

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 54th LEGISLATURE - REGULAR SESSION

COMMITTEE ON APPROPRIATIONS

Call to Order: By **CHAIRMAN TOM ZOOK**, on January 18, 1995, at
3 p.m.

ROLL CALL

Members Present:

Rep. Tom Zook, Chairman (R)
Rep. Edward J. "Ed" Grady, Vice Chairman (Majority) (R)
Rep. Joe Quilici, Vice Chairman (Minority) (D)
Rep. Beverly Barnhart (D)
Rep. Ernest Bergsagel (R)
Rep. John Cobb (R)
Rep. Roger Debruycker (R)
Rep. Gary Feland (R)
Rep. Marjorie I. Fisher (R)
Rep. Don Holland (R)
Rep. Royal C. Johnson (R)
Rep. John Johnson (D)
Rep. Mike Kadas (D)
Rep. Betty Lou Kasten (R)
Rep. Matt McCann (D)
Rep. William T. "Red" Menahan (D)
Rep. Steve Vick (R)
Rep. William R. Wiseman (R)

Members Excused: None.

Members Absent: None.

Staff Present: Clayton Schenck, Legislative Fiscal Analyst
Marjorie Peterson, Committee Secretary

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

Committee Business Summary:

Hearing: HB 21, HB 104, HB 116
Executive Action: None.

HEARING ON HB 21Opening Statement by Sponsor:

REP. CAROLYN SQUIRES, HD 68, Missoula, opened the hearing on HB 21, which deals with funding the apprenticeship instruction program with \$280,000 for the 1996-1997 biennium. She stated this was an important bill to all those involved in preparing craftsmen for future employment. These craftsmen are individuals who have chosen to further their education through the apprenticeship program. She stressed the need for skilled workers, such as carpenters, plumbers and electricians. This particular program has had to struggle in the past. If a new corporation moves into the state and seeks skilled employees, those people should be available -- we shouldn't have to hire people from another state to work here. If we are going to spend \$1 million on education at the university system, REP. SQUIRES said she thinks we could give only \$140,000 per biennium for this bill. It is a fair amount.

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Proponents' Testimony:

Jerry Driscoll, Montana Building Construction, reiterated that this request is only \$140,000 per biennium. The money would also be used to support teachers. Our young people in Montana want training in specialized fields and some already have jobs. The program graduates about 90 percent of those enrolled. When someone is a certified apprentice in Montana, other states recognize that certification, too.

Doris Romanisko, Montana Apprenticeship and Training Association, Helena, stated this bill would help apprentice programs defray the costs of instructor wages and would provide correspondence courses for those in smaller employer programs. It would also give instructors the necessary skills to train future workers. She also noted that not all programs were sponsored by the unions. **EXHIBITS 1 AND 2.**

Bruce Morris, Secretary/Treasurer of Montana Carpenters Joint Apprenticeship & Training Trust Fund, Missoula, told the committee that apprenticeship is the oldest form of skilled training since the Babylonian days when they hired teams of people to teach their crafts to the young. The 1941 Legislature passed the first apprenticeship law. He stated that the amount of money requested in this bill is staggering low in relation to the state budget. Currently, there are over 750 registered apprentices in the state, with 51 percent belonging to the union. There are also registered apprentices in 44 of our 56 counties. These workers return far more money in taxes than would be spent under this proposal. **EXHIBIT 3.**

John Gillespie, Bureau of Apprenticeship Training, Department of Labor, stated this program trains highly skilled workers for Montana: bakers, dental assistants, carpenters, plumber assistants to name a few. There are 107 different occupations people are being trained in. He reiterated that these people are Montana's taxpayers who live in both urban and rural areas across the state.

{Tape: 1; Side: A; Approx. Counter: 16.1}

John Monahan, Montana Ironworkers, Great Falls, said this bill was an attempt to replace the funds that were eliminated in 1991 because of changes in the federal Carl Perkins Act. He emphasized that these programs train workers properly and create safer working conditions by reducing accidents and possibly reducing workers' compensation rates. **EXHIBIT 4.**

Cassandra Curriero, representing self, stated she had graduated from an apprenticeship program and supports the bill.

