

MINUTES

MONTANA SENATE 53rd LEGISLATURE - REGULAR SESSION

COMMITTEE ON FINANCE & CLAIMS

Call to Order: By Senator Judy Jacobson, Chair, on April 3, 1993, at 9:45 a.m., Room 325.

ROLL CALL

Members Present:

Sen. Judy Jacobson, Chair (D)
Sen. Eve Franklin, Vice Chair (D)
Sen. Gary Aklestad (R)
Sen. Tom Beck (R)
Sen. Don Bianchi (D)
Sen. Chris Christiaens (D)
Sen. Gerry Devlin (R)
Sen. Gary Forrester (D)
Sen. Harry Fritz (D)
Sen. Ethel Harding (R)
Sen. Bob Hockett (D)
Sen. Greg Jergeson (D)
Sen. Tom Keating (R)
Sen. J.D. Lynch (D)
Sen. Chuck Swysgood (R)
Sen. Daryl Toews (R)
Sen. Larry Tveit (R)
Sen. Eleanor Vaughn (D)
Sen. Mignon Waterman (D)
Sen. Cecil Weeding (D)

Members Excused: None.

Members Absent: None.

Staff Present: Terry Cohea, Legislative Fiscal Analyst
Lynn Staley, Committee Secretary

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

Committee Business Summary:

Hearing: House Bills 517, 522, 652, 198, 655,
642, 685, 563, 529, 11
Executive Action: House Bills 10, 12, 668, 674, 660, 579,
563, 655

EXECUTIVE ACTION ON HOUSE BILL 10

Motion/Vote: Senator Hockett moved that HOUSE BILL 10 BE CONCURRED IN. Motion CARRIED unanimously.

EXECUTIVE ACTION ON HOUSE BILL 12

Motion: Senator Franklin moved that HOUSE BILL 12 BE CONCURRED IN.

Discussion: Senator Keating asked if the appropriation is dependent upon changing the funding in HB 608.

Senator Jacobson said she did not think they are connected.

Vote: Senator Franklin's motion that HOUSE BILL 12 BE CONCURRED IN CARRIED unanimously.

EXECUTIVE ACTION ON HOUSE BILL 668

Motion: Senator Jergeson moved that HOUSE BILL 668 BE CONCURRED IN.

Discussion: Senator Swysgood said we are allowing for the in-kind contribution to be part of the grant application, and some restrictions should be put on the program.

Senator Jergeson said he appreciates the concern. He said there will have to be a review of whether the in-kind contributions are legitimate.

Senator Hockett said this was discussed in subcommittee, and some communities although they did not have a lot of money were able to provide buildings or rent-free space. It was felt that it was not fair to exclude them based on the fact they did not have actual dollars. He said he recognizes Senator Swysgood's concern as a valid concern.

Vote: Senator Jergeson's motion that HOUSE BILL 668 BE CONCURRED IN CARRIED with Senators Devlin and Swysgood opposed.

EXECUTIVE ACTION ON HOUSE BILL 674

Motion: Senator Franklin moved that HOUSE BILL 674 BE CONCURRED IN.

Discussion: Senator Swysgood said he is concerned about increasing the amount from \$25,000 to \$50,000 and the possibility for some creative financing to construct buildings. Money could be moved into operation and maintenance and a building could be started and they could stay under \$50,000 without having to go through the review; and then come back the next session and do the same thing and finish the building.

Senator Hockett said he recognizes the concern of Senator Swysgood, but he does not think it is an unreasonable increase from \$25,000 to \$50,000.

Vote: Senator Franklin's motion that HOUSE BILL 674 BE CONCURRED IN CARRIED on a roll call vote.

EXECUTIVE ACTION ON HOUSE BILL 660

Discussion: Senator Jacobson said there were amendments requested by Senator Eck to HB 660.

Senator Jacobson noted that although there was conflicting testimony from the budget office, it is her understanding that the Governor's office still supports the amendments and wants them put on HB 660.

Motion/Vote: Senator Beck moved the amendments to House Bill 660 (Exhibit 1). Motion CARRIED unanimously.

Motion/Vote: Senator Franklin moved that HOUSE BILL 660 AS AMENDED BE CONCURRED IN. Motion CARRIED with Senator Keating opposed.

EXECUTIVE ACTION ON HOUSE BILL 579

Discussion: Senator Jacobson said there is a coordinating amendment for HB 579 with HB 660, the bill that was just concurred in.

Motion/Vote: Senator Lynch moved to amend HB 579 (Exhibit 2).

Motion/Vote: Senator Franklin moved that HOUSE BILL 579 AS AMENDED BE CONCURRED IN. Motion CARRIED with Senators Aklestad, Keating, Swysgood, Toews opposed.

HEARING ON HOUSE BILL 517

Opening Statement by Sponsor:

Representative Hal Harper, House District 44, Helena, sponsor,

said HB 517 is a retirement incentive bill for members eligible to retire under the Public Employees' Retirement System and who will terminate employment within a prescribed window of eligibility. He noted this bill was worked on by many people and the Racicot administration basically reached an agreement on HB 517. The basic idea of HB 517 is to provide security for certain employees that are going to be terminated as a result of the cuts made in this legislative session, and specifically to try to move longer tenured higher paid employees off the system to allow room for other people to move up in the system.

Rep. Harper presented two sets of amendments to HB 517 (Exhibit 3, Exhibit 4).

Rep. Harper concluded that HB 517 is a technique and method that is being used to save money; in some cases a lot of money. The key to saving money under this type of a system is to hold the jobs open and not refill them.

Rep. Harper said HB 517 is to be coordinated with HB 522.

Proponents' Testimony:

Lois Menzies, Director, Department of Administration, presented testimony in support of HB 517 (Exhibit 5).

Rep. Menahan, House District 67, Anaconda-Deer Lodge, stated his support of HB 517. Because many people in his area will be terminated from their jobs before the period in question, he wanted to have included in HB 517 that the written notice provision guarantees that they will not be denied this. With regard to some state job closures in his area, if the employees had known HB 517 would take place, they would not have notified the state that they were going to take their pension. He questioned the cost of including those people in this provision.

Tom Schneider, representing Montana Public Employees Association, stated his support of HB 517. He said after working on many options and finally agreeing on HB 517, it will take care of some problems that will be dealt with. He added HB 517 is not a retirement bill. There is no change in retirement benefits if HB 517 passes. Everyone currently has the right to buy years of service, but HB 517 allows the State to buy those same years of service instead of the employee. Rather than a benefit change bill, it is a retirement severance bill.

Scott St. Arnauld, representing the American Federation of State, County and Municipal Employees, testified in support of HB 517.

Dave Evenson, representing the university system, testified in support of HB 517, although they have posed a policy question. He said about 52 percent or 2400 employees of the university system belongs to PERS. The remainder are members of the Teachers' Retirement System or the new Optional Retirement

Program. He said after considering several options, they came up with an amendment for university system employees (Exhibit 3). For approximately the same cost, they will offer a retirement incentive to employees.

Arnold Silverman, faculty member at University of Montana, testified in support of the proposed amendment to HB 517 to include the university system. He noted it will provide for flexibility in the university system administration, with a potential for long term savings. He added they are concerned about some of the permissive language in the proposed amendment. They would like a mandate in the language that does not suggest that the university system may establish but that the university system shall establish such a proposal and shall have an equitable system available to all who qualify under the plan.

Dick Barrett, Montana Federation of Teachers, Montana Federation of State Employees, stated his support of HB 517 along with the amendments (Exhibit 3) proposed for the university. He said these benefits have to be made available not only to all state employees on an equitable basis but also to all faculty employees on an equitable basis. They would support language that would assure the availability of this provision to all faculty members at the university system.

Opponents' Testimony:

None.

Questions From Committee Members and Responses:

Senator Aklestad asked Ms. Menzies the life expectancy being used in her examples on Exhibit 5, page 3.

Ms. Menzies said it is 85 years.

Senator Aklestad questioned if that was now considered the normal life expectancy.

Ms. Menzies said it was her understanding these assumptions were made by a trained actuary that is stating that would be the best assumption to make to keep the retirement system whole.

Senator Aklestad questioned with regard to HB 517, page 4, lines 16 through 25, would an employee that accepted this still be able to work 600 hours someplace within government.

Ms. Menzies said that is correct; under current law, a retiree may return to covered employment for up to 600 hours per year before receiving a reduction in benefit, so this would make it consistent.

Senator Aklestad said he is concerned because that is two and one-half months per year, and State government has put on more

part-time FTE for various reasons. He said many retirees or a portion of them would still actually be working for the state in almost the same capacity that they currently are if they are part time.

Ms. Menzies said she would agree there are a number of competing interests including people that are not in the category of retirees who need employment. She would argue that state agencies need the flexibility to on occasion bring in trained retirees to help them through the transition. There are probably people that have been retired for awhile that would appreciate additional income because of the fact that benefits have not kept pace with inflation.

Senator Aklestad questioned it would save that much money in that area. He said he is concerned that state government will lose their best people while retaining individuals that are not as qualified.

Ms. Menzies said that is one concern. However, there are well qualified people behind those that will likely take advantage of this retirement as well. She said while they are not certain who is going to take advantage of this, it is her feeling that it will not cripple state government. There will be people qualified to take their place and with this they will have the flexibility to make the budget as proposed in HB 2.

Senator Weeding questioned relative to Exhibit 5, page 3, could employees buy the additional two years if the window of opportunity was not being offered.

Ms. Menzies said under current law for every five years of service, a member of the system can purchase one. The most that can be purchased is five years.

When questioned by Senator Weeding, Ms. Menzies said under current law there is no restriction to number of years of service.

Senator Bianchi questioned why teachers' retirement system (TRS) people and optional retirement people were not included in the original bill.

Rep. Harper said they were dealing with the administration and were not aware of all the peculiarities of the system. The university system was not really involved with negotiations at that time. There was an effort to try to keep the bill as simple and as confined as possible, but apparently there is a fairness factor that was overlooked because these people were not being discussed.

Senator Bianchi asked Rep. Harper if he would have any objection to adding those people at this time.

Rep. Harder said he would have no objection. He said however that the program for PERS is specified exactly as to what it is going to be, and the program for the university system is not.

Senator Jacobson asked Rep. Harper if this is the first time he had seen the amendment proposed by the university (Exhibit 3).

Rep. Harper said he has been aware of the amendment for a few days. When asked by Senator Jacobson if this issue was raised in the House, Rep. Harper said it really was not, at least not while he was in front of the committee.

Senator Bianchi said he would like to have Mr. Evenson address that question.

Mr. Evenson said it was not raised in the House. When they became aware of HB 517, they presented themselves and asked about the TRS members. At that time there was some concern about the scope of HB 517 and the response of the House to additional complexity such as an amendment for TRS members. After discussion with some union people, it was felt if HB 517 passed the House, the policy question issue would be addressed.

Senator Jacobson said in other words, the Speaker of the House did not want it raised in the House.

Mr. Evenson said he did not specifically ask him that question. It was discussed with other lobbyists.

Senator Keating questioned if the idea was generated not with the idea of reducing FTE's but more to allow for early retirement so that higher salaried employees can be replaced with lower salaried employees.

Ms. Menzies said that is one purpose of HB 517 but not so much the replacement of higher paid employees with lower paid employees. The Racicot administration is interested in streamlining management by perhaps reorganizing and eliminating some division administrators, bureau chiefs, section supervisors, and trying to flatten the structure a little more.

Senator Keating asked if the administration is going to make an attempt to not refill some slots that are emptied by retirement.

Ms. Menzies said that is correct. They are currently under notice that they are not to fill certain positions without approval of the Governor. There is pressure other than from the Governor's office to keep positions vacant or eliminate positions in order to make up for reductions imposed in HB 2.

Senator Keating said he has skepticism because through reductions of payroll and personnel, the legislature implements more programs and increases number of people to operate the programs, and we add to state government. He said he appreciates the fact

that the Governor is taking a look at the management level to see if more efficiencies can be effected.

Chair Jacobson indicated she would like questions that can be answered in executive session delayed so people traveling long distances to be heard on the many bills scheduled today could have that opportunity.

Senator Keating said of those people eligible to retire so that slots are emptied in state government, can they go to work for state government again after they retire from state government.

Rep. Harper said amendments have been placed in HB 517 to make sure if a person comes back to work and works 600 hours, they will lose whatever benefit they may have tried to gain under HB 517. The amendments make sure someone cannot come back to work temporarily and then retire again and be eligible for this. He added HB 517 is not an early retirement bill. It does not change any of the eligibility categories. It is a retirement incentive bill, and there is a difference.

Closing by Sponsor:

Rep. Harper closed. He stated HB 517 only saves money by eliminating positions. It is entirely up to the administration, the management and the Board of Regents to make sure HB 517 produces the money that is according to the fiscal note in HB 2.

HEARING ON HOUSE BILL 522

Opening Statement by Sponsor:

Rep. Squires, House District 58, Missoula, sponsor, stated HB 522 would provide protection for state employees whose positions are eliminated as a result of privatization, reorganization of a state agency, or closure of or a reduction in force at a state agency.

Rep. Squires presented an amendment to HB 522 (Exhibit 6).

Proponents' Testimony:

Scott St. Arnould, representing American Federation of State, County and Municipal Employees, in stating his support of HB 522 said it is an employment bill to help workers retain employment in state service and private industry. He added they have been working with the Department of Labor on implementation of HB 522. He noted his support for technical amendments to be offered to HB 522.

Rep. Menahan, House District 66, Anaconda-Deer Lodge, in testifying in support of HB 522 said he would like to have seen

severance pay because people losing jobs are those with low salary positions.

Tom Schneider, Montana Public Employees Association, stated his support of HB 522. He said unfortunately there will be layoffs and plant closures, and those people will need compensation.

Dave Evenson, representing the University System, stated his support of HB 522 and amendments applying to the university system.

Staci Riley, representing Montana Federation of Teachers, Montana Federation of State Employees, stated her support of HB 522.

Sue Mohr, Montana Job Training Partnership Executive Director, stated her support of HB 522. She said they have been working very closely with people and organizations on the bill. She concluded HB 522 is necessary to provide the assistance state employees will need in addition to other dislocated workers across Montana.

