per year. Teachers will advance one step or approximately 3% each year.

   B. All employees under Pay Plan 060 will maintain their market ratio as of June 30, 1993, and June 30, 1994.

   Cost = $43 Million

2. **Longevity pay** will be 25 cents per hour for each 3 years (offset by current plan). This will be given to all state employees including teachers.

   Longevity pay replaces the progression raise because the progression raise that resulted from the last legislative session contributed to pay inequities. Combined with the Department of Administration's promotion rule, it resulted in unfair pay practices such as newly promoted employees making more than an employee who had been in that same job for several years. Longevity pay is based upon the number of years in State service. Current longevity pay is essentially the same as it has been since 1974 with the present average longevity of only $24.65 per month. The fiscal note indicates this proposal would reflect a 213% increase, in spite of that, the average longevity would only increase to $77.15 per month or a difference of $52.50 per employee. Longevity Cost = $19.6 Million

3. **Shift differential pay** will be 25 cents per hour for every hour worked outside of the flexible work hours. Shift differential was recognized by the last legislative session but never funded. Therefore, it was impossible to negotiate any changes. Shift Differential Cost = $3.8 Million

4. **Hazardous duty pay** will be 50 cents per hour based upon the positions' classification rating of level 3 in "working conditions." Hazardous duty pay was also recognized by the last legislative session but never funded. Therefore, it was impossible to negotiate any changes. Hazardous Duty Cost = $1.67 Million

5. **Health Insurance** employer contribution will be increased by $20.00 per month each year. Insurance Cost = $7.9 Million
   ~~e~~, 10

6. Mandatory **negotiations before April** of previous year of each regular legislative session. Cost = $0

EXHIBIT 3
DATE 3/3/93
HB 198

TESTIMONY OF STEVE JOHNSON
IN SUPPORT OF HB 198

Mr. Chairman, members of the committee, my name is Steve Johnson. I am chief of the labor relations bureau. I also serve as the chief labor negotiator for the executive branch of state government in collective bargaining. I appear before you today in support of HB 198, which is the governor's proposal for state employee pay for the FY 94-95 biennium.

I would like to explain the purpose and contents of HB 198, and also the reasons I am supporting the bill.

The pay bill has traditionally served two purposes. First, it establishes the salary schedules for certain executive branch employees. Second, it includes the appropriation to fund increases in the total compensation package for all state employees.

The bill establishes salary levels for the following employees: (1) classified employees of the executive branch and university system, (2) blue collar employees in the executive branch, (3) employees in liquor store occupations, and (4) teachers employed by the department of corrections and human services and the department of family services.

The pay bill does not establish salary levels for the following employees: (1) legislative employees, (2) judicial employees, (3) faculty, professional, administrative and blue collar employees in the university system, (4) elected officials, (5) teachers, academic personnel, administrative staff and live-in houseparents at the Montana School for the Deaf and Blind, (6) the executive director and employees of the state compensation mutual insurance fund, and (7) other exempt employees listed in 2-18-103 and 2-18-104, MCA. Salary levels for these employees are at the discretion of the employing agency.

Even though the pay bill does not set salary levels for all state employees, it does include the appropriation necessary to fund any increases in the compensation package for all state employees. HB 198 contains an appropriation to increase insurance contributions by $20 per month each year of the biennium.

The bill also provides that salary rates for state employees remain frozen at current levels for both years of the biennium. I want to emphasize that this in no way reflects negatively on the ability, dedication, or qualifications of the state's workforce. Rather, it is an unfortunate, but unavoidable result of the state's fiscal predicament.

As I have stated, the administration has proposed to distribute all available funds into the state's health insurance contribution. Because health insurance contributions are paid on a flat dollar basis, they comprise a much larger percentage of the total compensation package for wage earners at the lower end of the

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HB 198

salary schedule than for higher-paid employees. We hope that putting all available resources into health insurance contributions will ensure that ever-increasing health care costs will not unduly burden those who can least afford them. We believe that the proposed increases in insurance contributions will enable the state to maintain current benefit levels without increasing out-of-pocket expenses for employees.

Even though the administration proposes to put all availabe funds into health insurance, I want to express a willingness to work with this committee, if it so desires, to distribute those funds in a different manner.

Governor Racicot has requested that I mention one other thing this morning regarding collective bargaining in Montana state government. I have felt for some time, and the governor strongly agrees, that the industrial model of collective bargaining, which relies on confrontation and posturing instead of cooperation and problem-solving, has outlived its usefulness.

I have written to the representatives of four labor organizations that represent about 93% of organized state employees, to invite them to mutually explore different and better ways of conducting business. The response thus far has been encouraging. I hope that eventually, all of the eighteen labor organizations representing state employees will accept such an invitation.

The problems we face are mutual problems. The state's current fiscal quagmire is only one example. I believe there are better ways for labor and management in Montana state government to talk to each other, and there are more productive ways to carry out our mutual obligation to negotiate in good faith. I want to express the administration's willingness to put aside posture and pretense, and get down to the important business of problem-solving.

Thank you for your time and consideration.

MONTANA FEDERATION OF STATE EMPLOYEES
MFT, AFT, AFL • CIO

P.O. BOX 6169
HELENA, MONTANA 59604
PHONE: 406-442-2123
1-800-423-2803

JIM McGARVEY
President

EXHIBIT 4
DATE 3/3/93
HB 198

TESTIMONY OF DR. MICHAEL DAHLEM IN SUPPORT OF HB 605 AND IN OPPOSITION TO HB 198 PRESENTED TO HOUSE APPROPRIATIONS COMMITTEE ON MARCH 3, 1993

Mr. Chairman and members of the committee, my name is Michael Dahlem and I am Staff Director for the Montana Federation of Teachers and the Montana Federation of State Employees, AFT, AFL-CIO. The Montana Federation is the largest public employee union in the Montana State AFL-CIO and the second largest state employee union. I appear today in support of HB 605 and in opposition to HB 198.

At the outset, I want to say that state employees understand that the State of Montana is facing a fiscal crisis. Like other citizens, state employees expect to pay higher taxes in order to help solve this crisis. However, STATE EMPLOYEES DO NOT DESERVE A FREEZE IN THEIR WAGES FOR THE NEXT TWO YEARS. I stand before you today to tell you that our members will not accept a solution that raises their taxes, freezes their wages and increases their workloads by reducing their numbers. A wage freeze at a time when Montana leads the nation in the growth of personal income is a slap in the face of every dedicated public employee in this state.

OUTLINE OF HB 605

The key provisions of HB 605 include the following:

--The entry and market levels on the pay plan increase by 3% each July 1. Institutional teachers receive a step increase on each July 1. These increases correspond to the projected increases in the Consumer Price Index and are funded with vacancy savings.

--The state's contribution for health insurance increases by $20 per month each July 1 permitting a maintenance of benefits without increasing employee contributions.

--All state employees receive a 25 cents an hour increase for each three years of uninterrupted state service. This increase will address a serious pay inequity problem created by the application of Pay Plan rule 1809. This rule has given agencies the discretion to protect the market ratio of employees on promotion. In the process, many junior employees are now paid more than their senior counterparts in the same classifications.