Jerry R. Driscoll, Montana Carpenters Job Apprenticeship Training Program, Helena, stated that apprenticeship training is one of the few methods used to train people for jobs in Montana. Most of them are working when they join the program and this helps to keep them in the state.

Carl Schweitzer, Montana Contractors Association, Helena, remarked that the Montana Contractors Association feels it is very difficult to find people willing to go into construction occupations. They need this program to train people to become craftsmen.

Darrel Holzer, AFL-CIO, Helena, encouraged continued funding for Montana's highly acclaimed apprenticeship training programs. These programs are a benefit to our state, providing top-notch training to all those involved. They are trying to encourage more women to participate. This program is the number one vehicle for our young people to learn crafts with up-to-date safety procedures and construction techniques. **EXHIBIT 5.**

Daniel Powell, Helena, is a first-year apprentice and values the program. He is following in his father's footsteps by joining the program.

{Tape: 1; Side: A; Approx. Counter: 24.3.}

Opponents' Testimony:

Rod Sager, Unemployment Insurance Division, Dept. of Labor and Industry, Helena, said he prefers to be neither a proponent nor an opponent for this bill. He's in favor of the concept, but concerned with the source of funding. From 1980 to 1990,

instruction was funded by OPI with federal Carl Perkins Act funds. Because of fiscal constraints, there were cutbacks in 1991. Last session, Rep. Wanzenried, who sponsored the bill, stated there were problems with the funding sources at that time. This program should be funded by the education system and not with insurance funds. Another bill, introduced by **REP. KASTEN**, will deal with a joint project with the Departments of Revenue and Labor and Industry to combine employers wage reports. Presently, employers register with both these departments and submit separate wage reports. **REP. KASTEN's** bill would introduce a system to combine those reports. That bill would be about \$250,000 and one-half of those funds would come from the Department of Labor. Last year, he stated, his department processed 63,000 initial claims which totaled \$61 million in benefits. **Mr. Sager** reiterated that he likes the bill, but would like the funding source to be changed.

{Tape: 1; Side: A; Approx. Counter: 32.1.}

Questions From Committee Members and Responses:

REP. JOE QUILICI, HD 36, Butte, asked **Mr. Sager** if funds for this program were used for administrative costs. **Mr. Sager** answered that some were used for administration. The federal government gives them \$6 million a year. A good portion of that money goes to the Job Service Division to provide their local offices with unemployment insurance assistance. The present source of funding comes from employers' taxes. If they pay delinquent taxes, the employer has to pay up to 15 percent. Therefore, the money that comes into this fund is paid by the employer. **Mr. Sager** also stated that if someone receives benefits inappropriately and they have to pay them back, the insurance fund helps them. **REP. QUILICI** is concerned that if anyone would oppose this bill, it would be the employer, since it's their money -- and he didn't see any employers here opposing the bill.

REP. MARJORIE FISHER, HD 80, Whitefish, asked **Mr. Sager** if his office were behind on their claims. **Mr. Sager** answered yes, concerning the TRA (trade readjustment assistance) program. This program is for people in the trade business who have lost their jobs through no fault of their own. It is a federal program that pays unemployment and retrains these people for another skill. Most states have automated this program and, consequently, can make more timely payments. Montana does not have this program automated and the work is done manually. **REP. FISHER** questioned that last session the legislature gave his office \$178,000 for an automated system that would be available 7 days a week, 24 hours a day. **Mr. Sager** said those additional appropriations were for a special branch of federal government for their tax system to deal with employers and payments. **CHAIRMAN ZOOK** reminded the committee that **REP. FISHER** was referring to the Department of Revenue's automated system.

REP. JOHN COBB, HD 50, Augusta, asked **Mr. Sager** to check if the amounts included on #4 of the fiscal note could be reduced. They included \$100,000 for UI benefits payment system, \$46,917 for collecting past due taxes and \$14,775 for toll-free phone system.