Rick Day, Director, Department of Corrections, said HB 522 is critical as they go through the process in the Galen area.

John DenHerder, Montana Public Employees Retirement Association President, in testifying in support of HB 522, said if active employees are treated badly and retired employees remain silent, they would be giving their consent, and he did not want that to be the case.

Opponents' Testimony:

None.

Questions From Committee Members and Responses:

Senator Christiaens questioned if the subcommittee gave \$500,000 from JTPA for dislocated workers for this.

Rep. Squires said yes. After working out a compromise, the \$500,000 will be given strictly to state employees for one year and any money remaining after the one year will be returned to the statewide dislocated worker program. She added HB 522 has a termination date of 1995.

When questioned by Senator Hockett why the fiscal note was not signed, Rep. Squires said she did not agree with the fiscal note because of the funding source. The money does not come from general fund but from unemployment insurance administrative money. There is no general fund money other than the agency's responsibility.

Senator Hockett questioned who would pay for the special job register.

Rep. Squires said the \$500,000 will be divided between the Department of Labor and the Montana Joint Training Partnership Act, and they will designate who will work with the dislocated worker program. Discussions with the Department of Labor have indicated that with their 40 percent split, they are willing to fund the job registry, so actually there will be no additional money coming from the general fund.

Senator Aklestad said he would like to have the job register explained.

Rep. Squires said a teacher's register through the job service will be put into the Department of Labor, and they will be working on placing individuals on the computer. Job availability will then be sent to the dislocated state employee.

Senator Aklestad questioned why the job service that is already funded with JTPA money to a large degree could not be used.

Rep. Squires said the purpose is to bring dislocated workers to a central location so one person will be monitoring the job vacancies and qualifications and capabilities of the people and then recommend those people to the individual or agency.

Closing by Sponsor:

Rep. Squires closed.

HEARING ON HOUSE BILL 652

Opening Statement by Sponsor:

Senator Don Bianchi, presenting HB 652 for sponsor Rep. Don Larson, said the bill earmarks \$290,000 of income from the sale of timber from state trust lands to be deducted and placed in the account to the credit of the state timber sale program for use by the department to enhance the revenue creditable to the trusts. It is currently funded through the general fund, so it has a potential savings to the general fund of \$290,000. The bill also accelerates timber harvest that will result in no less than \$1 million a year to the school equalization account. He added HB 652 will change the way land administration program in the Department of State Lands is funded, as well as eliminate the termination date on the timber sale provision. He concluded that Rep. Larson did not sign the fiscal note as he did not agree with the note.

Proponents' Testimony:

Don Allen, Montana Wood Products Association, testified in support of HB 652, in that it is a new and unique idea to try to reverse the continuing decline of timber sales or harvesting on state lands. It is an appropriate approach for changing the

dilemma of having insufficient funds to put new timber sales up and be able to manage the forest. He added they also do not agree with some assumptions on the fiscal note. The industry in order to help get more cash flow into the timber sale program asked that the law include the change that for the first time a 20 percent downpayment be paid by the person that wins the award for the timber sale at the time it occurs, which puts more money up front into the program. HB 652 will help close the gap as far as providing additional timber supply. He concluded with regard to the \$290,000 figure from timber sales, to maintain that each year it should be no less than \$312,000 which is what State Lands estimates it will cost them to put up the extra 5 million board feet.

Opponents' Testimony:

None.

Questions From Committee Members and Responses:

Senator Weeding questioned the position of the Department of State Lands relative to the modification issue.

Jeff Jehnke, Department of State Lands, said this would accomplish 80 percent of what they were hoping to accomplish.

Senator Weeding said there was a representation made that for each additional FTE in the sale of preparation area, so many board feet would be harvested.

Ms. Jehnke said this would be consistent with that.

Senator Aklestad asked how many years they expect this program to continue.

Mr. Allen said he hoped with this different approach of funneling dollars into the timber sale program, it is anticipated that it would increase timber sale receipts by \$850,000 a year after the start-up time.

Senator Aklestad asked if Mr. Allen was saying the acceleration of this timber cutting and sale could go on forever without cutting too much timber off state lands.

Mr. Allen said at some point in the future there should be some leveling off.

Mr. Jehnke said they calculated their sustainable harvest about ten years ago, and it amounted to about 50 million board feet a year. They are currently harvesting at 21 million board feet a year. Their projections are this will not result on a continuing basis. In response to Senator Aklestad, he said they are not going to be cutting above and beyond the 50 million board feet.

Senator Aklestad asked what is the highest that has been cut in the last ten years.

Mr. Jehnke said they harvested at 48 million, near 50 million.

Senator Aklestad questioned why they needed an additional 4.5 FTE's to cut a lesser amount.

Mr. Jehnke said they had the same number of FTE's at that point as they have now; they have not increased the program since then.

Senator Aklestad asked why they now need an increase.

Mr. Jehnke said because of increased public interest, more difficulties with access and complying with recent laws has reduced their ability to put up timber on a per FTE basis.

In response to Senator Aklestad regarding amount of board feet cut, Mr. Jehnke said in order to crank up the program, they will only get one year's worth of revenue in this biennium. It depends on when in the biennium the revenue is counted.

Senator Hockett asked Mr. Jehnke if they currently have a forest management plan.

Mr. Jehnke said they do not have an overall statewide plan but they have a calculation of sustainable yield.

Senator Hockett said as the harvesting is accelerated, he is concerned where they will get the money to reforest the area.

Mr. Jehnke said if they sell additional timber, they do the planting and reduction by way of fees per thousand board feet.

Senator Keating said according to the fiscal note, the permanent trust will lose \$5 million over the biennium, and that \$5 million will go to school equalization. He questioned if it was unconstitutional to divert that money from the trust.

Mr. Jehnke said he was not qualified to answer that.

Mr. John North, Legal Counsel, Department of State Lands, said that is not unconstitutional. Under the enabling act, the legislature has the authority to determine whether timber sale revenues go into the permanent fund or into the interest and income account which is school equalization. In the act passed during a special session, they accepted an amendment to the enabling act that Congress made which allowed timber sale revenues to go into the interest and income or equalization account.

Senator Keating said we are putting \$8 million general fund money into the operation of the forests and the entire proceeds of the sale are going into either school equalization or the permanent

trust. He asked if it is unconstitutional to take the operating costs out of proceeds from timber sales and save the \$8 million in general fund money.

Mr. North said there is a legal dispute as to whether or not it is legal or constitutional to divert money from the interest and income account and use it for operating expenses. They have two Attorney General opinions that say it is. An attorney general from Washington gave an opinion that it is, as well as a case in the Supreme Court in Nevada that says it is. However, there is contrary authority in other state Supreme Courts.

Closing by Sponsor:

Senator Bianchi closed.

Chair Jacobson said because HB 652 was heard earlier in the day than was noticed, if there are any proponents or opponents that want to be heard later this day, she will give them that opportunity.

HEARING ON HOUSE BILL 198

Opening Statement by Sponsor:

Rep. Mary Lou Peterson, House District 1, sponsor, said HB 198 would establish state employee compensation plans and benefit levels. It would provide pay schedules for fiscal years 1994 and 1995 and appropriate money to implement the schedules.

Rep. Peterson presented to the committee estimated costs of HB 198 from the Legislative Fiscal Analyst (Exhibit 7).

Proponents' Testimony:

Steve Johnson, Chief of the State Labor Relations Bureau, as well as chief labor negotiator for the executive branch of state government in collective bargaining, testified in support of HB 198 (Exhibit 8).

Opponents' Testimony:

Tom Schneider, representing Montana Public Employees Association, presented testimony in opposition to HB 198 (Exhibit 9).

Mr. Schneider submitted an amendment which would give a longevity increase the second year of the biennium, costing \$7.1 million of general fund. He said it would at least take care of some of the pay inequities that have developed through the freezing of steps (Exhibit 10).

Michael Dahlem, staff director for Montana Federation of Teachers and Montana Federation of State Employees, stated he is a

proponent of HB 198 with the amendments proposed by Tom Schneider (Exhibit 11). Mr. Dahlem also submitted a statement of intent for HB 198 that the university system faculty receive longevity pay in accordance with the statute (Exhibit 12).

Scott St. Arnould, representing American Federation of State, County and Municipal Employees, stated he would like to see the amendment presented by Mr. Schneider supported; with that amendment, he would be a proponent.

Patty Gunderson, president of Montana Public Employees Association, an association of over 5,000 members who vehemently oppose any kind of pay freeze. She urged the committee to support the proposed amendment of Mr. Schneider (Exhibit 10).

Lu Terry, president of Staff Senate, University of Montana, asked the committee to support pay raises for state employees and the proposed amendment by Mr. Schneider.

Lu Terry presented a statement by G. M. Dennison, President, University of Montana (Exhibit 13).

David Hemion, executive vice president, Helena Area Chamber of Commerce, said state government must keep a bargain with state government employees to compensate them fairly. Pay freezes break the bargaining of employees.

Bill Bentley, Local 4447, social and rehabilitation service workers, said state employees have been sacrificing for over ten years now. He urged the committee to support the proposed amendments.

Dawn Allen, testifying on behalf of Michael Malone, President of Montana State University, presented his testimony (Exhibit 14).

Dick Barrett, University Teachers Union at the University of Montana, stated his support of the amendment to HB 198. He said the faculty at the Montana university system is among the lowest paid in the country. With new faculty coming in, they are required to pay them more than faculty that have been there for over 20 years. Faculty salaries have to be dealt with without tuition increases for students.

Rep. Dave Ewer, House District 45, presented an amendment (Exhibit 15). He said the amendment would make Department heads plan more carefully before termination of employees.

Ron Paull, president of Federation of Montana State Prison Employees, urged the committee to support the amendments presented to HB 198. He said state employees are not only asked to take a pay freeze but to pay increased taxes.

Rep. Menahan stated his support of the amendments, especially the amendment presented by Rep. Ewer (Exhibit 15). He said Galen

employees will be the first employees to be let go because of the closure of Galen. With figures presented as to savings resulting from the closure of Galen, he said that part of the money should go back to the dedicated, loyal employees that have been taking care of patients on a year around basis. Also, many prison employees will lose their positions and they should be taken care of.

Senator J. D. Lynch, representing many workers at Galen, said he would like to go on record opposing the pay freeze and supporting the amendments.

Senator Tom Beck said he wanted to go on record supporting the amendments and opposing a pay freeze.

Senator Waterman went on record supporting the amendments and opposing a pay freeze.

Senator Forrester went on record supporting the amendments and opposing a pay freeze.

Questions From Committee Members and Responses:

Senator Jergeson questioned Rep. Peterson about the lack of support shown for her position, other than from the administration. He questioned why organizations that stand to gain from a pay freeze on state employees, such as Montana Taxpayers Association, Tax Equity Action Movement, United We Stand, Montanans for Better Government, et cetera, were not present to support HB 198.

Rep. Peterson said she had no idea why she had no friends (LAUGHTER). She felt some organizations referenced by Senator Jergeson might be opposed to HB 198 because of the rate of tax dollars.

Senator Christiaens asked Rep. Ewer regarding a possible dollar amount on his amendment (Exhibit 15).

Rep. Ewer said he was not aware there was any severance pay as a benefit. This amendment would require Department directors to plan accordingly.

Senator Devlin questioned that someone must have a dollar amount on Rep. Ewer's amendment.

Rep. Ewer said he was advised by the administration this amendment would have a general fund impact if it had been funded of between \$275,000 and \$300,000.

Closing by Sponsor:

Rep. Peterson closed. She said HB 198 addresses health costs which is very important. If the state is to have a market base

pay plan, inequities have to be addressed as new people are employed. She stated she is opposed to amendments to HB 198 asking for additional money.

Chair Jacobson thanked Rep. Peterson as well as Mr. Schneider and other state employees for an orderly hearing on a bill that there are very strong feelings about.

(LUNCH RECESS - 12:15 P.M.)

(HEARING RECONVENES - 1:00 P.M.)

HEARING ON HOUSE BILL 655

Opening Statement by Sponsor:

Rep. Simon, House District 91, sponsor, said HB 655 appropriates \$200,000 of federal Dingell-Johnson money for the river restoration program.

Rep. Simon presented to the committee a chart showing Dingell-Johnson payments to Montana (Exhibit 16).

Proponents' Testimony:

George Ochenski, representing himself, testified in support of HB 655.

Stan Bradshaw, Trout Unlimited, stated his support for HB 655.

Opponents' Testimony:

None.

Questions From Committee Members and Responses:

Senator Vaughn questioned if the money would be limited to a particular river or be used throughout Montana.

Rep. Simon said the money would be used throughout the state. He envisioned the possibility that the Department can offer grants to individual sportsmen clubs and leverage the money to a greater effect.

Senator Weeding asked Director Graham of Fish, Wildlife and Parks if they were already doing similar things with the funds.

Pat Graham said there is approximately \$100,000 from earmarked funds. It was earned on resident and nonresident fishing licenses to create a restoration fund. Currently all the money comes from those license funds. HB 655 would provide additional federal money to go into the program and allow more projects to be done.

Senator Jacobson questioned if HB 655 was needed to do this.

Mr. Graham said HB 655 does not earmark money; it simply appropriates money indirectly into this account. There is some money in HB 5 to do some projects for river restoration.

Senator Jacobson questioned under present statute in Montana, that this could be done without HB 655.

Mr. Graham said the money would have to be appropriated, which is what HB 655 does.

Senator Weeding questioned if this would make more money available.

Mr. Graham said they opposed the bill in the House because they did not have \$1 million that was not appropriated. They agreed to a lesser amount of money without affecting other programs. When questioned by Senator Weeding if they currently have the money, Mr. Graham said it is money that comes from the federal government and EPA funds. They carry a certain amount in a reserve in the event there is a shortfall in a particular year in that fund. They believe they can keep that account at a realistic level and still accommodate \$100,000 a year.

Senator Bianchi asked Mr. Graham regarding matching the money by license dollars.

Mr. Graham said if they were fully matching it, they would put in \$300,000 federal dollars per year to match the \$100,000 that is there on the state side. They did not feel they had that much unappropriated money. They had some projects in HB 5 that would contribute towards this. He concluded that they wanted to move into this slow, see how it works and what interest there is.