--Employees in hazardous positions, as determined by the job classification system, receive a 50 cents an hour differential. Currently, the working conditions

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HB 198

factor receives so little weight that it has had a negligible effect on employee compensation.

--Employees who are scheduled to work nights and weekends receive a shift differential of 25 cents an hour.

--The State of Montana and public employee unions are required to begin pre-budget negotiations by April 1 of the year before the legislative session.

--The total cost of the bill (not assuming the use of any vacancy savings) has been estimated at $23 million in general funds and $34 million in other funds.

HB 605 WILL IMPROVE THE MONTANA ECONOMY

Currently, the State of Montana receives a significant portion of its personnel budget from the federal government. As noted above, $34 million of the cost of HB 605 would be borne by non-general fund sources, with a significant portion of the amount coming from the federal government. A wage freeze will forgo this source of revenue in the Montana economy, reducing economic activity and the creation of jobs. Rather than solving our state's fiscal crisis, a freeze will only exacerbate it.

STATE EMPLOYEE PAY LAGS BEHIND THEIR PEERS

The Department of Administration's 1992 salary survey shows that the pay of classified state employees averages only 91.1% of the comparable market. In many classifications, the comparison is much worse. For example, Correctional Officers at Montana State Prison receive only 79.1% of the pay provided their counterparts in North and South Dakota, Idaho, Washington and Wyoming. Probation and Parole Officers receive only 80.6% of the market. A wage freeze will increase these disparities and worsen an already severe retention and recruitment problem.

In addition, salaries for university system faculty are among the lowest in the nation. According to data compiled by the American Association of University Professors, faculty salaries at Montana State University average more than $5,000 below those paid at comparable institutions in the mountain states region during 1991-92. At the University of Montana, salaries were nearly $7,000 below the regional average for all ranks. Comparable disparities exist at Eastern, Northern and Western Montana Colleges. This committee will soon consider an appropriation bill which will require an increase of $24 million in student tuition just to reach the LFA current

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level. You should note that the current level includes no money for faculty salary increases. A pay plan without additional funding will make it increasingly difficult to attract and retain qualified faculty members.

STATE EMPLOYEE PAY HAS NOT KEPT PACE WITH INFLATION

The Montana Historic Revenue and Expenditure Report for Fiscal Years 1979 Through 1991 confirms that state employee pay has not kept pace with the cost of living. For example, entry level salaries at grade 7 have increased at an average annual rate of 4.60 percent during the period, while entry level salaries at grades 13 and 20 increased 3.68 and 3.41 percent respectively. Inflation during this period averaged 5.38 percent annually. (Report, p. 100)

LONGEVITY PAY IS NECESSARY TO RESOLVE A SERIOUS PAY INEQUITY

Pay Plan Rule 1809 provides that upon promotion, an agency may set an employee's pay "within a range from the entry rate of the higher grade to a base salary that maintains the employee's market ratio as it was in the lower grade." In practice, many agencies have routinely protected an employee's market ratio. While this is favorable for the promoted employee, it has resulted in many situations where junior employees in particular classifications are earning more money than senior employees in the same class. This disparity has created significant morale problems and is not justified on any public policy ground. The longevity increment proposed in HB 605 will go a long way to resolve this problem.

OTHER PUBLIC EMPLOYEES WILL RECEIVE PAY RAISES

During the state employee wage freeze of 1988 and 1989, most employees of school districts and local governments received modest wage increases. Even when salary schedules were frozen these employees generally received step increases of 2-3%. It is very likely that these public employees will receive some increase in their salaries during the next two years. From a perspective of fairness, it is very hard to justify a wage freeze for state workers when other public employees will not be frozen.

A PAY FREEZE REPRESENTS DOUBLE TAXATION OF STATE WORKERS

A pay freeze is especially unfair in light of the fact that state workers will be required to participate in the what the Governor refers to as the largest tax increase in state history. In this context, a wage freeze represents a form of double taxation that will reduce the take home pay of already underpaid state employees. State workers have families to

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support and children to feed just like everyone else in this room. A tax increase will hit them much harder than the wage earner who has received a pay increase keeping pace with inflation.

STATE EMPLOYEE PAY SHOULD BE DECIDED AT THE BARGAINING TABLE

A key provision of HB 605 requires collective bargaining negotiations to begin by April 1 of the year before a legislative session. To date, our union has received only one bargaining proposal from the State of Montana and that proposal does not even include the $20 per month increase for health insurance that is contained in HB 198. If state employee pay is to be decided at the bargaining table, then I would respectfully request this committee to defer action on these bills as long as possible, providing the parties with a reasonable opportunity to engage in meaningful negotiations. Our union is not unwilling to consider less costly proposals. We are unwilling, however, to agree to a pay plan which unfairly penalizes our members.

In conclusion, we ask you to seriously consider the consequences of your actions before voting on these measures. We particularly ask you to consider the plight of the thousands of Montana working people and their families you will hurt with a wage freeze. Thank you for your consideration of our views.

Michael Dahlem

Michael Dahlem
Staff Director
Montana Federation of Teachers
Montana Federtaion of State
Employees, AFT, AFL-CIO

EXHIBIT 1
DATE 3/3/93
HB 514

March 3, 1993

House Appropriations Committee
Chairman Rep. Tom Zook
Members

Chairman Zook and members of the committee. My name is Sharon Harlin and I am the Assessor in Big Horn County. My testimony today is on behalf of the Montana Assessors Association.

Prior to the 1972 Montana Constitution, the assessment and valuation of property for tax purposes was determined at the local level. County Assessors were locally elected officials. Their salaries, the salaries of the Assessor's staff, and the financial burden of maintaining that office rested with the various boards of county commissioners throughout the state. All local officials were accountable to the former State Board of Equalization and subject to review by this board.

During the 1972 Constitutional Convention, it was contended that the County systems of appraisal and assessment failed to equalize property values statewide. Con-con delegates deemed that the only way to correct the inequities of assessments between counties was through state centralization. Con-con delegates wanted to ensure that local taxpayer rights were protected. Their intent was to have assessment records and the basic work done at the local level. They intended to maintain the local assessors as elected officials who were administratively controlled by the state.

In 1973, following the adoption of the new Constitution, the legislature, in order to implement the new assessment system, deleted mention of the county assessor in 25-605, R.C.M. This statute had provided the statutory formula for determining the salary of all county officers. By this gesture, the legislature separated the Assessor from other county officers for purposes of salary determination.

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HB 514

On July 1, 1973, the state alone was given full charge ~~of~~ appraising and assessing all property subject to taxation. Values were ~~to be~~ equalized. The Department of Revenue was charged with this task. 84-402, R.C.M., clearly showed the legislative intent of placing the burden of maintaining the county assessor offices on the Department. County assessors became agents of the state. Their salaries, and the salaries of their employees were paid from state funds, through the Department of Revenue budget. Similarly, these elected officials and employees received the same "fringe benefits" as were given all other state employees. A one-time, state-wide, three (3) mill levy was the funding mechanism put in place to compensate for this operational transfer.

In 1977, 84-402(3) R.C.M., was amended. The salary of the county assessor and deputy assessors' reappeared in statute.