REP. MIKE KADAS, HD 66, Missoula, also referred to the fiscal note asking if the \$46,917 used for collecting past due taxes would increase revenue. **Mr. Sager** said that the last two bienniums they dedicated about that same amount to pursue inappropriate payments or reports from employers who were delinquent. They had also asked for additional funding in the subcommittee to replace an outdated automated system for their programs.

REP. STEVE VICK, HD 31, Belgrade, asked **REP. SQUIRES** what the total funds spent on the apprenticeship program were. There are five areas that would help to enhance the program: (1) apprenticeship instruction - \$80,000; (2) upgrade training with additional instruction - \$20,000; (3) correspondence course work - \$22,000; (4) instructor training - \$15,000; and (5) administrative fees - \$3,000, totaling \$140,000. **REP. VICK** asked if this is the entire funding for this program. **Doris Romanisko** answered that her program has a budget in excess of \$100,000. The employers provide matching funds that range from 15 to 60 percent. **REP. VICK** then asked what an instructor must do to receive this funding. She answered that OPI sets up a task force that includes an employee representative and a training representative. They write a proposal and it is then reviewed. She also mentioned that if there are 20,000 hours of training in one year and it increases to 25,000 hours the next, the funding could increase. **REP. VICK** was concerned that when journeymen provide apprentice training, the apprentices then become journeymen and they would receive none of this money. **Ms. Romanisko** said that in order to be a registered apprentice in Montana a person must have specific classroom instruction of 144 hours per year. The individual employer who has chosen not to be a part of this joint committee, would have to agree to subsidize their correspondence course work. The apprentice then usually goes to work for them.

REP. ROYAL JOHNSON, HD 10, Billings, asked how the training instructors were certified. **Mr. Driscoll** stated that the apprentices are registered and approved by the Department of Labor's Apprenticeship Bureau. **REP. JOHNSON** asked if he was referring to an apprentice who may try to get the subsidy for this program. **Mr. Driscoll** answered that an employer needs to advertise at the local job service or at places where people are normally hired, then those who want to become apprentices would apply. The employer is responsible for training. The apprentice works for them and goes to school on weekends or evenings. The students need to complete 144 hours for some programs and 200-300 hours for others. There is state tax money available from the Department of Labor and each employee and employer also contribute. Each occupation -- plumbers, sheet metal workers,

carpenters, mechanics -- helps to fund the program; some give about 10¢ an hour.

{Tape: 1; Side: A; Approx. Counter: 52.0.}

Closing by Sponsor:

REP. SQUIRES stated she would like support for this bill and is eager for this apprenticeship instruction program to be funded. She mentioned that not only is it good for the people involved, but it is good for the state of Montana. This would help keep our young people in the state.

{Tape: 1; Side: A; Approx. Counter: 56.8.}

HEARING ON HB 104

Opening Statement by Sponsor:

REP. JOHN COBB, HD 50, Augusta, opened the hearing on HB 104 which deals with the Board of Regents keeping money at the end of the fiscal year for long-term maintenance projects, rather than reverting to the general fund. He told the committee that this bill would save money to be used for higher priority projects and long-term projects, instead of using it up in short amounts for short-term projects.

Proponents' Testimony:

Rod Sunsted, Associate Commissioner for Fiscal Affairs, Montana University System, Helena, agreed with REP. COBB that this is an important bill. He introduced information on several campuses around the state which showed how money had been reverted since 1991. He reiterated that they aren't asking for more money, but just the authority to use their funds in a manner that would be allowed. EXHIBIT 6.

Jim Todd, Vice Chairman Finance, University of Montana, feels that the incentives are appropriate; at the end of a fiscal year, if funds are not spent, they are usually lost by being reverted to the general fund. This bill is a way to utilize funds in a more progressive and professional manner. It permits them to address problems with funds that would not otherwise be available.

Opponents' Testimony:

None.