Closing by Sponsor:

Rep. Simon closed by saying this is a matter of the legislature appointing direction.

HEARING ON HOUSE BILL 642

Opening Statement by Sponsor:

Rep. Raney, House District 82, Livingston, sponsor, said HB 642 would divert a portion of the proceeds from the lodging facility use tax to the Department of Fish, Wildlife and Parks for park maintenance. It would amount to about \$500,000 a year.

Proponents' Testimony:

George Ochenski, Montana State Parks Foundation Action Fund, testifying in support of HB 642 said it would provide an

immediate influx of money to the parks.

Keith Colbo, Montana Tourism Coalition, testified in support of HB 642.

Stuart Doggett, representing Montana Innkeepers, stated his support of HB 642. He said the bill recognizes the need and provides money for maintenance of these tourist and related treasures.

Matthew Cohn, Travel Promotion Division, Department of Commerce, said HB 642 studies an important infrastructure need while maintaining a reasonable funding level for Montana to compete on a national basis in attracting tourism.

Pat Graham, Director, Department of Fish, Wildlife and Parks, presented testimony in support of HB 642 (Exhibit 17).

Janet Ellis, Montana Audubon Legislative Fund, said HB 642 is an important bill to help put our deteriorating parks back together.

Opponents' Testimony:

None.

Questions From Committee Members and Responses:

Senator Harding questioned the current number of state parks being 42 when there in the past was 60 state parks.

Mr. Arnie Olson, Administrator, State Parks Division, said they have transferred some of their parks to other entities. A couple parks have been transferred to the Bureau of Land Management and local communities have taken over some of them. Some parks have been considered as one park with several sites.

Closing by Sponsor:

Rep. Raney closed. He stated that Section 4 is an amendment because of HB 591 dealing with an increase in the bed tax from four percent to five percent, and takes \$1 million a year from the four percent and sends it to local governments. If HB 642 and HB 591 pass, Section 4 of HB 642 would have to be amended.

HEARING ON HOUSE BILL 685

Opening Statement by Sponsor:

Rep. Ed Grady, House District 47, sponsor, stated HB 685 is necessary to implement the spending reductions applied in the Department of Corrections and Human Services contained in HB 2. The bill would change the focus from the prison to the community by downsizing the prison and authorizing the Department to grant

good time at the end of the sentence to render inmates eligible for parole or discharge. The good time grant allows the Department to control the prison population while working toward the cap of 850 in HB 2. He said the Swan River Forest Camp would be discontinued. The Women's Correctional Center would temporarily remain at the present location in Warm Springs. Mental health services at the Galen campus and Montana State Hospital would be discontinued.

Rep. Grady said he would concur with amendments that will be offered by the Department of Corrections.

Proponents' Testimony:

Rick Day, Director, Department of Corrections and Human Services, presented testimony in support of HB 685 (Exhibit 18). He concluded HB 685 would require a balance to allow the system to work and recognize financial limits.

Mr. Day presented two amendments to HB 685 (Exhibits 19, 20).

Pat Melby, representing Rivendell of Billings, Montana, presented an amendment to HB 685 (Exhibit 21). He said there were several conditions relative to the sale of the youth treatment center, and they are contained in the sale contract. With the legislature discontinuing use of psychiatric hospitals for youth and medicaid funding for inpatient psychiatric services in hospitals for youth, Rivendell seeks to have the conditions of Section 5, Chapter 14, Special Laws of June 1986 removed. He concluded if the relationship between the state and Rivendell is rendered void, they would ask that it be made void in its entirety and the conditions repealed and the encumbrances on the title removed.

Harley Warner, representing Montana Association of Churches, stated he opposes some provisions of HB 685, but supports the overall reduction in the prison population and emphasis on community based corrections. He stated his opposition to page 21, lines 16 through 19, the delay of the women's correctional center. He said they do not favor construction of a women's prison. They are talking about a facility for the rehabilitation of women. He said they also did not favor the reduction of the Department's budget. He concluded HB 685 will meet the goals of the Department of Corrections.

John Shontz, representing Mental Health Association of Montana, stated their support of HB 685 regarding coordinating of services. He said they are concerned about the cap for inpatient population at Montana State Hospital based on available staff. He stated concern about closing down inpatient psychiatric facilities and where these people would go for services. He also noted they have concern about appropriation language in a statutory piece of legislation. He concluded regarding the women's correctional facility, they want to see programs in place

that addresses mental health needs of incarcerated women.

Beth Baker, Department of Justice, stated their support of amendments 8 and 9 offered by the Department of Corrections (Exhibit 20). She concluded that she discussed this with the Board of Pardons, and they agreed that the section referred to in the amendments should not be repealed.

Willie Day, Eastern Montana Coalition, stated his support of HB 685 dealing with Eastern Montana Veterans' Nursing Home.

Mr. Day presented amendments to HB 685 (Exhibit 22).

Bob Olson, representing Montana Hospital Association, stated they would like to work with individuals preparing amendments to HB 685. He said they are concerned about the selection of Department of Corrections as the lead agency for seriously emotional and disturbed children. He said there is already HB 19 and HB 632 relative to this issue, as well as SB 285 regarding a health care reform plan. He indicated that language in HB 685 needs to be coordinated with efforts in the other bills. He concluded by stating his concern about capping number of admissions to Warm Springs facility.

Opponents' Testimony:

Sue Bartlett, representing Senate District 23, stated she opposes Section 12, page 21 of HB 685 and would like to see it amended (Exhibit 23). She concluded it is not good public policy for the legislature to have explicit authorization to continue a correctional center in a temporary location during the biennium.

Kate Cholewa, representing Montana Women's Lobby, sated their objection to the new language in Section 12. She felt the issue of the women's prison should be contained in HB 5.

Marty Onishuk, Montana Alliance of the Mentally Ill, said they do not want changes at Warm Springs until alternative services are in place in the community. She added her agreement that the mental health system must be restructured and her concern that decisions are based on availability of money rather than serving needs of people.

Informational Testimony:

Chair Jacobson stated because of the number of amendments presented to HB 685, she is appointing a subcommittee of Senators Franklin, Christiaens, Harding and Bianchi to work on the bill. She appointed Senator Franklin as chair of the subcommittee.

Questions From Committee Members and Responses:

Senator Lynch questioned Mr. Day relative to his proposed amendments (Exhibit 22).

Mr. Day said the difference in amendments he is proposing and those in HB 468 is requiring judges to require good cause in sentencing to the prison rather than the Department of Corrections. He wanted the judge to have the option relative to the sentence.

Mr. Lynch said he is concerned relative to the cap at Montana State Hospital.

Mr. Day said if there was need to have a cap, they could work with that cap, but it would be better to get the parties to set a cap based on looking at discharge planning and how the medical and psychiatric process has to interrelate to crisis centers. He concluded if a person needs treatment at the State Hospital, this cap would not prohibit that.

Senator Lynch said he is not comfortable with any cap. He stated his concern with the director of the Department of Corrections being allowed to get to 100 patients.

Mr. Day said if this legislation goes through, that cap and how the system interrelates would be described in the administrative rules, and it would take notice to change those. In reply to Senator Lynch's concern about the administrative rules, Mr. Day said the Department could work to put a number in the statute, however at the present time they are staffed for a population of about 220. If that went higher, they would need more money to operate.

Senator Franklin questioned the number of resources Mr. Day anticipates going into community services in the next biennium for mental health services relative to the cap.

Mr. Day said they did not request an increase over what was followed through during the downsizing of the institution.

Closing by Sponsor:

Rep. Grady closed. He noted HB 685 is one of the major pieces of legislation in the session in that it makes many changes. He concluded in making changes to HB 685, additional money would have to be added into the budget.

HEARING ON HOUSE BILL 563

Opening Statement by Sponsor:

Representative Swanson, House District 79, presenting HB 563 at the request of the Department of Health, would establish a special revenue account to use the fees coming in for subdivision review and authorization to disburse the fees for that function.

Proponents' Testimony:

Jim Melstad, Water Quality Bureau, Department of Health, in supporting HB 563 stated the bill would allow them to reimburse county governments.

Opponents' Testimony:

None.

Questions From Committee Members and Responses:

None.

Closing by Sponsor:

Rep. Swanson closed.

HEARING ON HOUSE BILL 529

Opening Statement by Sponsor:

Rep. Strizich, House District 41, sponsor, stated HB 529 at the request of the Department of Justice would statutorily appropriate driver's license reinstatement fee money to the Department of Justice for purchase and maintenance of equipment used to analyze breath for the presence of alcohol.

Proponents' Testimony:

Beth Baker, Department of Justice, testified in support of HB 529 and presented an amendment (Exhibit 24). She also presented a fact sheet relative to HB 529 (Exhibit 25).

Ms. Baker said the instruments necessary have a life span of 8 to 10 years, but it is her feeling that could be increased to 10 to 12 years with good maintenance. If the funding were capped at \$25,000, they would only be able to replace three instruments a year. With an increase to \$50,000, it will put them on a 12 year rotation schedule which would be a solid schedule to keep them operating throughout Montana. She said with 18 DUI task forces in Montana, there has typically been money left over, which they will use to purchase the instruments. She added HB 529 will not allow the Department of Justice to intrude into the general fund any further than that contemplated by current law. She concluded HB 529 is supported by the Montana Chiefs of Police.

Al Gilke, Administrator of Highway Traffic Safety Division, testifying in support of HB 529 and the amendment offered, said it is important to have accurate testing equipment in the field so alcohol convictions can be made. He concluded it is appropriate that the DUI reinstatement fee be used to support the

program.

Tom Harrison, representing Montana Sheriffs and Peace Officers Association, stated his support of HB 529 with the amendment proposed. He concluded standardization of equipment is very necessary.

Michael Bloom, Assistant Police Chief, Helena, stated his support of HB 529. He said approximately 50 percent of DUI convictions are the direct result of the testing machines.

Opponents' Testimony:

None.

Questions From Committee Members and Responses:

Senator Keating asked Ms. Baker if the machines are calibrated at the forensic laboratory.

Ms. Baker said yes, the laboratory provides training and maintenance of the machines and expert testimony in court.

When questioned by Senator Keating if this would lessen the workload at the forensic laboratory, Ms. Baker said it would probably stay the same; however, if HB 529 is not passed, there will be more maintenance requirements as there will not be upkeep of machines on a regular basis that currently exists.

Mr. Weeding questioned if some of the smaller communities would get their machines back from the larger communities.

Ms. Baker said although she was not aware of that, the Department has purchased seven or eight additional machines, and there should be one covering every area of Montana. In response to Senator Weeding, Ms. Baker said if the breathalyzer is not working, the suspect is taken to the hospital which is more costly to the law enforcement agency.

Senator Christiaens questioned the total number of machines and if there would be one for the sheriff's department and police department in each community.

Ms. Baker said HB 529 would not increase the total number of machines in Montana, but simply replace them. Currently most law enforcement agencies share machines.

Senator Aklestad questioned the operating costs on the fiscal note.

Ms. Baker said she was not sure if that was divided up accurately. Anything left over that is not used in replacement costs will be used to maintain other instruments.

Closing by Sponsor:

Rep. Strizich closed, stating this is no direct hit on the general funds in that the funds are earmarked for DUI enforcement.

HEARING ON HOUSE BILL 11**Opening Statement by Sponsor:**

Representative Royal Johnson, District 88, sponsor, said HB 11 would appropriate money for the Montana educational telecommunications network. He added it will bring the state of Montana together.

Proponents' Testimony:

Greg Groepper, Office of Public Instruction (OPI), representing Nancy Keenan, testifying in support of HB 11 urged the committee to restore current level funding for equipment in the Department of Administration's budget. The money was used to put equipment in schools with a district match, as well as helped for teacher and administrator training. It has also allowed for an electronic mail system for teacher communication.

John Hutchinson, Commissioner of Higher Education, testified in support of HB 11. He noted it provides improved access to educational opportunities, as well as positive impact on rural economic development. It also provides a potential for connecting the health care community, and providing reduced travel to state and local agencies. He concluded by stating the need for reinvestment of money into HB 11.

Lois Menzies, Director of Department of Administration, speaking on behalf of the Department and the Governor, stated her support of HB 11 which is an excellent example of agency cooperation to bring technology to education and government in the state. Regarding the appropriateness of compressed video technology in the METNET system, it is the practical statewide approach because it is more affordable. Compressed video can be made available to virtually all communities today, while full motion video has limited availability. She concluded with her hope that current level funding would be placed back into the program to allow for more sites to be added to the system.

Barbara Ranf, representing U.S. West, testifying in support of HB 11, said they have supported and will continue to support the concept of METNET.

Fred Freedman, Montana Associated Students, stated the students of Montana are in strong favor of HB 11.

Opponents' Testimony:

None.

Questions From Committee Members and Responses:

Senator Beck questioned the funding for HB 11.

Rep. Johnson said the funding originally was \$500,000 annually from the university system, the general fund, and OPI. Now it is \$300,000 a year from OPI. He said there would be an amendment offered in executive session to add another \$300,000 to that. It would be approximately \$1.2 million yearly. He noted they are hoping for additional money from the private sector.

Senator Hockett questioned Mr. Hutchinson relative to the positive aspects of this legislation.

Mr. Hutchinson said one of the main aspects is to reduce duplication. Resources can be concentrated at one particular point and distribute courses throughout Montana.

Senator Weeding questioned the bill stating federal funding.

Rep. Johnson said they are hoping for federal funding.

Senator Devlin questioned the standardization of equipment that is being used in the system.

Tony Herbert, Department of Administration, said the compressed video equipment being used is standardized. As they continue in other cities, they will have that type equipment. The bulletin board equipment at OPI is also common equipment. Regarding equipment for satellite capability, those are standard contracts managed through the Department for satellite antenna.

Senator Devlin questioned problems a few years ago relative to the equipment and not keeping it standardized.

Mr. Groepper said there was a concern about four years ago with standard equipment in OPI and standardization of equipment as schools became able to communicate to OPI. Since that time the network has been changed and made it standard with the State of Montana.

Closing by Sponsor:

Rep. Johnson closed.

EXECUTIVE ACTION ON HOUSE BILL 563


Motion/Vote: Senator Christiaens moved that HOUSE BILL 563 BE CONCURRED IN. Motion CARRIED with Senator Toews opposed.