Although the law did not specify who was to pay the salaries of the county assessor and deputy assessors', the Department of Revenue paid 100% of the salaries from 1973 through fiscal 1986.

In 1985, the legislature changed this pay structure. Through H.B. 500, the legislature provided for only 70% state funding of the county assessors' salaries for fiscal year 1987. The remaining 30% of the salaries was to be supplied by the counties.

In 1987, the legislature changed the pay structure again. Through H.B. 2, the legislature applied vacancy savings (which elected officials do not accumulate) to the assessors' positions, thereby providing 66% state funding of county assessors' salaries for fiscal year 1988. Counties were obligated to pay 34%. Also, the bill required state funding of only 70% of the deputy assessors' salaries which shifted 30% of the deputy assessors' salaries to the counties.

Continual apportionment of the salaries between the state and the counties became a "hot" political issue. Numerous requests were made for opinions from the Attorney General. Law suits were filed. An initiative was even drafted to remove the responsibility for property tax appraisal and assessment from the state and restore it to the counties.

In 1989, H.B. 100, which contained the Department of Revenue's budget, again requested 100% funding of salaries, personal services, and operating expenses for all of the assessors' offices. Montana Association of Counties supported this action. Again, because appropriations made by the legislature cannot exceed anticipated revenue, only 70% of the salaries and benefits were funded by the state and the county funded 30% of the assessor's and deputy's salaries. Cost of living increases were also granted to state employees for fiscal year 1991, but assessor's and deputy assessor's salaries are not part of the state pay matrix, so this did not necessarily mean that we realized a pay raise.

In 1992, during a special session of the legislature, state budgets were reduced again. Counties again were forced to pick-up state shortfalls. Timeliness became a question at this time, because county budgets had been set in July, but commissioners were notified in mid-August that there was a $475 reduction for each position for fiscal year 1993.

Realizing that legislative action is not invalid unless it conflicts with the constitution, and realizing that the constitution does not dictate who should fund county assessor salaries, assessors have been placed in a precarious situation because of constant financial transitions. We believe it is fundamentally important to lay this political issue to rest.

For these reasons, I request a "do pass" recommendation on H.B. 514, which would statutorily confirm the apportionment of the county assessors salaries between the state and the counties.

BIG HORN COUNTY

HARDIN, MONTANA 59034

EXHIBIT 2
DATE 3/3/93
HB 514

BOARD OF COMMISSIONERS
DRAWER H
(406) 665-3520

February 11, 1993

Rep. Tom Zook
Montana House of Representatives
Capitol Station
Helena, MT 59620

RE: House Bill 514 - Assessor Salary

Dear Rep. Zook:

Big Horn County would like to express their support for the above-named bill, which statutorily sets the funding of the county assessor and deputy assessor salaries.

It is our opinion that the function of the county assessor is to be responsible to the county taxpayer as well as a liaison between the State and County. Upon review of the State's proposal, counties are not financially able to assume full responsiblity of the county assessor and deputy assessor, together with maintaining an office to perform only taxation responsibilities to the county.

We urge you to continue to consider the financial difficulties that county governments are currently enduring.

Should you wish to discuss this further, please feel free to contact this office.

Very truly yours,

BOARD OF COMMISSIONERS
BIG HORN COUNTY, MONTANA

John Doyle

John Doyle
Chairman

House Appropriations
Committee
March 3, 1993
Exhibit #3
House Bill No. 514

Exhibit #3 are letters from a majority of the counties stating their support for HB 514. The originals are at the Historical Society at 225 North Roberts Street, Helena, MT 59620-1201. The phone number is 444-2694.

Cascade County
Gateway to the North
Visit Russell Country

Courthouse Annex, Room 111
Great Falls, Montana 59401
Tel. (406) 761-6700, ext. 250
Fax: (406) 452-7838

March 2, 1993

EXHIBIT 4
DATE 3/3/93
HB 514

TO: HOUSE APPROPRIATIONS COMMITTEE

FROM: BOARD OF COUNTY COMMISSIONERS OF CASCADE COUNTY

RE: HB 514

Please be advised that the Board of County Commissioners of Cascade County strongly supports HB514 - Funding the Assessor and Chief Deputy Assessor salaries on a 70% State commitment and 30% County commitment.

The following reasons will support our convictions:

1. The individual counties provide office space for the DOR to operate the Assessors office.

2. All utilities are provided by the County, including but not limited to: heat, lights, air conditioning, water and sewer.

3. Provides a known budgetary position when allocating salaries.

4. Without this statutory provision, it would allow the DOR to allocate less than sufficient funds to each county when deemed necessary. The Assessor/Appraisal Division is a state run division with the exception of the elected Assessors. We believe that this is the only local entry into the State bureaucracy. This is turn provides a consistency at the local level.

EXHIBIT 4
DATE 3/3/93
HB 514

In closing, we strongly urge the members of the Appropriations Committee to support this measure as an act of equality for both state and local government.

BOARD OF COUNTY COMMISSIONERS
OF CASCADE COUNTY

Harry B. Mitchell

Harry B. Mitchell, Chairman

Jack T. Whitaker

Jack T. Whitaker, Commissioner

Roy M. Aafedt

Roy M. Aafedt, Commissioner

EXHIBIT 1
DATE 3/3/93
HB 537

MONTANA DEVELOPMENTAL CENTER
CAMPUS CONSOLIDATION PROJECT
HB 537

The Department of Corrections and Human Services (DCHS), The Department of Administration's Architect and Engineering Division (A/E) and The Department of Commerce's Health Facility Authority (HFA) are jointly requesting this legislation for additional bonding authority to fund the campus consolidation project at the Montana Developmental Center (MDC) in Boulder.

Initial planning of the project has determined that the original funding level of $8,665,000 is not sufficient to adequately address all of the needs of that project. It is estimated that an additional $1,835,000 of bonding authority will be needed to make the MDC campus consolidation a viable project. This would increase the total bonding for the project to $10,500,000.

Based on information from the HFA and D.A.Davidson the bonding authority could be increased to $10.5 million, amortized over 23 years and still show a savings to the general fund. However due to the increase in the amount and term of the loan, there is a reduction of approximately $351,547 in the saving originally projected on a 20 year loan. Enclosed is a copy of their analysis of the general fund impact. This analysis assumes increases in the facility medicaid reimbursement rates for allowable capital interest and depreciation and an initial operational savings at MDC. Also, as stated in section 3, the bonds would not count as state tax-supported debt.

This legislation increases the bonding authority for the project and also includes needed language to clarify bond proceeds and ensure the investment earnings on the bonds stay within the project and are used to pay off the loan. This language would be needed with or without the bond authority increase.

Major reasons for the increase in construction costs over the original 1990 estimate were unanticipated infrastructure problems associated with water and electrical systems, and under estimated site development costs.

Maintaining the project within the original 8.6 million level would mean the elimination of major improvements which would have a negative affect on both the quality of resident care and the functional and environmental impact of the campus. Major areas impacted without the additional funds include: recreation aquatic facility, cottage facilities, warehouse, site utilities and site development.