EXECUTIVE ACTION ON HOUSE BILL 655

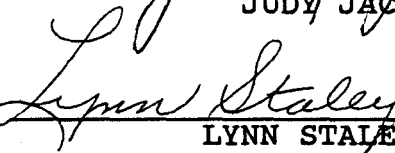
Motion/Vote: Senator Franklin moved that HOUSE BILL 655 BE
CONCURRED IN. Motion CARRIED.

ADJOURNMENT

Adjournment: 3:00 P.M.



JUDY JACOBSON, Chair



LYNN STALEY, Secretary

JJ/LS

ROLL CALL

SENATE COMMITTEE FINANCE AND CLAIMS

DATE 4/3/93

NAME	PRESENT	ABSENT	EXCUSED
SENATOR JACOBSON	✓		
SENATOR FRANKLIN	✓		
SENATOR AKLESTAD	✓		
SENATOR BECK	✓		
SENATOR BIANCHI	✓		
SENATOR CHRISTIAENS	✓		
SENATOR DEVLIN	✓		
SENATOR FORRESTER	✓		
SENATOR FRITZ	✓		
SENATOR HARDING	✓		
SENATOR HOCKETT	✓		
SENATOR JERGESON	✓		
SENATOR KEATING	✓		
SENATOR LYNCH	✓		
SENATOR TOEWS	✓		
SENATOR SWYSGOOD	✓		
SENATOR TVEIT	✓		
SENATOR VAUGHN	✓		
SENATOR WATERMAN	✓		
SENATOR WEEDING	✓		

FC8

Attach to each day's minutes

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
April 3, 1993

MR. PRESIDENT:

We, your committee on Finance and Claims having had under consideration House Bill No. 10 (third reading copy -- blue), respectfully report that House Bill No. 10 be concurred in.

Signed: Judy H. Jacobson
Senator Judy H. Jacobson, Chair

M Amd. Coord.
mw Sec. of Senate

Lynch
Senator Carrying Bill

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4/3

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
April 3, 1993

MR. PRESIDENT:

We, your committee on Finance and Claims having had under consideration House Bill No. 12 (third reading copy -- blue), respectfully report that House Bill No. 12 be concurred in.

Signed: _____

Judy H. Jacobson
Senator Judy H. Jacobson, Chair

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
April 3, 1993

MR. PRESIDENT:

We, your committee on Finance and Claims having had under consideration House Bill No. 668 (third reading copy -- blue), respectfully report that House Bill No. 668 be concurred in.

Signed: Judy H. Jacobson
Senator Judy H. Jacobson, Chair

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SENATE STANDING COMMITTEE REPORT

Page 1 of 1
April 3, 1993

MR. PRESIDENT:

We, your committee on Finance and Claims having had under consideration House Bill No. 674 (third reading copy -- blue), respectfully report that House Bill No. 674 be concurred in.

Signed: Judy H. Jacobson
Senator Judy H. Jacobson, Chair

M- Amd. Coord.
W Sec. of Senate

Harding
Senator Carrying Bill

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4/3

SENATE STANDING COMMITTEE REPORT

Page 1 of 5
April 3, 1993

MR. PRESIDENT:

We, your committee on Finance and Claims having had under consideration House Bill No. 660 (third reading copy -- blue), respectfully report that House Bill No. 660 be amended as follows and as so amended be concurred in.

Signed: Judy H. Jacobson
Senator Judy H. Jacobson, Chair

That such amendments read:

1. Page 1, line 18.

Strike: "6"

Insert: "5"

2. Page 1, line 18.

Strike: "five state agencies"

Insert: "the office of community service"

3. Page 3, lines 5, 8, 12, 20, and 23.

Page 4, lines 13 and 16.

Page 5, line 16.

Page 8, lines 17 and 20.

Page 9, line 5.

Page 11, lines 6, 9, and 19.

Page 12, line 12.

Page 13, lines 9 and 18.

Page 14, line 1.

Page 17, lines 3, 14, 20.

Strike: "9" or "9"

Insert: "8"

4. Page 3, line 22.

Strike: "corps"

Insert: "organization"

Following: "established"

Insert: "to provide community services"

5. Page 4, lines 3 through 9.

Strike: subsection (7) in its entirety.

Renumber: subsequent subsections

6. Page 4, following line 24.

Insert: "(2) The purpose of this office is to:

(a) renew the ethic of civic responsibility in the state;

(b) encourage the citizens of the state, regardless of age or income, to engage in full-time or part-time service to the state;

(c) call young people to serve in projects that will benefit the state and improve their life chances through the acquisition of literacy, job skills, and interpersonal skills;

(d) build on the existing organizational framework of state and local governmental entities to expand full-time and part-time service opportunities in a wide variety of programs for all citizens, particularly youth and older Montanans;

(e) involve participants in activities that would not otherwise be performed by employed workers; and

(f) establish corps to accomplish labor-intensive improvements to public or low-income properties or to provide services for the benefit of the state, its communities, and its people through service contracts that specify the work to be performed by the corps."

Renumber: subsequent subsections

7. Page 5, line 25 through page 6, line 2.

Following: "composed of"

Insert: "up to"

Following: "members"

Strike: ", " on page 5, line 25 through "9]" on page 6, line 2

8. Page 6, line 3.

Following: "from"

Insert: "a"

9. Page 6, line 4.

Following: "from"

Strike: "departments"

Insert: "at least four state agencies"

10. Page 6, line 5.

Following: "areas"

Strike: "of Montana state agencies"

11. Page 6, line 20.

Following: "development"

Insert: "and coordination"

12. Page 6, lines 20 and 21.

Following: "service"

Strike: "plans, coordination of projects and activities"

Insert: "programs"

13. Page 7, line 1 through page 8, line 2.

Strike: Section 5 in its entirety

Renumber: subsequent sections

14. Page 8, line 2.

Following: "of"

Strike: "lead"

Insert: "state"

15. Page 8, line 4.

Following: "following"

Strike: "lead"

Insert: "state"

16. Page 8, line 8.

Following: "the"

Strike: "lead"

17. Page 8, line 21.

Following: "the"

Strike: "lead"

18. Page 9, line 5.

Following: "."

Insert: "[The Montana university system shall provide assistance
to the Montana student volunteer program established in
House Bill No. 579.]"

19. Page 9, line 7.

Strike: "lead"

20. Page 9, line 17.

Following: "is the"

Strike: "lead"

21. Page 9, line 25.

Following: "other"

Strike: "lead"

22. Page 10, line 15.

Following: "Each"

Strike: "lead"

Following: "agency"

Insert: "listed in this section"

23. Page 10, line 21.

Following: "Each"

Strike: "lead"

Following: "agency"

Insert: "listed in this section"

24. Page 10, line 23.

Following: "approved"

Insert: "under [sections 1 through 8]"

Following: "a"

Strike: "lead"

25. Page 11, line 3.

Following: "(5)"

Strike: "Lead"

Insert: "The state"

Following: "agencies"

Insert: "listed in this section"

26. Page 11, lines 4 and 5.

Following: "designate"

Strike: "or, subject to the availability of appropriation
authority, hire"

27. Page 11, line 5.

Following: "agency"

Strike: "corps"

Insert: "volunteer"

28. Page 12, line 15.

Following: "and"

Strike: "lead"

Following: "agencies"

Insert: "listed in [section 5]"

29. Page 13, line 16.

Following: "participating"

Strike: "lead"

30. Page 13, line 22.

Strike: "lead"

31. Page 16, line 6.

Strike: "8"

Insert: "7"

32. Page 17, line 19.

Strike: "consolidation"

Insert: "coordination"

33. Page 17, lines 22 through 24.

Strike: "." on line 22 through "programs" on line 24

34. Page 18, following line 7.

Insert: "NEW SECTION. Section 13. Coordination instruction. If House Bill No. 579 is not passed and approved, then the bracketed language in [section 5(1)(b) of this act] is void."

Renumber: subsequent sections

35. Page 18, lines 10 and 11.

Strike: "8(4)" on line 10

Insert: "7(4)"

Strike: "8(6)" on line 11

Insert: "7(6)"

Strike: "10" on line 11

Insert: "9"

-END-

4/7

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
April 3, 1993

MR. PRESIDENT:

We, your committee on Finance and Claims having had under consideration House Bill No. 579 (third reading copy -- blue), respectfully report that House Bill No. 579 be amended as follows and as so amended be concurred in.

Signed: Judy H. Jacobson
Senator Judy H. Jacobson, Chair

That such amendments read:

1. Page 9, line 18.

Following: line 17

Insert: "NEW SECTION. Section 12. Coordination instruction. If House Bill No. 660 is passed and approved and if it creates an office of community service, then all references to the department of commerce in [this act] are changed to references to the office of community service."

Renumber: subsequent section

-END-

2/3

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
April 5, 1993

MR. PRESIDENT:

We, your committee on Finance and Claims having had under consideration House Bill No. 563 (third reading copy -- blue), respectfully report that House Bill No. 563 be concurred in.

Signed: _____

Judy H. Jacobson
Senator Judy H. Jacobson, Chair

Adm
Amd. Coord.
Sec. of Senate

Waterman
Senator Carrying Bill

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413
SENATE STANDING COMMITTEE REPORT

Page 1 of 1
April 5, 1993

MR. PRESIDENT:

We, your committee on Finance and Claims having had under consideration House Bill No. 655 (third reading copy -- blue), respectfully report that House Bill No. 655 be concurred in.

Signed:

Judy H. Jacobson
Senator Judy H. Jacobson, Chair

[Signature] Amd. Coord.

[Signature] Sec. of Senate

[Signature]
Senator Carrying Bill

761422SC.San

ROLL CALL VOTE

SENATE COMMITTEE FINANCE AND CLAIMS

BILL NO. HB 674

DATE 4/3/93 TIME _____ A.M. P.M.

NAME	YES	NO
SENATOR JACOBSON	✓	
SENATOR JERGSON	✓	
SENATOR AKLESTAD		✓
SENATOR BECK	✓	
SENATOR BIANCHI	✓	
SENATOR CHRISTIAENS	✓	
SENATOR DEVLIN	✓	
SENATOR FORRESTER	✓	
SENATOR FRANKLIN	✓	
SENATOR FRITZ	✓	
SENATOR HARDING	✓	
SENATOR HOCKETT	✓	
SENATOR KEATING	✓	
SENATOR LYNCH		✓
SENATOR TOEWS	✓	
SENATOR SWYSGOOD		✓
SENATOR TVEIT		✓
SENATOR VAUGHN	✓	
SENATOR WATERMAN	✓	
SENATOR WEEDING	✓	

Lynn Stealey
SECRETARY

CHAIR

MOTION: Senator Franklin motion
HB 674 Be Concurred In

112174

Carried

Amendments to House Bill No. 660
Second Reading Copy

SENATE FINANCE AND CLAIMS
EXHIBIT NO. _____
DATE 4/3/93
BILL NO. HB 660

Requested by Senator Eck
For the Senate Committee on Finance and Claims

Prepared by Clayton Schenck
March 26, 1993

1. Page 1, line 18.

Strike: "6"

Insert: "5"

2. Page 1, line 18.

Strike: "five state agencies"

Insert: "the office of community service"

3. Page 3, line 22.

Strike: "corps"

Insert: "organization"

Following: "established"

Insert: "to provide community services"

4. Page 4, following line 2.

Strike: lines 3 through 9 in their entirety.

Renumber: subsequent subsections

5. Page 4, following line 24.

Insert: "(2) The purpose of this office is to:

(a) renew the ethic of civic responsibility in the state;

(b) encourage the citizens of the state, regardless of age or income, to engage in full-time or part-time service to the state;

(c) call young people to serve in projects that will benefit the state and improve their life chances through the acquisition of literacy, job skills, and interpersonal skills;

(d) build on the existing organizational framework of state and local governmental entities to expand full-time and part-time service opportunities in a wide variety of programs for all citizens, particularly youth and older Montanans;

(e) involve participants in activities that would not otherwise be performed by employed workers; and

(f) establish corps to accomplish labor-intensive improvements to public or low-income properties or to provide services for the benefit of the state, its communities, and its people through service contracts that specify the work to be performed by the corps."

Renumber: subsequent subsections

6. Page 5, line 25 through page 6, line 2.

Following: "composed of"

Insert: "up to"

Following: "members"

Strike: "," on page 5, line 25 through "9]" on page 6, line 2

7. Page 6, line 3.

Following: "from"

Insert: "a"

8. Page 6, line 4.

Following: "from"

Strike: "departments"

Insert: "at least four state agencies"

9. Page 6, line 5.

Following: "areas"

Strike: "of Montana state agencies"

10. Page 6, line 20.

Following: "development"

Insert: "and coordination"

11. Page 6, lines 20 and 21.

Strike: "plans, coordination of projects and activities"

Insert: "programs"

12. Page 7.

Strike: Section 5 in its entirety

Renumber: subsequent sections

13. Page 8, line 2.

Following: "of"

Strike: "lead"

Insert: "state"

14. Page 8, line 4.

Following: "following"

Strike: "lead"

Insert: "state"

15. Page 8, line 8.

Following: "the"

Strike: "lead"

16. Page 8, line 21.

Following: "the"

Strike: "lead"

17. Page 9, line 5.

Following: "."

Insert: "[The Montana university system shall provide assistance to the Montana student volunteer program established in House Bill No. 579.]"

18. Page 9, line 7.

Strike: "lead"

19. Page 9, line 17.

Following: "is the"

Strike: "lead"

20. Page 9, line 25.

Following: "other"

Strike: "lead"

21. Page 10, line 15.

Following: "Each"

Strike: "lead"

Following: "agency"

Insert: "listed in this section"

22. Page 10, line 21.

Following: "Each"

Strike: "lead"

Following: "agency"

Insert: "listed in this section"

23. Page 10, line 23.

Following: "approved"

Insert: "under [sections 1 through 8]"

Following: "a"

Strike: "lead"

24. Page 11, line 3.

Following: "(5)"

Strike: "Lead"

Insert: "The state"

Following: "agencies"

Insert: "listed in this section"

25. Page 11, lines 4 and 5.

Following: "designate"

Strike: "or, subject to the availability of appropriation authority, hire"

26. Page 11, line 5.

Following: "agency"

Strike: "corps"

Insert: "volunteer"

27. Page 12, line 15.

Following: "and"

Strike: "lead"

Following: "agencies"

Insert: "listed in [section 5]"

28. Page 13, line 16.

Following: "participating"

Strike: "lead"

29. Page 13, line 22.

Strike: "lead"

30. Page 3, lines 5, 8, 12, 20, and 23.

Page 4, lines 13 and 16.

Page 5, line 16.

Page 8, lines 17 and 20.

Page 9, line 5.

Page 11, lines 6, 9, and 19.

Page 12, line 12.

Page 13, lines 9 and 18.

Page 14, line 1.

Page 17, lines 3, 14, 20.

Strike: "9" or "2"

Insert: "8"

31. Page 16, line 6.

Strike: "8"

Insert: "7"

32. Page 17, line 19.

Strike: "consolidation"

Insert: "coordination"

33. Page 17, lines 22 through 24.

Strike: "." on line 22 through "programs" on line 24

34. Page 18, following line 7.

Insert: "NEW SECTION. Section 13. Coordination instruction. If House Bill No. 579 is not passed and approved, then the bracketed language in [section 5(1)(b) of this act] is void."

Renumber: subsequent sections

35. Page 18, lines 10 and 11.

Strike: "8(4)" on line 10

Insert: "7(4)"

Strike: "8(6)" on line 11

Insert: "7(6)"

Strike: "10" on line 11

Insert: "9"

EXHIBIT #1
DATE 4-3-93
I HB-660

{Office of Legislative Fiscal Analyst

444-2986}

Amendments to House Bill No. 579
Third Reading Copy

For the Committee on Finance and Claims

Prepared by Greg Petesch
April 1, 1993

SENATE FINANCE AND CLAIMS
EXHIBIT NO. 2
DATE 4/3/93
BILL NO. HB 579

1. Page 9, line 18.

Following: line 17

Insert: "NEW SECTION. Section 12. Coordination instruction. If House Bill No. 660 is passed and approved and if it creates an office of community service, then all references to the department of commerce in [this act] are changed to references to the office of community service."

Renumber: subsequent section

DESCRIPTION OF PROPOSED AMENDMENT TO HB 517

HB 517 provides an early retirement incentive for State employees, including employees in the Montana University System (MUS), who are members of Public Employee Retirement System (PERS).

The problem this bill presents is that PERS covers only one-half of MUS employees. The remaining employees in the MUS are either members of the Teachers' Retirement System (TRS), or the Optional Retirement Program (ORP).

PERS typically covers classified employees such as clerical and administrative support personnel, while TRS and the ORP cover faculty and contract professionals.

The following example shows what would occur if the MUS offers an incentive for early retirement and the employee applies the incentive to his/her final salary. The MUS would also pay a contribution to TRS. The total cost to the State would not exceed the limit in the proposed amendment. An employee also has the choice to take the early retirement incentive as taxable income.

EXAMPLE OF TRS ENHANCED BENEFIT

<u>AGE</u>	<u>FINAL SALARY</u>	<u>YEARS OF SERVICE</u>	<u>25 % INCENTIVE</u>	<u>TRS EMPLOYER CONTRIBUTION</u>	<u>MUS TOTAL COST</u>	<u>MONTHLY BENEFIT INCREASE</u>
50	\$66,880	25	\$16,720	\$13,460	\$30,180	\$193.52
54	45,760	22	11,440	7,820	19,260	97.51
55	44,097	25	11,024	8,434	19,458	127.60
57	38,741	21	9,685	6,081	15,766	79.09
65	56,478	25	14,120	9,178	23,298	163.43
71	48,984	41	12,246	11,197	23,443	232.45

ESTIMATED COSTS

	<u>Example A</u> <u>100 Retirees</u>	<u>Example B</u> <u>150 Retirees</u>	<u>Example C</u> <u>200 Retirees</u>
TOTAL SALARIES	\$4,800,000	\$7,200,000	\$9,600,000
COST	<u>2,088,000</u>	<u>3,132,000</u>	<u>4,176,000</u>
*SAVINGS	\$2,800,000	\$4,068,000	\$5,424,000

Assumption: \$48,000 average final salary

*The savings may be offset to the extent necessary to rehire replacements

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 3

DATE 4/3/93

BILL NO. HB 517

HB 517

PROPOSED AMENDMENT

SENATE FINANCE AND CLAIMS

EXHIBIT NO. _____

DATE _____

BILL NO. _____

PURPOSE: To provide a similar retirement incentive to the members of the Teachers' Retirement System and the Optional Retirement Plan who are employed by the Montana University System.

Page 4, line 16, insert:

NEW SECTION 2. The board of regents may establish an early retirement incentive window during the 1994-1995 biennium, for members of the teachers' retirement system who are eligible for normal service retirement under §19-4-801, and §19-4-802. The incentive, combined with employer contributions due the teachers' retirement system under §19-4-101(d), shall not exceed an amount equal to three years of the combined member and employer contributions established in §19-4-602 and §19-4-605. (Temporary authority, not to be codified as part of Title 19, Chapter 4)

NEW SECTION 3. The board of regents may establish an early retirement incentive window during the 1994-1995 biennium for optional retirement participants. The incentive shall not exceed an amount equal to three years of the combined member and employer contributions established in §19-21-203. (Temporary authority, not to be codified as part of Title 19, Chapter 21)

PROPOSED AMENDMENTS TO HB 517, THIRD READING COPY

1. Page 3, line 3.

Following: "subsection ~~(3)~~ (4),"

Insert: "a person who is"

Following: "member"

Insert: "on February 1, 1993 and"

Following: "who"

Insert: "voluntarily"

Following: "service"

Insert: "or whose service is involuntarily terminated because of
a reduction in force"

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 4

DATE 4/3/93

BILL NO. HB 517

2. Page 3, line 21

Following: "terminated"

Insert: "because of a reduction in force"

3. Page 5, line 7.

Following: "system"

Insert: "employed by the state, including the university system,"

RATIONALE FOR HB 517, THIRD READING COPY AMENDMENTS

The intent of first amendment is (1) to prevent persons who are currently retired and receiving monthly benefits from filling current vacancies in anticipation of this window incentive so that they may terminate employment during the window and receive a retirement enhancement; and (2) to limit the retirement incentive to persons who voluntarily terminate service or whose service is involuntarily terminated because of a reduction in force. By negative implication, the amendment excludes from retirement incentive eligibility those persons whose service was involuntarily terminated for performance-related reasons. The phrase "reduction in force" is intended to include job loss due to reorganization, privatization or unit closure.

The intent of the second amendment is to parallel the first amendment by limiting the incentive to members whose service was involuntarily terminated between the applicable dates (on or after March 1, 1993, and before June 25, 1993) due to a reduction in force, as opposed to those members whose service was terminated during that same time period for performance-related reasons.

The intent of the third amendment is to limit the reporting requirement to state government, including the university system, as opposed to state and local governments.

The amendments are posed in direct response to questions raised by agencies in anticipation of implementing HB 517.

TESTIMONY ON HOUSE BILL NO. 517 (HARPER)

Submitted by Lois Menzies, Director
Department of Administration

April 3, 1993

STATE OF FINANCE AND CLAIMS

FILE NO. 5

DATE 4/3/93

BILL NO. HB 517

Major Provisions

Eligible employees. State employees and local government employees if their employer elects to participate who:

- o have at least 25 years of service; or
- o are age 50 with at least 5 years of service.

Window period. Must voluntarily terminate on or after June 25, 1993 but before January 1, 1994 or be involuntarily terminated on or after March 1, 1993 but before June 25, 1993.

Retirement incentive. Employer must purchase up to three years of additional service that member is qualified to purchase. If member has already purchased the service, a refund will be provided.

Funding. Employer payments may be made in installments spread over 10 years.

Local government option. Local government may elect to participate.

Report. Department of Administration must report to the 1995 Legislature on the effect of the retirement incentive.

Proposed Amendments

Nos. 1 and 2. Limit incentive to a person who:

- (1) is employed on February 1, 1993; and
- (2) voluntarily terminates or is involuntarily terminated because of a reduction in force.

No. 3. Requires report to the Legislature to address impacts on state government only.

Supporting Arguments

The Racicot Administration supports HB 517 for the following reasons:

- Provides a tool for agencies to meet the 5 percent personal services reduction efficiencies imposed in HB 2
- Provides managers with opportunities for reshaping and streamlining government
- Leaves retirement formula intact
- Provides a benefit enhancement for all eligible employees plus permits an employee to increase his/her benefit by purchasing additional years of service
- Cost to agencies is proportionate to number of employees retiring
- Permits, rather than mandates, local government participation
- Allows state agencies to spread cost of incentive over 10-year period

Projected Impacts

- Number of eligible state employees: 2,206 (684 general funded; 1,522 nongeneral funded).
- If 653 state employees retire (50% with 20 years or more and 15% with less than 20 years), 203 will be general funded and 450 will be nongeneral funded.
- EXAMPLE: If 50% of the positions in state agencies (excluding the university system) remain vacant after employees retire, a projected \$13,805,830 from all funds would be available over the biennium.
- Implementation costs (temporary help, overtime, computer processing, etc.): \$42,500

EXAMPLES OF INDIVIDUAL BENEFIT ENHANCEMENTS DURING RETIREMENT INCENTIVE WINDOW

1. Employee A: Age 51, 25 years of service, Salary = \$21.75/hour.

	<u>Benefit</u>	<u>Cost</u>
Without window:	\$1,170/mo.	
With window:	\$1,650/mo.	\$18,100
If Employee buys 2 more years:	\$2,010/mo.	\$12,065

2. Employee B: Age 59, 32 years of service, Salary = \$13.50/hour.

	<u>Benefit</u>	<u>Cost</u>
Without window:	\$1,337/mo.	
With window:	\$1,462/mo.	\$11,288
If Employee buys 2 more years:	\$1,546/mo.	\$ 7,525

3. Employee C: Age 58, 22 years of service, Salary = \$18.16/hour.

	<u>Benefit</u>	<u>Cost</u>
Without window:	\$1,088/mo.	
With window:	\$1,237/mo.	\$15,185
If Employee buys 2 more years:	\$1,336/mo.	\$10,123

4. Employee D: Age 48, 27 years of service, Salary = \$9.32/hour.

	<u>Benefit</u>	<u>Cost</u>
Without window:	\$ 639/mo.	
With window:	\$ 865/mo.	\$ 7,793
If Employee buys 2 more years:	\$ 923/mo.	\$ 5,195

Jessie Cohen

Amendments to House Bill No. 522
Third Reading Copy

Requested by Rep. Squires
For the Committee on Finance and Claims

Prepared by Susan B. Fox
March 31, 1993

SENATE FINANCE AND CLAIMS
EXHIBIT NO. 6
DATE 4/3/93
BILL NO. HB 522

1. Page 2, line 3.
Following: "STATE"
Strike: the remainder of line 3
Insert: "who has achieved permanent status as defined in 2-18-101."
2. Page 2, line 16.
Strike: "TERMINATING AGENCY"
Insert: "state"
3. Page 5, lines 8 and 9.
Following: "contributions" on line 8
Strike: the remainder of line 8 through "ALLOWANCE" on line 9
Following: "." on line 9
Insert: "(1)"
4. Page 5, line 18.
Following: line 17
Insert: "(2) For the purposes of this section, the term "agency" includes the Montana university system."

Office of Legislative Fiscal Analyst
Estimated Costs of House Bill 198
Personal Services Reduction Efficiency Rate At 5.00 %

	FTE Fiscal 1994	FTE Fiscal 1995	Pay Plan Fiscal 1994	Pay Plan Fiscal 1995	Pay Plan Biennium
Legislative, Judicial, Executive *	10,938.27	10,951.67	2,513,328	5,031,991	7,545,319
Vocational Technical Centers	250.28	250.28	60,067	120,134	180,201
Montana University System **	<u>3,416.22</u>	<u>3,416.22</u>	<u>819,893</u>	<u>1,639,786</u>	<u>2,459,679</u>
Total Costs	14,604.77	14,618.17	\$3,393,288	\$6,791,911	\$10,185,199
Funding					
General Fund			1,547,482	3,082,192	4,629,674
Other Funds			1,567,739	3,153,584	4,721,323
Tuition at 31.60 %			<u>278,067</u>	<u>556,135</u>	<u>834,202</u>
Total Funding			\$3,393,288	\$6,791,911	\$10,185,199

Date: 03/18/93
Time: 12:16 PM

* County assessors and deputy assessors included at full insurance benefits.
** Five percent reduction not applied to the Montana University System.

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 7

DATE 4/3/93

BILL NO. HB 198

Office of Legislative Fiscal Analyst
Proposed Pay Plan Appropriations For House Bill 198

	Fiscal 1994					Total Fund	Fiscal 1995					Total Fund
	General Fund	State Special Fund	Federal Special Fund	Proprietary Fund	Other Fund		General Fund	State Special Fund	Federal Special Fund	Proprietary Fund	Other Fund	
Legislative Auditor	7,096	7,268				14,364	14,361	14,367				28,728
Legislative Fiscal Analyst	3,602					3,602	7,205					7,205
Legislative Council	6,240	3,108				9,348	15,499	3,197				18,696
Environmental Quality Council	1,466					1,466	2,932					2,932
Consumer Counsel		1,140				1,140		2,280				2,280
Judiciary	18,240	2,508				20,748	36,480	5,016				41,496
Executive Agencies	905,094	736,632	568,129	225,241	8,070	2,443,166	1,794,223	1,496,624	1,129,126	454,742	15,583	4,890,298
Commissioner of Higher Education	3,853		14,843	798		19,494	7,706		31,054	1,596		40,356
University System	601,893				278,067	879,960	1,203,785				556,135	1,759,920
Totals	\$1,547,484	\$750,656	\$582,972	\$226,039	\$286,137	\$3,393,288	\$3,082,191	\$1,521,484	\$1,160,180	\$456,338	\$571,718	\$6,791,911

DRAFT

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 8

TESTIMONY OF STEVE JOHNSON
IN SUPPORT OF HB 198

DATE 4/3/93

BILL NO. HB 198

Madam Chair, members of the committee, my name is Steve Johnson. I am chief of the state 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, with two exceptions, salary rates for state employees remain frozen at current levels for both years of the biennium. I want to emphasize, as I did in front of the House Appropriations Committee, that the proposed pay freeze in no way reflects negatively on the quality of the state's workforce. Rather, it is an unfortunate, but unavoidable result of the state's fiscal predicament.