EXHIBIT 1
DATE 3/3/93
HB 537

MONTANA DEVELOPMENTAL CENTER
SUMMARY OF GENERAL FUND IMPACT
OF NEW FACILITY

ASSUMPTIONS:	
Interest rate on Bonds	6.25%
Interest rate on invested funds	4.00%
Construction amount	$10,500,000
Beginning efficiency savings	$1,000,000
Inflation factor	3.50%
RESULTS:	
Avg annual savings thru 2013	**$32,163**
Avg annual savings thru 2019	**$24,925**
Net present valued savings thru 2035	**$2,878,004**
Total savings thru 2035	**$21,461,881**

EXHIBIT 1
DATE 3/3/93
HB 537

MONTANA DEVELOPMENTAL CENTER
ANALYSIS OF GENERAL FUND IMPACT
OF NEW FACILITY

KEY ASSUMPTIONS USED IN ANALYSIS:

NET LOAN PAYMENTS based upon $13,160,000 in revenue bonds amortized over 23 years at an average interest rate of 6.25 %, with earnings on debt service reserve moneys applied to total annual loan payments (see attached schedule of net debt service).

FEDERAL MEDICAID INTEREST REIMBURSEMENT based upon an assumed effective reimbursement rate of 63% of net annual interest expense (i.e. total interest on the loan less debt service reserve earnings).

FEDERAL MEDICAID DEPRECIATION REIMBURSEMENT based upon 40 year straight line depreciation of 63% of Medicaid–allowed depreciable expenditures.

OPERATING EFFICIENCY SAVINGS based upon assumed initial savings of $1,000,000, with an assumed operating expense inflation factor of 3.50 % per annum.

LOST FEDERAL MEDICAID OPERATING REIMBURSEMENT based upon an assumed effective reimbursement rate of 63% of annual operating expenditures.

RELATIONSHIP OF KEY COLUMNS

NET STATE CAPITAL COST (SAVINGS) equals NET LOAN PAYMENTS less TOTAL FEDERAL MEDICAID CAPITAL REIMBURSEMENT.

NET STATE OPERATING SAVINGS equals OPERATING EFFICIENCY SAVINGS less LOST FEDERAL MEDICAID OPERATING REIMBURSEMENT.

NET GENERAL FUND BENEFIT equals NET STATE OPERATING SAVINGS less NET STATE CAPITAL COST.

EXHIBIT 1
DATE 3/3/93
HB 537

MONTANA DEVELOPMENTAL CENTER
ANALYSIS OF GENERAL FUND IMPACT
OF NEW FACILITY

	*************CAPITAL IMPACT*************					***OPERATING IMPACT***			***NET***
		FEDERAL MEDICAID CAPITAL REIMBURSE							
FISCAL YEAR	NET LOAN PMTS(1)	INTEREST	DEPREC	TOTAL	NET STATE CAPITAL COST(SAV'S)	OPERATING EFFICIENCY SAVINGS	LOST FED. MEDICAID OPERATING REIMBURS.	NET STATE OPERATING SAVINGS	NET GEN'L FUND BENEFIT
1994	($0)	(0)	$0	($0)	($0)	$0	$0	$0	$0
1995	0	0	0	0	0	0	0	0	0
1996	231,506	101,987	49,167	151,154	80,352	250,000	157,500	92,500	12,148
1997	1,044,251	487,895	196,668	684,563	359,688	1,035,000	652,050	382,950	23,262
1998	1,044,251	477,271	196,668	673,939	370,312	1,071,225	674,872	396,353	26,042
1999	1,044,251	465,984	196,668	662,651	381,600	1,108,718	698,492	410,226	28,626
2000	1,044,251	453,990	196,668	650,658	393,593	1,147,523	722,939	424,584	30,991
2001	1,044,251	441,247	196,668	637,915	406,336	1,187,686	748,242	439,444	33,108
2002	1,044,251	427,708	196,668	624,376	419,875	1,229,255	774,431	454,824	34,949
2003	1,044,251	413,322	196,668	609,990	434,261	1,272,279	801,536	470,743	36,482
2004	1,044,251	398,037	196,668	594,705	449,546	1,316,809	829,590	487,219	37,674
2005	1,044,251	381,797	196,668	578,465	465,786	1,362,897	858,625	504,272	38,486
2006	1,044,251	364,542	196,668	561,210	483,041	1,410,599	888,677	521,922	38,881
2007	1,044,251	346,209	196,668	542,877	501,374	1,459,970	919,781	540,189	38,814
2008	1,044,251	326,729	196,668	523,397	520,854	1,511,069	951,973	559,095	38,242
2009	1,044,251	306,033	196,668	502,700	541,551	1,563,956	985,292	578,664	37,113
2010	1,044,251	284,042	196,668	480,710	563,541	1,618,695	1,019,778	598,917	35,376
2011	1,044,251	260,677	196,668	457,345	586,906	1,675,349	1,055,470	619,879	32,973
2012	1,044,251	235,852	196,668	432,520	611,731	1,733,986	1,092,411	641,575	29,844
2013	1,044,251	209,476	196,668	406,144	638,107	1,794,676	1,130,646	664,030	25,923
2014	1,044,251	181,451	196,668	378,119	666,132	1,857,489	1,170,218	687,271	21,139
2015	1,044,251	151,674	196,668	348,342	695,909	1,922,501	1,211,176	711,325	15,416
2016	1,044,251	120,036	196,668	316,704	727,547	1,989,789	1,253,567	736,222	8,675
2017	1,044,251	86,421	196,668	283,089	761,162	2,059,431	1,297,442	761,990	828
2018	1,044,251	50,705	196,668	247,373	796,878	2,131,512	1,342,852	788,659	(8,219)
2019	1,044,251	12,757	196,668	209,425	834,827	2,206,114	1,389,852	816,262	(18,564)
2020	0	0	196,668	196,668	(196,668)	2,283,328	1,438,497	844,832	1,041,499
2021	0	0	196,668	196,668	(196,668)	2,363,245	1,488,844	874,401	1,071,069
2022	0	0	196,668	196,668	(196,668)	2,445,959	1,540,954	905,005	1,101,673
2023	0	0	196,668	196,668	(196,668)	2,531,567	1,594,887	936,680	1,133,348
2024	0	0	196,668	196,668	(196,668)	2,620,172	1,650,708	969,464	1,166,132
2025	0	0	196,668	196,668	(196,668)	2,711,878	1,708,483	1,003,395	1,200,063
2026	0	0	196,668	196,668	(196,668)	2,806,794	1,768,280	1,038,514	1,235,182
2027	0	0	196,668	196,668	(196,668)	2,905,031	1,830,170	1,074,862	1,271,530
2028	0	0	196,668	196,668	(196,668)	3,006,708	1,894,226	1,112,482	1,309,150
2029	0	0	196,668	196,668	(196,668)	3,111,942	1,960,524	1,151,419	1,348,087
2030	0	0	196,668	196,668	(196,668)	3,220,860	2,029,142	1,191,718	1,388,386
2031	0	0	196,668	196,668	(196,668)	3,333,590	2,100,162	1,233,428	1,430,096
2032	0	0	196,668	196,668	(196,668)	3,450,266	2,173,668	1,276,598	1,473,266
2033	0	0	196,668	196,668	(196,668)	3,571,025	2,249,746	1,321,279	1,517,947
2034	0	0	196,668	196,668	(196,668)	3,696,011	2,328,487	1,367,524	1,564,192
2035	0	0	196,668	196,668	(196,668)	3,825,372	2,409,984	1,415,388	1,612,055

(1) See attached schedules.

Present value of General Fund savings at 6.25% discount rate.......... $2,878,004

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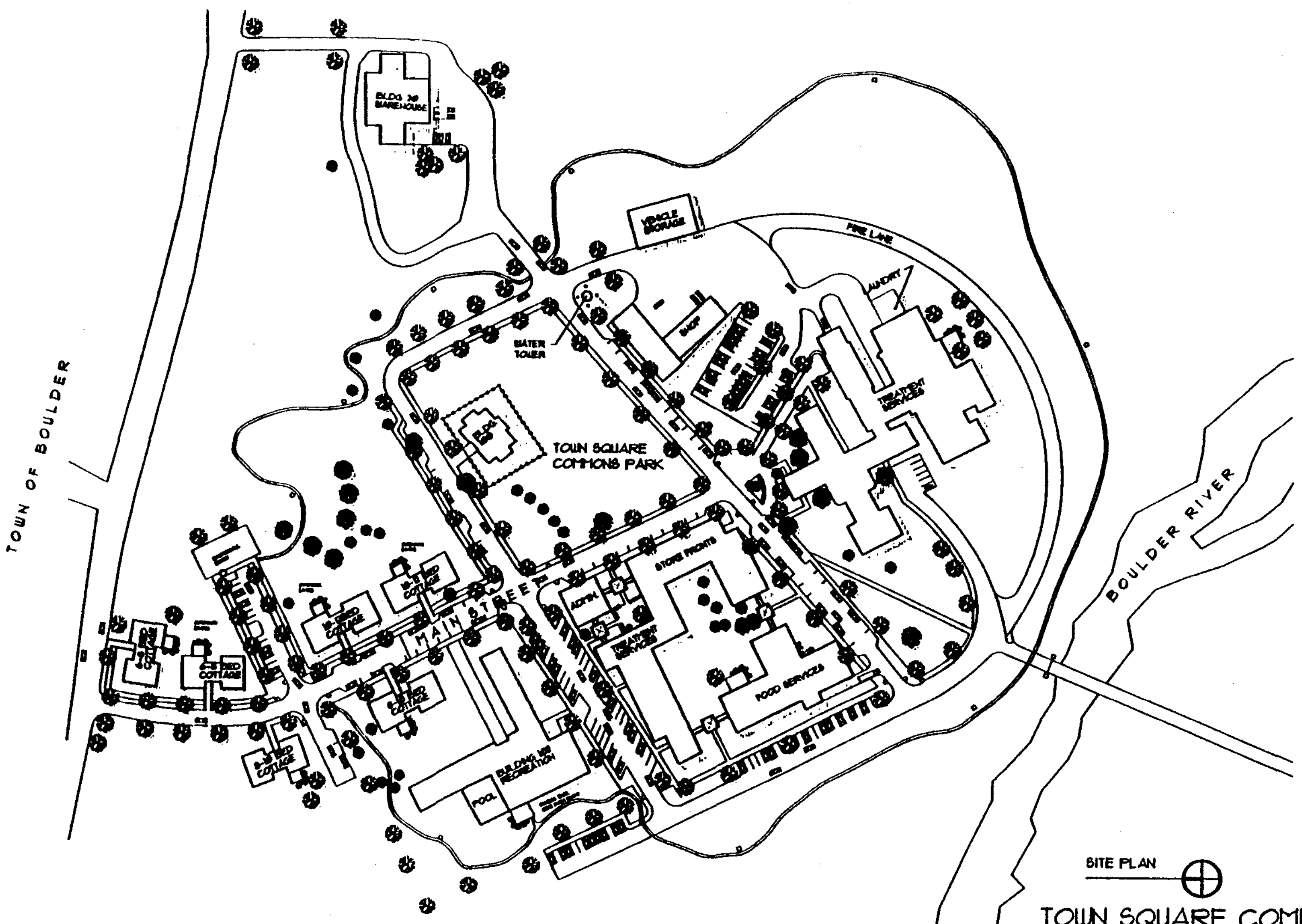
PROGRAM AND COST COMPARISON

Programmed Area	Project to Budget		Proposed Project	
	Size	Est. Cost	Size	Est. Cost
Administration				
New Construction	3,962 sf	$267,435	3,962 sf	$267,435
Basement	0 sf	$0	0 sf	$0
SUBTOTAL		**$267,435**		**$267,435**
Treatment Services				
New Construction	23,248 sf	$1,639,012	23,668 sf	$1,639,012
Basement	1,599 sf	$31,980	1,599 sf	$31,980
Outdoor Stor.	600 sf	$10,800	600 sf	$10,800
Greenhouse	300 sf	$18,000	300 sf	$18,000
SUBTOTAL		**$1,699,792**		**$1,699,792**
Food Services				
New Construction	7,805 sf	$585,375	7,805 sf	$585,375
Food Serv. Ware.	4,760 sf	$261,800	4,760 sf	$261,800
Basement	500 sf	$10,000	500 sf	$10,000
SUBTOTAL		**$857,175**		**$857,175**
Recreation				
New Add. - Bldg. #102	0 sf	$0	5,865 sf	$469,200 [1]
Remodel Bldg. #102	7,980 sf	$199,500	7,980 sf	$199,500
Mech. / Elec. Demolition	Unit Price	$6,000	Unit Price	$6,000
Replace Gymnasium Flooring	0 sf	$0	5,580 sf	$47,430 [2]
SUBTOTAL		**$205,500**		**$722,130**
Laundry				
New Addition-Bldg #104	1,898 sf	$123,370	0 sf	$0
Remodel Basement - Building #104	0 sf	$0	1,898 sf	$75,920 [3]
SUBTOTAL		**$123,370**		**$75,920**
6-Bed Homes (Two)				
New Const. Main Level	2,915 sf	$218,610	2,915 sf	$218,610
Basement	1,500 sf	$30,000	1,500 sf	$30,000
Outdoor Stor. & Carport	540 sf	$13,500	540 sf	$13,500
Outdoor Patio	300 sf	$750	300 sf	$750
SUBTOTAL - (2 homes)		**$525,720**		**$525,720**
8-10 Bed Homes (Two)				
New Const. Main Level	3,657 sf	$301,686	3,657 sf	$301,686
Basement	1,500 sf	$30,000	1,500 sf	$30,000
Outdoor Stor. & Carport	540 sf	$13,500	540 sf	$13,500
Outdoor Patio	300 sf	$750	300 sf	$750
SUBTOTAL - (2 homes)		**$691,872**		**$691,872**



SITE PLAN

TOWN SQUARE COMMONS

ALTERNATE B

MITHUN

EXHIBIT 1
DATE 3/3/93
HB 537

EXHIBIT 1
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10-12 Bed Homes (Two)