The two exceptions I mentioned earlier are the result of an amendment passed in the House, which grants experience steps to teachers in the departments of family services and corrections and human services, who are covered by the nine-month and twelve-month teachers pay matrices in 2-18-313, MCA. This amendment, which affects approximately ~~12~~²¹ teachers, includes an appropriation of about \$174,000, although our calculations indicate that the total cost of granting steps would be somewhat less than the appropriated amount.

Although the teachers affected by the amendment undoubtedly deserve a pay increase, this committee should carefully consider whether or not it wishes to treat this small group of state employees differently than all other state employees. While the fiscal impact may be relatively small, the inequity is readily apparent.

As I mentioned, the administration proposes 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 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.

In closing, I would like to express the administration's firm commitment, once the state's immediate budget crisis is resolved, to pursue a fair, rational and systematic approach to state employee compensation. The administration intends to work closely with state employees and their representatives in that process.

Thank you for your time and consideration.

PUBLIC

EMPLOYEES

ASSOCIATION

LEGISLATIVE COMMITMENT

By Thomas E. Schneider

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 9

DATE 4/3/93

BILL NO. HB 198

Thursday, during debate on amendments to HB 2, the statement " we made a committment " was heard over and over. Let's talk about legislative committment to state employee pay.

In 1974 the legislature passed a pay plan which provided for 13 annual steps. Every employees working at that time or hired after 1975 was told that they would receive a step increase each year until they reached step 13. In 1985, the legislature froze the step increase followed by frozen step increases in 1987, 1988, 1989 and 1990.

These step freezes destroyed the pay plan beyond recovery so the legislature spent \$ 90,000 to study pay and in 1991 the Governor proposed and the legislature passed a new " market based pay plan ". That plan, again, committed the legislature to a plan for state employee pay. NOW, only two years latter, that plan is headed for destruction.

The market based plan required two things for continuation, first based on " market surveys " it requires that the plan move 3% each year of the biennium to keep up with " Market ". Second, because employees were not placed at market in 1991, it requires a continuation of " progression " which moves employees to market. Even with these increases the plan is still fraught with inequities caused by the frozen steps on the former plan and pay exceptions granted the last two years. As the plan stands right now, employees are 9% behind market and the passage of HB 198 will increase that to 15% by the end of the biennium.

Knowing that we are fighting an uphill battle on pay, we are proposing an amendment to HB 198 which will at least provide a partial solution to the pay inequities caused by freezing steps on the former plan and not properly implementing the plan in 1991.



AMEND HOUSE BILL 198

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 10

DATE 4/3/93

EFFECTIVE
BILL NO. HB 198

CAN WE GRANT STATE EMPLOYEES A PAY INCREASE ?
DATE 7/1/1994

State employees are currently concerned about more than just a pay increase. The step freezes of the previous pay plan and the failure of the market plan to correct them have created serious internal equity problems which are resulting in morale problems.

These problems have led the two largest public employee organizations to present longevity pay as their first priority pay increases. Our proposal would increase longevity pay to \$.25 cents per hour for each three years of continuous service.

WHAT WOULD THIS PROPOSAL DO FOR PAY EQUITY?

1. When steps were frozen on the previous pay plan it resulted in employees with as many as seven years of continuous service being paid the same as new employees. When the market plan was implemented these employees were placed into the market plan with the same inequity. We now allow step exceptions which are granted for positions which are difficult to recruit for. These two actions together result in a large number of employees making more money than employees who have been in the same job classification for a longer period of time. The new pay freeze in HB 198 will make these problems worse and continue to destroy morale.

WHAT WOULD THIS PROPOSAL DO FOR EMPLOYEE MORALE?

1. With the talk of layoffs, the additional workload which will result from layoffs and the lack of a salary increase, employees feel that the budget is being balanced on them. A pay increase, even if it is delayed, will go a long way in improving morale. This longevity increase would do this along with addressing the pay equity problems.

HOW COULD THIS BE DONE WITH AS LITTLE BUDGET EFFECT AS POSSIBLE?

House Bill 198 could be amended to provide a change to the longevity pay of state employees beginning the first full payroll period after July 1, 1994. This would let the employees know that the equity problem is recognized and that the legislature cares.

It would also place the change in the law so that the Executive Budget would have to incorporate the money in the next budget when it is presented to the legislature.

Based on current figures this proposal would cost approximately \$ 7.196 M General Fund in FY 95. The increase cost of longevity in FY 96 will be less than \$ 1.0M.

The longevity pay has not been increased since it was implemented in 1975. Now is a good time to do it.

Amendments to House Bill No. 198
Third Reading Copy

Requested by Rep. Vicki Cocchiarella

Prepared by Sheri S. Heffelfinger
March 29, 1993

1. Title, line 7.

Following: "1995;"

Insert: "REVISING THE LONGEVITY ALLOWANCE;"

2. Title, line 8.

Strike: "AND"

3. Title, line 9.

Following: "2-18-303,"

Insert: "2-18-304,"

4. Title, line 10.

Following: "MCA"

Insert: "; AND PROVIDING EFFECTIVE DATES"

5. Page 9.

Following: line 8

Insert:

"Section 3. Section 2-18-304, MCA, is amended to read:

"2-18-304. Longevity allowance. (1) (a) In addition to the compensation provided for in 2-18-312, 2-18-313, 2-18-314, or 2-18-315, each employee who has completed 5 at least 3 years of uninterrupted state service ~~shall must~~ receive, beginning the first full pay period in July 1994, the greater of:

~~(i) \$10 a month; or~~

~~(ii) 9/10 of 1% of the employee's base salary~~ 25 cents an hour multiplied by the number of completed, contiguous ~~5-year~~ 3-year periods of uninterrupted state service.

(b) Service to the state is not interrupted by authorized leaves of absence.

(2) (a) For the purpose of determining years of service under this section, an employee must be credited with 1 year of service for each period of:

(i) 2,080 hours of service following ~~his~~ the employee's date of employment; an employee must be credited with 80 hours of service for each biweekly pay period in which ~~he~~ the employee is in a pay status or on an authorized leave of absence without pay, regardless of the number of hours of service in the pay period; or

(ii) 12 uninterrupted calendar months following ~~his~~ the employee's date of employment in which ~~he~~ the employee was in a pay status or on an authorized leave of absence without pay, regardless of the number of hours of service in any one month. An employee of a school at a state institution or the university system must be credited with 1 year of service if ~~he~~ the employee is employed for an entire academic year.

(b) State agencies, other than the university system and a school at a state institution, shall use the method provided in subsection (2)(a)(i) to calculate years of service under this section."

Renumber: subsequent sections

EXHIBIT #10
DATE 4-3-93
HB-198

6. Page 30.

Following: line 15

Insert:

"NEW SECTION. Section 12. {standard} Effective dates. (1) [Sections 1, 2, and 4 through 11 and this section] are effective July 1, 1993.

(2) [Section 3] is effective July 1, 1994.

This amendment would require the following addition to the appropriation:

FY 95

General Fund 7.196M*

Other Funds 4.992M **

* Includes 2.7M for faculty and staff of Montana University System

**Includes .3M for faculty and staff of Montana University System

JIM McGARVEY
President
SENATE FINANCE AND CLAIMS

EXHIBIT NO. 11
DATE 4/3/93

TESTIMONY OF DR. MICHAEL DAHLEM IN SUPPORT OF AMENDMENTS *HB 198*
TO HB 198 PRESENTED TO SENATE FINANCE AND CLAIMS COMMITTEE
ON APRIL 3, 1993

Madame Chair 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 amendments to HB 198.

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.

The members of the Montana Public Employees Association and the Montana Federation of State Employees/Montana Federation of Teachers will accept a freeze on the state employee pay plan if the Legislature will amend Section 2-18-304, MCA to increase longevity pay to 25 cents for every three years of service beginning on July 1, 1994. We also request that you appropriate a sufficient sum of money to provide the same benefit to university faculty not currently covered by this statute. An additional general fund appropriation of \$7.2 million would provide a modest increase in the second year of the biennium while helping to address a serious pay inequity problem.

In administrative agencies, the adoption of Pay Plan Rule 1809 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. A similar problem exists within our university system where many junior faculty members earn substantially more than senior faculty at the same or higher ranks.

THIS AMENDMENT WILL IMPROVE THE MONTANA ECONOMY

Currently, the State of Montana receives a significant portion of its personnel budget from the federal government. Consequently, much of the cost of this amendment would be borne by non-general fund sources, including federal funds. 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. 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. An increase in longevity pay 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 our 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 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.

In conclusion, we ask you to seriously consider the consequences of your actions before voting on HB 198. 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

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 12

DATE 4/3/93

BILL NO. SB 198

STATEMENT OF INTENT

It is the intent of the legislature that university system faculty receive longevity pay in accordance with the formula provided in Section 2-18-304, MCA.



The University of
Montana

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 13

DATE 4/3/93

BILL NO. 1898

Office of the President
The University of Montana
Missoula, Montana 59812-1291

(406) 243-2311, FAX (406) 243-2797

President Dennison
statement

2 April 1993

TO: Senator Judy Jacobson, Chair, Finance and Claims
Committee, Senate of the State of Montana

FROM: *G. M. Dennison*
G. M. Dennison, President, The University of Montana

SUBJECT: Pay Plan for State Employees

I urge the Committee to do all possible to recognize the quality and dedication of State employees in the adoption of a Pay Plan. We in higher education understand the difficult decisions that members of the Legislature must make, and we appreciate the need for sacrifice. I must assure you that the faculty and staff of the Montana University System, including those at The University of Montana, have demonstrated a willingness to go the extra mile in order to provide services to the increasing numbers of students who have come to the campuses in search of education. They have done so in large measure because of their dedication and commitment and in the belief that the State will respond when conditions change.

As you may know, we assigned highest priority to salary increases in our budget request to the Legislature. We did so because we wanted to accord appropriate recognition to the scope and quality of the services provided by the faculty and staff. In view of the decisions you have had to make concerning our request, we understand that the budget restrictions for the coming biennium may require something other than the Pay Plan warranted by the performance of the State employees. Even so, I hope that you will find it possible to fund the insurance increases fully, and to provide some recognition of longevity of service.

Thank you for the opportunity to comment.

**MONTANA
STATE
UNIVERSITY**

1893 • CENTENNIAL • 1993

Office of the President103 Montana Hall
Montana State University
Bozeman, Montana 59717Telephone 406-994-2341
FAX 406-994-1893

April 2, 1993

SENATE FINANCE AND CLAIMSEXHIBIT NO. 14DATE 4/3/93BILL NO. HB 198Senator Judy Jacobson
Capitol Station
Helena, MT 59601

Dear Senator Jacobson:

I am writing to support the efforts of Montana's State employees to enhance the provisions of House Bill 198 in order that they might see some pay increase in the coming biennium. I would remind the committee, however, that heavy reliance on student tuition to fund portions of the pay plan merely transfers the State's obligation to students in the university system. We urge you to keep tuition reliance to a minimum. Also, please remember that the Agricultural Experiment Station and Extension Service receives no money at all from tuition. Therefore, we would ask that any additions in general fund to House Bill 198 fully fund the needs of these agencies.

In closing, I am most supportive of the efforts of State employees and urge your consideration of their needs.

Sincerely,

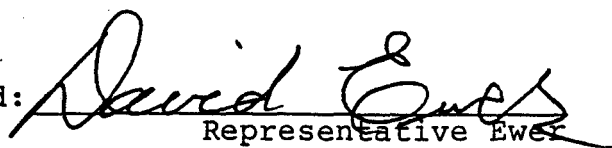
*Michael Malone*Michael Malone
President

MM/si

mmjacobson.402

HOUSE COMMITTEE OF THE WHOLE AMENDMENT
House Bill 198
Representative EwerMarch 22, 1993 5:30 pm
Page 1 of 1

Mr. Chairman: I move to amend House Bill 198 (second reading copy -- yellow).

Signed: 
Representative Ewer

And, that such amendments to House Bill 198 read as follows:

1. Title, line 8.

Following: ";

Strike: "AND"

Insert: "PROVIDING LIMITED SEVERANCE PAY TO STATE EMPLOYEES
TERMINATED UNDER CERTAIN CONDITIONS;"

2. Title, line 10.

Following: "2-18-315,"

Insert: "2-18-622,"

Following: "MCA"

Insert: "; AND PROVIDING A TERMINATION DATE"

3. Page 26.

Following: line 11

Insert: "Section 8. Section 2-18-622, MCA, is amended to read:

"2-18-622. Reduction in force -- severance pay and retraining allowance ~~required~~. (1) If a reduction in force is necessary, the state ~~may~~ shall provide severance pay, as provided in subsection (2), and ~~may~~ provide a retraining allowance. Within a collective bargaining unit, severance pay and the retraining allowance are negotiable subjects under 39-31-305.

(2) A state employee whose employment is terminated because of a reduction in force is entitled to 1 week of severance pay for each year the employee has been employed by the state, not to exceed a total of 2 weeks of severance pay. Payment of the severance pay is to be made in a lump sum to the employee on the employee's termination date."

Renumber: subsequent sections

4. Page 30.

Following: line 12

Insert: "NEW SECTION. Section 12. Termination. [Section 8]
terminates July 1, 1995."