New Const. Main Level	4,231 sf	$317,310	4,231 sf	$317,310
Basement	1,500 sf	$30,000	1,500 sf	$30,000
Outdoor Stor. & Carport	540 sf	$13,500	540 sf	$13,500
Outdoor Patio	300 sf	$750	300 sf	$750
SUBTOTAL - (2 homes)		**$723,120**		**$723,120**

Warehouse

Mech. / Elec. System Demo & Ent.	Unit Price	$14,000	Unit Price	$14,000
New Mech. / Elec. Equipment	Unit Price	$50,000	Unit Price	$50,000
Floor Repair and New Flooring	11,558 sf	$0	11,558 sf	$49,122 [4]
SUBTOTAL		**$64,000**		**$113,122**

Maintenance / Shops

New Addition Bldg. #30	4,617 sf	$184,680	0 sf	$0
Remodel Bldg. #30	5,166 sf	$129,150	0 sf	$0
New Construction - Steel Building	0 sf	$0	8,500 sf	$380,375 [5]
Mech. / Elec. System Upgrade	Unit Price	$40,000	Unit Price	$0
Un-Heated Veh. Stor.	0 sf	$0	2,000 sf	$24,000 [6]
SUBTOTAL		**$353,830**		**$404,375**

Mechanical / Electrical Upgrade - Building #104

Mech. / Elec. Demolition	Unit Price	$10,000	Unit Price	$10,000
Mech. / Elec. Steam & Power Retro.	Unit Price	$10,000	Unit Price	$10,000
SUBTOTAL		**$20,000**		**$20,000**

Central Heating Plant

New Building for Plant	1,600 sf	$80,000	1,600 sf	$80,000
New Boiler Equipment	Unit Price	$215,000	Unit Price	$215,000
Stand-by Fuel (Diesel Fuel)	Unit Price	$55,000	Unit Price	$55,000
SUBTOTAL		**$350,000**		**$350,000**

Demolition

Remove Exist. Site Pave.	1,796 cy	$8,980	1,796 cy	$8,980
Demolish Bldg. #55	48,000 cf	$12,000	48,000 cf	$12,000
Demolish Bldg. #50	36,000 cf	$9,000	36,000 cf	$9,000
Demolish Bldg. #56	36,000 cf	$9,000	36,000 cf	$9,000
Demolish Bldg. #22	38,400 cf	$9,600	38,400 cf	$9,600
Demolish Bldg. #21	80,000 cf	$20,000	80,000 cf	$20,000
Demolish Bldg. #30	50,000 cf	$0	50,000 cf	$10,000 [7]
Demolish Bldg. #31	16,940 cf	$3,388	16,940 cf	$3,388
Demolish Bldg. #32	11,200 cf	$2,240	11,200 cf	$2,240
Demolish Bldg. #34	30,000 cf	$0	30,000 cf	$6,000 [7]
Demo. Misc. Stor. Bldgs.	Unit Price	$12,000		$12,000
Mechanical Demo.-Tunnel	Unit Price	$22,000		$22,000
SUBTOTAL		**$108,208**		**$124,208**

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Site Utilities					
New Sanit. Sewer Lines	Unit Price	$57,750	Unit Price	$57,750	
New Water Dist. System	Unit Price	$170,875	Unit Price	$180,875	8
New Elec. Dist. System	Unit Price	$75,000	Unit Price	$75,000	
New Well & Pump-Boulder System	Unit Price	$52,000	Unit Price	$52,000	
New Gas & Steam Dist.	Unit Price	$229,000	Unit Price	$229,000	
New Communications Conduit Sys.	Unit Price	$18,000	Unit Price	$18,000	
New Site Lighting System	Unit Price	$0	Unit Price	$0	
Emerg. Power System	Unit Price	$44,000	Unit Price	$44,000	
Update Fire Alarm Sys.	Unit Price	$30,000	Unit Price	$30,000	
Fire Sprink. Sys.-Bldg. #102 & #104	56,100 sf	$0	56,100 sf	$168,300	9
SUBTOTAL		**$676,625**		**$854,925**	

Site Development					
New Paved Streets	12,950 sy	$129,500	18,000 sy	$180,000	10
New Gravel Streets	9,290 sy	$32,515	4,650 sy	$16,275	
New Conc. Sidewalks (6-ft wide typ.	28,170 sf	$84,510	44,837 sf	$134,511	11
New Conc. Curb & Gutter	6,640 lf	$46,480	10,211 lf	$71,477	12
Landscape - Grass Areas (seed)	22,200 sy	$0	22,200 sy	$38,850	13
Landscape - Trees	70 units	$0	70 units	$10,500	13
Underground Irrigation System	200,000 sy	$0	200,000 sy	$110,000	14
Irrigation Distribution System	Unit Price	$0	Unit Price	$20,000	15
Above Ground Fueling Station	1,000 gal.	$0	1,000 gal.	$2,500	16
SUBTOTAL		**$293,005**		**$584,113**	

Project Cost Summary

Construction Total		**$6,959,652**		**$8,013,907**	
Contingency	7.50%	**$524,758**	10%	**$801,391**	
Equipment & Furnishings		**$107,000**		**$264,893**	
State Admin. Fees @ 3%		**$208,790**		**$240,417**	
Architect / Engineering Fees		**$759,200**		**$894,100**	
Project Manager (Const. Phase)		**$0**		**$180,000**	17
Programming Fees		**$125,000**		**$125,000**	
Energy Analysis (50% Share w/ MPC.)		**$17,000**		**$17,000**	
Survey & Soils Analysis		**$20,000**		**$20,000**	
1% For the Arts (Negotiated Amount)		**$60,000**		**$60,000**	
Project Grand Total		**$8,781,399**		**$10,616,708**	

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Footnotes :

1.) Originally identified as part of the project, the Aquatic Training Tank was deleted in an effort to meet the available budget. Part of the direct care facilities, the Aquatic Training Tank was the first item identified as a potential addition if funds allowed.

2.) Also identified as part of the original project, the existing gymnasium floor was to be refinished or replaced. Due to the poor condition of the existing wood floor, the projected cost includes a complete floor replacement.

3.) Projected costs include a minor remodel of the existing basement in Building #104 to house the laundry facility for Cottages 16A, B & C. This option was proposed as an alternative to a new laundry addition to Building #104.

4.) Projected costs include repair of the floor substrate and the installation of new vinyl flooring. The poor condition of the existing warehouse flooring has become a safety concern and an efficiency problem.

5.) Projected costs include the construction of a pre-engineered steel shop / maintenance structure. This option provides a smaller, more efficient facility for the maintenance operation in comparison to the remodel/addition of Building #30 identified in the base-line project.

6.) Un-heated vehicle storage will be attached to the proposed shop / maintenance structure.

7.) These structures will be demolished to provide for the proposed new shop / maintenance facility.

8.) Projected costs include the removal of the existing elevated water storage tank.

9.) Fire sprinkler systems are proposed for Buildings #104 & #102 to meet future Life-Safety requirements.

10.) Paved roads had previously been dramatically reduced to meet the available project budget. The increase in paved surface will provide adequate road and parking areas for all critical traffic areas.

11.) Concrete sidewalks had previously been dramatically reduced to meet the available project budget. The increase will provide pedestrian walks in all areas traveled by clients and/or staff.

12.) Concrete curb and gutter had previously been reduced, along with the paved roads, to meet budget.

13.) All landscaping had previously been deleted from the project to meet budget.

14.) All underground irrigation had previously been deleted from the project to meet budget.

15.) As part of the negotiations with the City of Boulder for city provided water services, it was agreed that MDC would provide their own on-site irrigation water.

16.) A fueling station was identified as being needed to provide for efficient fueling of the facilities vehicles.

17.) Due to the complex nature of the project and the extended duration of the construction phase, a full time construction administrator has been suggested by the Department of Administration, Architecture and Engineering Division. The identified costs are estimated at this time.

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MDC CAMPUS REDESIGN
SCHEDULE

PHASE	COMPLETION DATE
PROGRAMMING DOCUMENT COMPLETE	Jan 1993
SCHEMATIC DESIGN	Apr 1993
REVIEW/APPROVALS	May 1993
DESIGN DEVELOPMENT	Jul 1993
REVIEW/APPROVALS	Aug 1993
CONTRACT DOCUMENTS	Dec 1993
REVIEW/APPROVALS	Jan 1994
BIDDING	Feb/Mar 1994 (bonds)
CONSTRUCTION PHASE I housing, adm/treatment ser. food ser. site utilities, aquatic tng., shops	Mar 1994 - Oct 1995
CONSTRUCTION PHASE II recreation bldg., warehouse	Oct 1995 - Apr 1996

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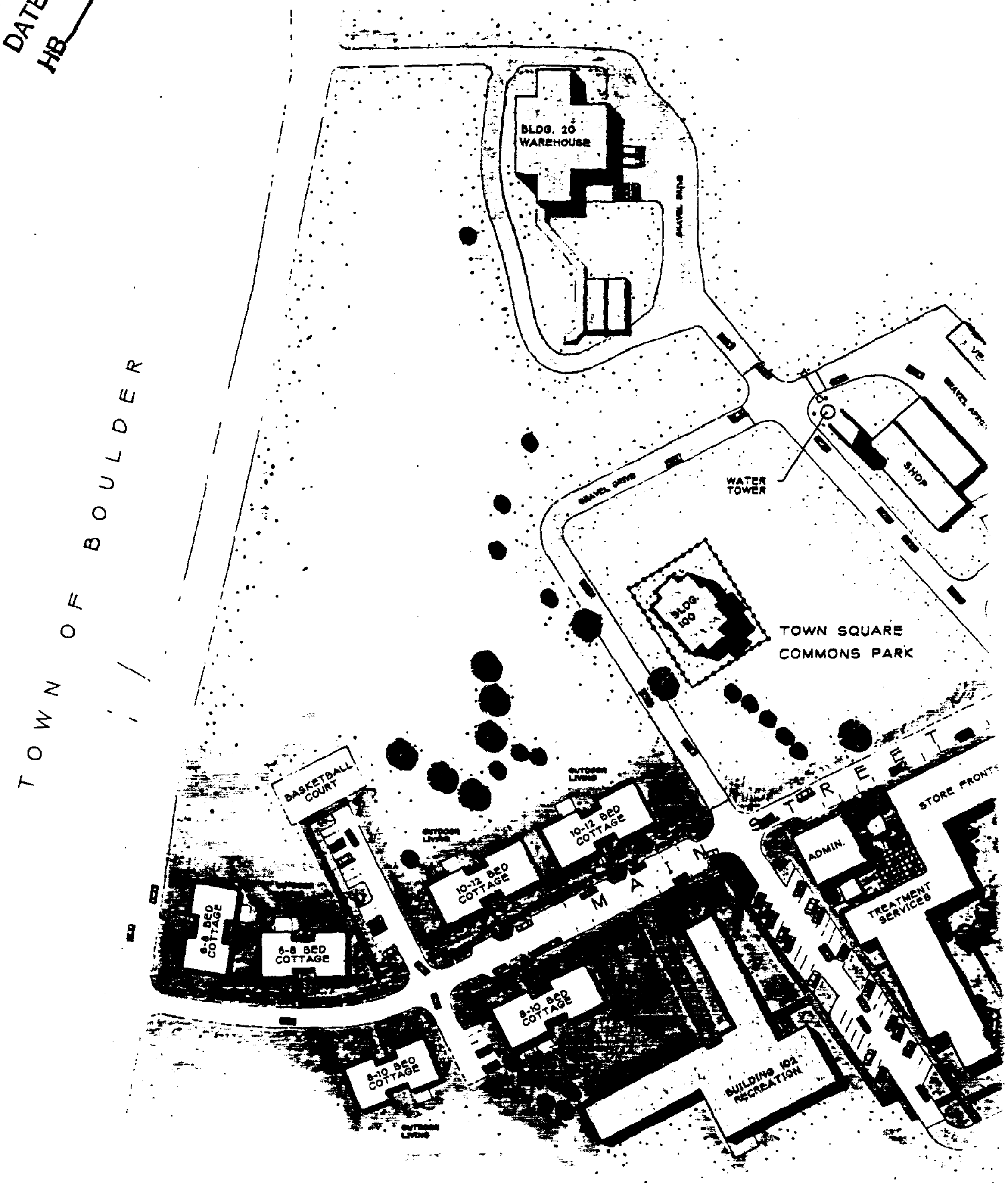
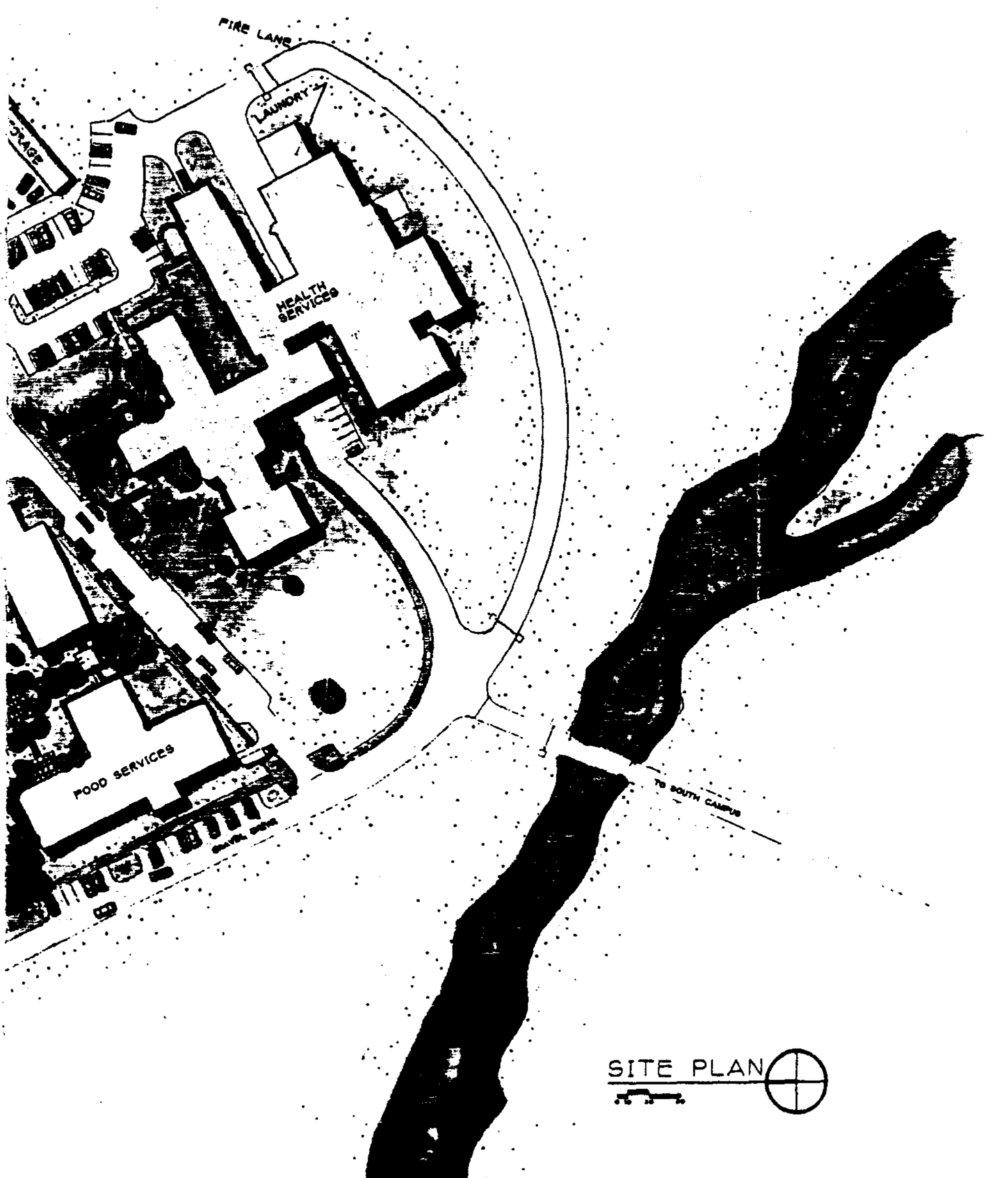
DATE 3/3/93
HB 537