-END-

ADOPT

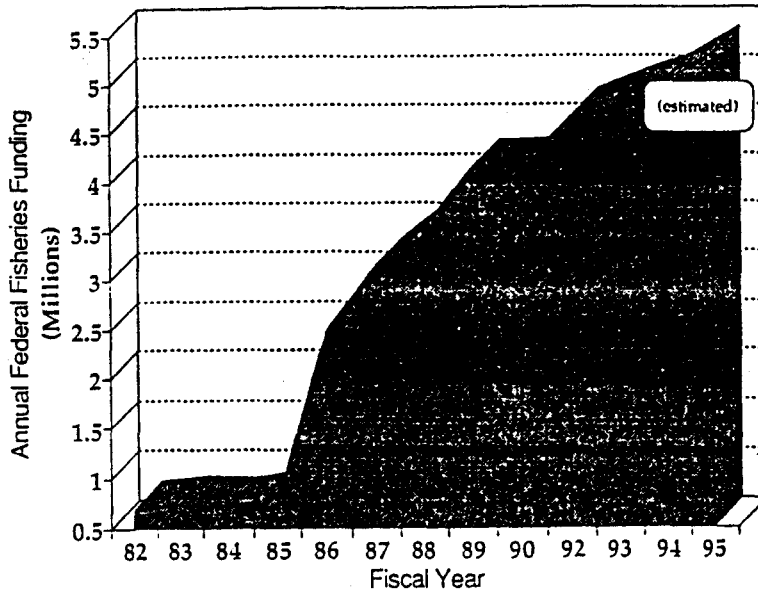
REJECT

HB 198.2
641730CW.Hss

MONEY

DJ PAYMENTS TO MONTANA

HB 655



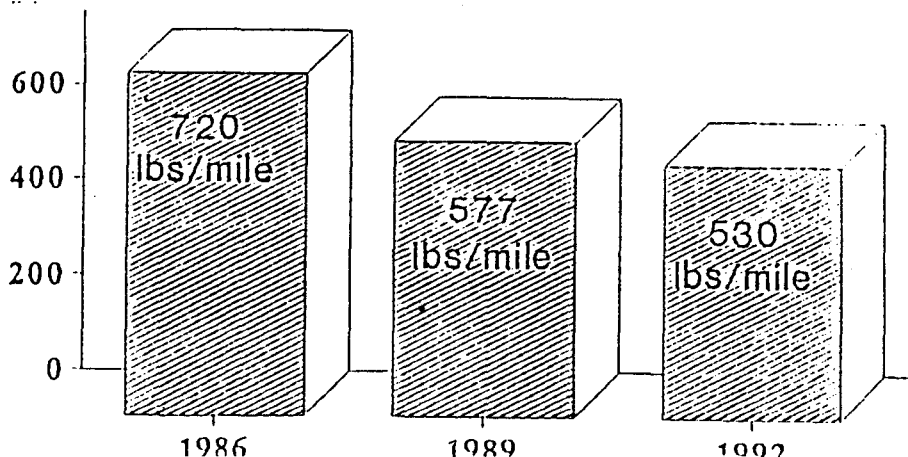
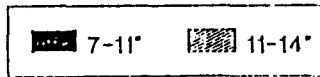
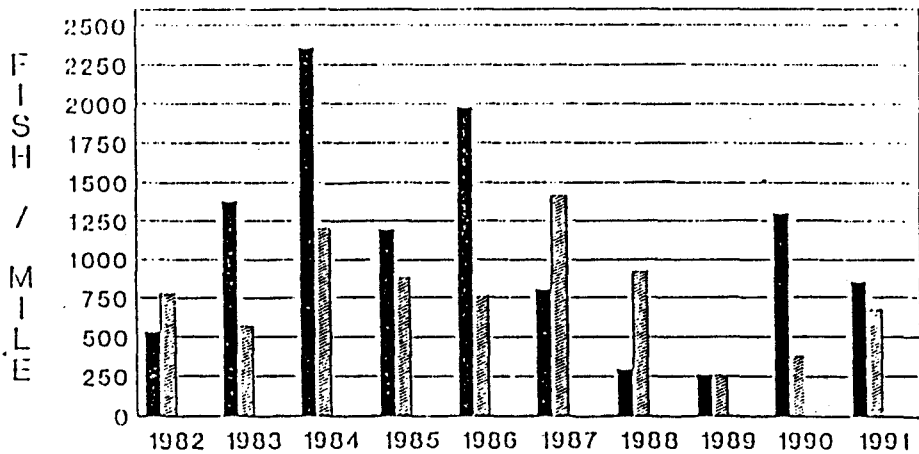
SENATE FINANCE AND CLAIMS

EXHIBIT NO. 16

DATE 4/3/93

BILL NO. HB 655

MISSOURI RIVER RAINBOW TROUT CRAIG SECTION



RESULTS

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 17

DATE 4/3/93

BILL NO. HB 642

HB 642
April 3, 1993

Testimony presented by Pat Graham, Dept. of Fish, Wildlife & Parks
before the Senate Fish & Game Committee

Montana's 42 state parks offer our citizens and guests a sense of our rich history and culture. Our parks provide places of learning opportunity for personal renewal and revitalization.

Outdoor recreation helps us accomplish personal goals of fun, fitness, family togetherness, and appreciation of nature.

Perhaps we take these treasures for granted, assuming they will always be there, not recognizing that the maintenance and preservation of these sites depends on each of us.

We are facing a deterioration of our park resources, and of the recreational and historical infrastructure.

Deferred maintenance and lack of care for our parks and irreplaceable historic and cultural resources is robbing future Montana generations of this heritage. Also, in many cases, we are unable to meet human health, safety and American Disabilities Act requirements.

Our state parks are also an opportunity to invest in our economic future. Currently 40 to 50 percent of our visitors are nonresidents, coming from all 50 states and several foreign

countries. University of Montana studies have shown that for every dollar invested in State Parks, \$10 are returned to Montana's economy. Even in a deteriorated condition, Montana state parks contribute more than \$50 million dollars to the state's economy. There is no doubt a park system worthy of this great state would contribute millions more.

Increased visitation to state parks in the face of declining revenues has contributed to our problem. Since 1988, nonresident tourism to state parks has increased 10 percent while resident visitation has increased an amazing 42 percent, even with the addition of a user pay system in 1989.

The Parks Division has done a great deal to reduce our operating costs by using volunteers, raising private funds, seeking outside grants, entering into partnership agreements with local communities and federal agencies, and other efficiency measures. Despite this, we face a shortfall in operating revenues due to declining interest rates, increased demand, expenditures of one-time accounts and legislative action.

The revenue in this bill will fill that funding shortfall and allow us to maintain our current level of park maintenance and service. If the account continues to grow, money would be available to help offset some inflationary costs in the future.

HB 642 would provide an important part of the revenue needed to meet the operational and maintenance stewardship obligations of our state parks and historic sites. Therefore, we support HB 642 and urge its passage.

EXHIBIT #17
DATE 4-3-93
FILE HB-642

Rich Day
testimony

HB685
Hearing April 2, 1993
Senate Finance & Claims

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 18

DATE 4/3/93

BILL NO. HB685

Intro Self to committee

Appreciate opportunity, in this capacity
to address this committee

The issues we will discuss are very real
impact all of us

HB685 Bill designed to make statutory changes
necessary to support budget reductions and new directions
Few preliminary points-

The Budget Committee by leg About 20 mil below executive recommendat

Many issues interrelated

Delicately balance approach that uses
progressive solutions, requires cooperat

Recognizes that the state cannot be all
things to all people but must prioritize
and provide a safety net protect public
& those in need of services

Is based in some hard lessons

including the closure of Galen acute care
nursing home ^{services} which has bought home the
need to carefully evaluate brick & mortar
institutional solutions before we stick
the shovel in the ground.

Although difficult, this legislation
and budget provides a consist community
based approach that can succeed.

In summary the bill- Provides method to
Cap the Parole & Probation system

2. based on available manpower- ensuring
adequate management of offenders

1. Directs 2 cent cig tax to veterans
homes and development of benefits
program in home health & nursing care

3. Eliminates Swan River Forest Camp

4. Authority charge inmates medical
& board and room

5. Responsible coordination Services
children severe emotional distb
along with other mental health respon

6. Provides authority cap State Hospital
population via admin rules designed
manage population

7. Directly establishes & defines CD program removes statutory location allows program relocate to ST. James East
8. Maintains WCC in temporary location 94-95
9. Provides authority ^{Renew w/in CCA} to add good time make inmate eligible parole or discharge to manage prison populations in event exceed design capacity
Proximity parole/discharge behavior, attitude, Crim History
10. Flexibility expending funds & coordination HB 2 & 46

CONSERVATIVELY THIS LEGISLATION EQUALS or supports about 7.8 Million Dollars ^{operating} reductions

Noted been developing with the depts. legisl package in mind.

Amendments committee consider ^{imp the bill} ***** unable get to council review prior impt to be available committee review

REQUEST COMMITTEES SUPPORT ALSO EMPHASIZE IF FAILS OR PORTIONS FAIL THE COMMITTEE PROVIDE THE NECESSARY FUNDING

Thank you
Available for question

*7.8 mil used in w
5 mil increase to
100% prison care*

Share few facts + (A)

Noteworthy Quote (B)

American Bar Assoc.

*National Council (C)
on Crime & Delinquency*

*From Keith Day
Dept. of Corrections*

AMENDMENTS TO HB 685
REVISING CORRECTIONS AND HUMAN SERVICES TO
IMPLEMENT SPENDING REDUCTIONS

SENATE FINANCE AND CLAIMS

EXHIBIT NO.

DATE

BILL NO.

Proposed Amendment:

1. Title, page 1, line 8.
Following: "in veteran's programs;"
Insert: "PROVIDING A DEFENDANT WHO MAY BE SENTENCED TO A COUNTY JAIL OR PRISON SENTENCE MAY BE COMMITTED TO THE DEPARTMENT FOR PLACEMENT IN AN APPROPRIATE INSTITUTION OR PROGRAM;"
2. Title, page 1, line 24.
Following: "41-5-206"
Insert: "46-18-201,"
3. Page 7, line 20.
Following: line 19
Insert: Section 3. Section 46-18-201, MCA, is amended to read:

"46-18-201. Sentences that may be imposed. (1) Whenever a person has been found guilty of an offense upon a verdict or a plea of guilty, the court may:

(a) defer imposition of sentence, except as provided in 61-8-714 and 61-8-722 for sentences for driving under the influence of alcohol or drugs, for a period, except as otherwise provided, not exceeding 1 year for any misdemeanor or for a period not exceeding 3 years for any felony. The sentencing judge may impose upon the defendant any reasonable restrictions or conditions during the period of the deferred imposition. Reasonable restrictions or conditions may include:

- (i) jail base release;
 - (ii) jail time not exceeding 180 days;
 - (iii) conditions for probation;
 - (iv) restitution;
 - (v) payment of the costs of confinement;
 - (vi) payment of a fine as provided in 46-18-231;
 - (vii) payment of costs as provided in 46-18-232 and 46-18-233;
 - (viii) payment of costs of court-appointed counsel as provided in 46-8-113;
 - (ix) with the approval of the facility or program, order the offender to be placed in a community corrections facility or program as provided in 53-30-321;
 - (x) community service;
 - (xi) home arrest as provided in Title 46, chapter 18, part 10;
 - (xii) any other reasonable conditions considered necessary for rehabilitation or for the protection of society; or
 - (xiii) any combination of the above.
- (b) suspend execution of sentence up to the maximum sentence allowed for each particular offense. The sentencing

judge may impose on the defendant any reasonable restrictions or conditions during the period of suspended sentence. Reasonable restrictions or conditions may include any of those listed in subsection (1)(a).

(c) impose a fine as provided by law for the offense;

(d) require payment of costs as provided in 46-18-232 or payment of costs of court-appointed counsel as provided in 46-8-113;

(e) impose a county jail or state prison sentence, as provided in Title 45, for the offense or commit the defendant to a the department of corrections and human services for placement in an appropriate correctional institution, with or without a fine as provided by law for the offense or program;

(f) with the approval of the facility or program, order the offender to be placed in a community corrections facility or program as provided in 53-30-321;

(g) impose any combination of subsections (1)(b) through (1)(f).

(2) If a financial obligation is imposed as a condition under subsection (1)(a), sentence may be deferred for a period not exceeding 2 years for a misdemeanor or for a period not exceeding 6 years for a felony, regardless of whether any other conditions are imposed.

(3) If any restrictions or conditions imposed under subsection (1)(a) or (1)(b) are violated, the court shall consider any elapsed time and either expressly allow part or all of it as a credit against the sentence or reject all or part as a credit and state its reasons in the order. Credit, however, must be allowed for jail or home arrest time already served.

(4) Except as provided in 45-9-202 and 46-18-222, the imposition or execution of the first 2 years of a sentence of imprisonment imposed under the following sections may not be deferred or suspended: 45-5-103, 45-5-202(3) relating to aggravated assault, 45-5-302(2), 45-5-303(2), 45-5-401(2), 45-5-502(3), 45-5-503(2) and (3), 45-9-101(2), (3), and (5)(d), 45-9-102(4), and 45-9-103(2).

(5) Except as provided in 46-18-222, the imposition or execution of the first 10 years of a sentence of imprisonment imposed under 45-5-102 may not be deferred or suspended.

(6) Except as provided in 46-18-222, imposition of sentence in a felony case may not be deferred in the case of a defendant who has been convicted of a felony on a prior occasion, whether or not the sentence was imposed, imposition of the sentence was deferred, or execution of the sentence was suspended.

(7) If the victim was less than 16 years old, the imposition or execution of the first 30 days of a sentence of imprisonment imposed under 45-5-503, 45-5-504, 45-5-505, or 45-5-507 may not be deferred or suspended. Section 46-18-222 does not apply to the first 30 days of the imprisonment.

(8) In imposing a sentence on a defendant convicted of a sexual offense as defined in 46-23-502, the court may not waive the registration requirement provided in 46-18-254, 46-18-255, and Title 46, chapter 23, part 5.

(9) A person convicted of a sexual offense, as defined in

46-23-502, and sentenced to imprisonment in the state prison shall enroll in the educational phase of the prison's sexual offender program.

(10) In sentencing a nonviolent felony offender, the court shall first consider alternatives to imprisonment of the offender in the state prison, including placement of the offender in a community corrections facility or program. In considering alternatives to imprisonment, the court shall examine the sentencing criteria contained in 46-18-225. If the offender is subsequently sentenced to the state prison or a women's correctional facility, the court shall state its reasons why alternatives to imprisonment were not selected, based on the criteria contained in 46-18-225."