SITE PLAN

TOWN SQUARE COMMONS

DATE: DECEMBER 14, 1992
PROJECT NUMBER: 92094
REVISION DATE:
PLOT INFORMATION:
DRAWING: MASTER PLAN
PROJECT: MONTANA DEVELOPMENT CENTER
OWNER: STATE OF MONTANA

ARCHITECTS
MITHUN

HOUSE OF REPRESENTATIVES
VISITOR REGISTER

Approp. COMMITTEE BILL NO. HB 198

ATE 3/3/93 SPONSOR(S) Peterson

PLEASE PRINT PLEASE PRINT PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
Tom Schneider	MPEA		X
[illegible]	MPEA		X
Wayne [illegible]	MPEA		X
Gary [illegible]	MPEA		X
~~Helen Christensen~~	~~AFL-CIO~~		
~~Allan Underdal~~	~~Toole County~~		~~X~~
[illegible]	Transportation		X
KEN A. PLATT	M.D.T.		X
Steve Johnson	Admin.	X	
Mike Dahlem	MFT/MFSE		X
MARK CRESS	ADMIN	X	
Terry Minow	MFT /MFSE		X
Phil Campbell	MEA		X
[illegible]	Dept of Admin.	X	

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.

HOUSE OF REPRESENTATIVES
VISITOR REGISTER

Approp COMMITTEE BILL NO. HB 605

DATE 3/3/93 SPONSOR(S) Cocchiarella

PLEASE PRINT PLEASE PRINT PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
Tom Schneider	MPEA	X	
Jim Adams	assoc MPEA	X	
Cathy Mason	MPEA	X	
Dan Neff	MPEA	X	
Wynne Maas	MPEA	X	
Mary J. Abend	MPEA	X	
Helen Christensen	AFL-CIO	X	
Bea Steen	Transportation	X	
KEN A. PLATT	M.D.T.	X	
Sue Hill	Board of Regents	X	
Noel Anderson	Local 427 - Warm Springs COOK	✓	
melissa Case	Hotel Employ Rest. Employ	X	
Beth Machlay	" H.E.R.E	X	
Larry Hendricks	H.E.R.E. Local 427 (FSWF Warm Springs)	X	

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Yonke Dahlem MFT / MFSE +

Kevin McRae MFT/MFSE

HOUSE OF REPRESENTATIVES
VISITOR REGISTER

Approp COMMITTEE BILL NO. 605

DATE 3/3/93 SPONSOR(S) Cocchiarella

PLEASE PRINT **PLEASE PRINT** **PLEASE PRINT**

NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
~~Arnold Gettel~~	~~Teton County~~		
~~Denis Freeland~~	~~Toole County~~		
Terry Minow	MFT/MFSE	X	
Staci Riley	MFT/MFSE	X	
Phil Campbell	MEA	X	

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HOUSE OF REPRESENTATIVES
VISITOR REGISTER

App COMMITTEE BILL NO. 514

DATE 3/3/93 SPONSOR(S)

PLEASE PRINT PLEASE PRINT PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
~~Rut~~ Rick Hartz	Beaverhead Co. Assessor	X	
Spence Helgstad	Beaverhead County Comm.	X	
John Allhands	Madison Co. Com.	X	
Lloyd Wolery	Hill Co. Comm.	X	
Arnold Gettel	Teton Co.	X	
Denis Freeland	Toole Co	X	
Gordon Morris	MACo	X	
Allan Undendal	Toole Co	X	
Peter Fontana	Cascade Co	X	
Louis Fontana	Cascade Co.	X	
Dennis Winters	Mt Oil/Gas/Coal Counties	X	
Marion Olson	Mt. Assessors Assoc	X	
Leonard Wortman	Jeff. Co. Comm.	X	
Bonnie Ramey	Jeff. Co. Clerk & Recorder	X	

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HOUSE OF REPRESENTATIVES
VISITOR REGISTER

app COMMITTEE BILL NO. 514

DATE 3/3/93 SPONSOR(S)

PLEASE PRINT PLEASE PRINT PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
Chuck Krause	assessors assoc	✓	
Sharon Harlin	Assessors Association	✓	
Mary Guse	Assessor Assoc	✓	
Dorothy Klotz	Assessor Assoc	✓	
~~Noel Anderson~~	~~Warm Springs Kitchen~~	✓	
James A. Hofland	Assessor Jefferson Co.	✓	
Cece Pekkle	Assessor Powell Co	✓	
Keith L. Cobb	Assessors Assoc	✓	
Cort Harrington	County Treasurers Ass	✓	
Donna Heggem	MACO - Fergus Co Comm.	✓	
DENNIS BURR	MT TAXPAYERS ASSOC	✓	

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HOUSE OF REPRESENTATIVES
VISITOR REGISTER

Appropriations COMMITTEE BILL NO. HB 537

DATE 3/3/93 SPONSOR(S)

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NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
Robert Anderson	DCHS	✓	

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HOUSE OF REPRESENTATIVES
VISITOR REGISTER

Appropriations COMMITTEE BILL NO. HB474

DATE 3/3/93 SPONSOR(S)

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NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
Gordon Morris	MACo	474	
JanDee May	Dept Justice	X	

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