Renumber: subsequent sections

EXHIBIT #19
DATE 4-3-93
HB-1685

*From Dept of
Corrections*

AMENDMENTS TO HB 685
REVISING CORRECTIONS AND HUMAN SERVICES TO
IMPLEMENT SPENDING REDUCTIONS

Proposed Amendment:

1. Title, page 1, line 24.
Following: "46-23-1021,"
Insert: "52-5-111"
2. Title, page 2, line 3.
Following: "52-5-104,"
Strike: "52-5-111"
3. Page 7, line 8.
Following: ~~"52-5-111"~~
Insert: "UNDER THE PROCEDURES OF 52-5-111"
4. Page 11.
Following line 24
Insert: Section 6. Section 52-5-111 is amended to read:

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 20

DATE 4/3/93

BILL NO. HB 685

"52-5-111. Commutation of sentence to state prison and transfer of prisoner to youth correctional facility ~~or Swan River forest camp.~~ (1) Upon the application of a person under 19 years of age who has been sentenced to the state prison or upon the application of ~~his~~ the youth's parents or guardian, the governor may, after consulting with the department of corrections and human services and the department of family services and with the approval of the board of pardons, commute the sentence by committing such person who may benefit from programs offered at a youth correctional facility to the department of family services until ~~he~~ the youth is 19 years of age or until sooner placed or discharged.

(2) If such person's behavior after being committed to the department of family services indicates that ~~he~~ the youth is not a proper person to reside at one of the youth correctional facilities, the governor, after consulting with the department of corrections and human services and the department of family services and with the approval of the board of pardons, may revoke the commutation and return ~~him~~ the youth to the state prison to serve out ~~his~~ the youth's unexpired term, and the time spent by ~~him~~ the youth at one of the youth correctional facilities or while a refugee from one of the youth correctional facilities shall not be considered as a part of ~~his~~ the youth's original sentence.

(3) Upon recommendation of the warden and with the approval of the department of corrections and human services and the department of family services, a person under 19 years of age who has been sentenced to the state prison and can benefit from programs offered at a youth correctional facility may be transferred to any youth correctional facility under the jurisdiction and control of the department of family services.

~~(4) Upon recommendation of the warden and approval of a person sentenced to the state prison or application of a person sentenced to the state prison and approval of the warden and with the approval of the department of corrections and human services, such person sentenced to the state prison who is 25 years of age or younger may be transferred to the Swan River forest camp. Prior to departmental approval of the transfer, the person must undergo an evaluation by the department to determine his suitability for transfer to the camp. The results of the evaluation must include a finding that a minimum security facility is an appropriate placement for such person or the transfer shall be denied. If the person is transferred, he shall be under the supervision and control of the facility to which he is transferred.~~

~~(5)~~ (4) If such person's behavior after transfer to a youth correctional facility ~~or the Swan River forest camp~~ indicates ~~he~~ the youth might be released on parole or ~~his~~ the youth's sentence be commuted and he be discharged from custody, the superintendent of such facility, with the approval of the department of corrections and human services and the

~~department of family services in the case of a youth correctional facility or with the approval of the department of corrections and human services in the case of the Swan River forest camp,~~ may make an appropriate recommendation to the board of pardons and the governor, who may in their discretion parole such person or commute his the youth's sentence.

~~(6) (5)~~ If such person's behavior after transfer to a youth correctional facility ~~or the Swan River forest camp~~ indicates he the youth is not a proper person to reside in such facility, upon recommendation of the superintendent and with the approval of the department of corrections and human services and the department of family services ~~in the case of a youth correctional facility or with the approval of the department of corrections and human services in the case of the Swan River forest camp,~~ such person the youth shall be returned to the state prison to serve out his or her unexpired term."

Renumber: subsequent sections

5. Page 24, line 6.
Following: "52-5-104,"
Strike: "52-5-111"
6. Page 2, line 24.
Following: "hospital"
Insert: ", public and individual safety, discharge planning and available community resources. The department is directed to involve consumers, family members of consumers, mental health advocates, mental health providers, law enforcement and other government officials in the development of the administrative rules authorized by this section."
7. Page 20, line 3.
Following: "facilities"
Insert: ", public and individual safety, discharge planning and available community resources."
8. Page 2, line 3.
Strike: "46-23-204,"
9. Page 24, line 5.
Following: "~~10-2-416,~~"
Strike: "46-23-204,"

Amendments to House Bill No. HB 685
Third Reading Copy

Prepared by Pat Melby for Rivendell
April 3, 1993

1. Title, line 23.

Following: ";

Insert: "ELIMINATING THE CONDITIONS ATTACHED TO THE SALE OF THE MONTANA YOUTH TREATMENT CENTER;"

2. Title, page 2, line 4.

Following: "MCA"

Insert: ", AND SECTION 5, CHAPTER 14, SPECIAL LAWS OF JUNE, 1986"

3. Page 24, line 4.

Following: line 3.

Insert: "New Section. Section 15. Elimination of conditions attached to sale of Montana youth treatment center. The board of land commissioners shall conform the sale contract of the Montana youth treatment center and remove any encumbrances on the title of the facility to reflect the elimination of the conditions contained in section 5, chapter 14, special laws of June, 1986, attached to the sale of the Montana youth treatment center."

4. Renumber: subsequent sections.

5. Page 24, line 6.

Following: "MCA"

Insert: ", and section 5, chapter 14, special laws of June, 1986"

*Willie Day
offered*

SENATE FINANCE AND CLAIMS
EXHIBIT NO. 22
DATE 4/3/93
BILL NO. LB 685

AMENDMENTS TO HB 685
REVISING CORRECTIONS AND HUMAN SERVICES TO
IMPLEMENT SPENDING REDUCTIONS

Proposed Amendment:

1. Title, page 1, line 23.
Following: "SECTIONS"
Insert: "10-2-416,"
2. Page 1, line 25.
Following: "53-1-202,"
Insert: "53-1-402,"
4. Page 3.
Following: line 12.
Insert: Section 2. Section 10-2-416, MCA, is amended to read:

"10-2-416. Pledge to continue operation and maintenance.
Pursuant to 38 U.S.C. 641 and 5035(a)(6), the state shall appropriate funds either from the general fund or funds generated by 16-11-119 to the department of corrections and human services financial support necessary to provide for continued operation and maintenance of the project upon completion. The department of corrections and human services may contract with a private vendor to provide for the operation of the eastern Montana veterans' home and may charge the contract vendor a rental fee for the maintenance and upkeep of the facility."

5. Page 14.
Following: line 13.
Insert: Section 8. Section 53-1-402, MCA, is amended to read:

"53-1-402. Residents subject to per diem and ancillary charges. The department shall assess and collect per diem and ancillary charges for care of residents in the following institutions:

- (1) Montana state hospital;
- (2) Montana developmental center;
- (3) Montana veterans' home;
- (4) eastern Montana veterans' home;
- (5) Montana center for the aged;
- (6) Eastmont human services center.

This section shall not apply to the eastern Montana veterans' home if the department contracts with a private vendor to operate the facility as specified in 10-2-416.

Renumber: subsequent sections

Amendments to House Bill No. 685
Third Reading Copy

Requested by Senator Bartlett
For the Committee on Finance and Claims

Prepared by Greg Petesch
April 3, 1993

SENATE FINANCE AND CLAIMS
EXHIBIT NO. 23
DATE 4/3/93
BILL NO. HB 685

1. Page 21, line 12.

Strike: "The"

Insert: "After construction, the"

2. Page 21, lines 16 through 19.

Following: "." on line 16

Strike: remainder of line 16 through "." on line 19

Amendment to House Bill 529
Third Reading Copy (Blue)

Prepared by Department of Justice
April 1, 1993

1. Page 2, line 22.
Strike: "\$25,000"
Insert: "\$50,000"

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 24

DATE 4/3/93

BILL NO. HB 529

FACT SHEET
House Bill 529
Prepared by Department of Justice
April 1, 1993

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 25

DATE 4/3/93

BILL NO. HB 529

Purpose: HB529 would allow the Department of Justice to use unappropriated driver's license reinstatement fees to replace and maintain equipment used by law enforcement agencies statewide to analyze breath for the presence of alcohol.

Background: Since 1984, the Department of Justice, using no-longer-available federal funds, has purchased and maintained 75 "breathalyzer" instruments. These 75 instruments, with the exception of a few owned and operated by federal agencies, constitute virtually all of the instruments located within the state.

The instruments are critical to an effective DUI enforcement program as they provide local prosecutors with the alcohol concentration information necessary to make charging decisions and obtain DUI convictions.

Through the state crime lab, the Department currently:

- * approves specific instrument models for use
- * provides statewide operator training and certification
- * maintains instruments according to established standards
- * provides expert court testimony regarding the operation and accuracy of the instruments.

Problem: The instruments have a life span of approximately 8-10 years. Most were purchased in 1984 and are in need of replacement. The cost of a new approved instrument is approximately \$7,000 to \$8,000.

If state funds are not available to purchase and maintain the instruments, many small local government entities will be expected to absorb these costs. If they are unable to do so, the number of functioning machines would be greatly reduced, negatively impacting Montana DUI enforcement.

Solution: Montana law requires that \$50 of the fee paid to reinstate a driver's license following suspension or revocation be used to fund county drinking and driving prevention programs (known as DUI task forces). It is expected that approximately \$300,000 per year will be raised for this purpose from the payment of these fees. Because only 18 county DUI task forces now exist, approximately \$90,000 is expected to remain unappropriated each of the next two years. HB529 would allow the Department of Justice to use some remaining funds to replace and maintain the breathalyzer instruments.

House Action on the Bill: In its original form, the bill appropriated to the Department all monies remaining after allocation to the county task forces, amounting to approximately \$90,000 per year. The House Appropriations Committee reduced that to \$25,000 per year and the House passed the bill 85-14.

Need for Amendment: The Department is proposing to increase the cap to \$50,000. While this is just over half the amount originally intended, it would greatly enhance the Department's ability to establish a reasonable rotation schedule for replacing the instruments.

Replacement of all the aging instruments at once would cost in excess of \$500,000. With \$25,000 per year, the Department could replace three instruments per year. At that rate, it would take 25 years to replace all 75 instruments. Since most are already nine years old, some will be 34 years old before they can be replaced.

With \$50,000 per year, the Department could establish a 12-1/2 year replacement rotation schedule. Added maintenance can increase the life expectancy of the instruments to 10-12 years. Although some instruments will be 21 years old before they are replaced, a solid rotation schedule such as this would continue to provide good service to the DUI enforcement program.

DATE April 3, 1993

SENATE COMMITTEE ON Finance and Claims

BILLS BEING HEARD TODAY: HB's 522, 517, 198, 652, 642, 563, 529, 655, 11, 685

Name	Representing	Bill No.	Check One Support Oppose
Violet I Kelley		HB 517	X
Eunice Connolly	AFSCME 1620	HB 517	X
Blanca Johnson	AFSCME 1620	HB 517	X
Steve Meredith		HB 11	X
Scott Buswell	Office of Public Inst	HB-11	X
Albert G. G. G.	High Traffic Safety	HB 529	X
Tom Schneider	MPHA	HB 517	X
Tom Schneider	MPHA	HB 522	X
Tom Schneider	MPHA	HB 198	Amend-
Barbara Rant	U.S. WEST	HB 11	X
Beth Baker	Dept of Justice	HB 529 HB 685 HB 642	X Amend X
Janet Ellis	MT Anderson Leg Fund		
Arnold Silverman	MT OFWP	HB 642	✓
Arnold Silverman	W of MT / UTH	517	✓
Arnold Silverman	W of MT / UTH	198	✓
Al WIPPERMAN	SELF	HB 517	✓

George Wiperman VISITOR REGISTER 517 ✓

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY

DATE April 3, 1993

SENATE COMMITTEE ON Finance and Claims

BILLS BEING HEARD TODAY: _____

Name	Representing	Bill No.	Check One	Support	Oppose
GEORGE OCHENSKI	MT. STATE PARKS FOUNDATION ACTION FND	HB 642	<input checked="" type="checkbox"/>		
GEORGE OCHENSKI	SELF	HB 655	<input checked="" type="checkbox"/>		
Don Allen	MT. Wood Products Assoc	HB 652	<input checked="" type="checkbox"/>		
Bob Anderson	DLZ	522			
Dick Barrett	Mont Fed Teachers	517			
David Henner	Helena Chamber				
David Ewenston	U-System	517/522	<input checked="" type="checkbox"/>		
Steve Bartlett	SD 23	517	<input checked="" type="checkbox"/>		
Michael R. Bloom	Montana Chiefs of Police	HB 529	<input checked="" type="checkbox"/>		
Terry Munro	MT Fed State Empl	HB 517 HB 522	<input checked="" type="checkbox"/>		
George Hagaman	AFSCME	HB 522	<input checked="" type="checkbox"/>		
Steve Bartlett	SD 23	HB 522	<input checked="" type="checkbox"/>		
Scott St. Arnault	AFSCME	HB 522	<input checked="" type="checkbox"/>		
Scott St. Arnault	AFSCME	HB 517	<input checked="" type="checkbox"/>		
Scott St. Arnault	AFSCME	HB 198	<input checked="" type="checkbox"/>		
Lu Terry	Univ of Montana	HB 198	<input checked="" type="checkbox"/>		

VISITOR REGISTER

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DATE April 3, 1993

SENATE COMMITTEE ON Finance & Claims

BILLS BEING HEARD TODAY: _____

Name	Representing	Bill No.	Check One	
			Support	Oppose
John Seidlender	Assoc MT Ret P & E	522	X	
Patty Anderson	Pres. MPFA	517	X	
Ann Dale	self	198	✓	
Mike Dahlen	MFSE	amend 198	✓	
Steve Johnson	State Dept. of Admin.	198	✓	
Pat Melby	Rivendell	685	✓	
Staci Riley	MFT / MFSE	198	✓	
Dick Barnett	UTU	198		
Alice Auch				
Sheila Barnett	SD 23	198	as amended	
Jennifer Massman	public / self	198	as amended	
Stuart Daggett	MT Inkkeepers	HB 642	✓	
J. Shante	MIWPM	685		
K. Colbo	Tourism	642	✓	
HARLEN WARNER	ASSOC. OF CHURCHES	HB 685	X	

VISITOR REGISTER

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DATE 4/3/93

SENATE COMMITTEE ON Finance & Claims

BILLS BEING HEARD TODAY: _____

Name

Representing

Bill
No.

Check One

Support Oppose

[illegible]

VISITOR REGISTER

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