{Tape: 1; Side: A; Approx. Counter: 61.5.}

Questions From Committee Members and Responses:

REP. ROYAL JOHNSON, HD 10, Billings, told Dr. Todd that he was surprised with the amount of reversions listed in Exhibit 6. In his Education Subcommittee, he has been listening to the university system budget for two days and was not aware that they could identify reversions. (In 1991, the amount was \$150,000 for MSU). Dr. Todd mentioned that some of the reversions are accumulations of various accounts, especially in some of the smaller institutions. In the case of the University of Montana, the reversions were intentional and the result of good management practices.

Closing by Sponsor:

REP. COBB closed by reiterating that this bill would change the way the university system spends smaller amounts of money. Instead of spending these funds on short-term projects they would have the ability to use them for longer-term projects that have higher costs. There is nothing to lose in this bill.

{Tape: 1; Side: A; Approx. Counter: 67.8.}

HEARING ON HB 116

Opening Statement by Sponsor:

REP. JOHN COBB, HD 50, Augusta, opened the hearing on HB 116 by stating that he will offer an amendment to this bill before the committee takes Executive Action. This bill appropriates money to the state fund for workers compensation rates reduction and stabilization. There are three different ways this bill could work: (1) reduce the rates (not preferable); (2) give them \$10 million a year for two years, or (3) give them a flat \$20 million. He conducted a study which showed that they could reduce rates by 10 percent. REP. COBB said that it was likely the rates would go down 3 to 4 percent before the committee has the opportunity to pass the bill. Right now there is a \$6 million surplus. They need \$30 million to reduce rates. Since there is no surplus in their budgets, the problem is they are undercapitalized. They have to keep their rates high to get a surplus. A lump sum of \$20 million would give a rate reduction of 9 percent; \$10 million for each year of the biennium would reduce the rates by 5 percent. Referring to Exhibit 7, REP. COBB noted that with no rate changes, there would be a rate redundancy of 11.80 percent for 1995 and a surplus ratio of 15.8 percent. With a capital contribution of \$10 million, the rate redundancy ratio for 1996 would be 10.16 percent and the surplus ratio would

be 32.5 percent. This would affect 170,000 employees. It would create more jobs and be a better use of funds than if used somewhere else. **EXHIBIT 7.**

{Tape: 1; Side: A; Approx. Counter: 80.0.}

Proponents' Testimony:

REP. RANEY, HD 26, Livingston, agreed with **REP. COBB** that this bill is a good way to create rate reduction and stabilization. He stated that the Governor and **REP. MERCER** suggested we look at all proposals and weigh each one on its own merits, but he feels that most people do not want the surplus returned to the people, they want it spent in different ways. He said he interviewed 200 people last fall, asking them what they would like the surplus money used for. Of those 200, 183 did not want the money back; they wanted to see it spent in the school districts or some other way. He stated that by using that money for workers' compensation, it could be spread out over many categories. This would help to keep businesses and jobs in Montana.

{Tape: 1; Side: A; Approx. Counter: 85.2}

Opponents' Testimony:

George Wood, Executive Secretary, Montana Self Insurers Association, stated that this rate reduction would not affect the 77,000 employees in his association. This proposal only subsidizes the rates with the State Fund. If you have the \$20 million, he would like it paid into the Old Fund liability and benefit all Montana employers and employees. He stated that would substantially reduce the number of years needed to pay that tax. He stated that his association was never in the business of creating a deficit. The \$20 million would only subsidize those in the State Fund and would be a disservice to all Montana employers and employees.

Alec Hansen, League of Cities and Towns and Montana Municipal Insurance Authority, said that this money would be better spent to reduce the personal property tax in the state. There are 30 communities in eastern Montana that haven't seen a property tax decrease in 12 years.

Howard Baily, Montana Schools Group, said he represented 205 school districts and 25,000 school employees. He said if there is money available it should go into the Old Fund liability.

Mary Allen, Coalition for Welfare System Improvement, agreed that if there was extra tax money, it should be used to reduce the Old Fund liability.

Questions From Committee Members and Responses:

None.

Closing by Sponsor:

REP. COBB closed by stating that if the state is going to spend \$20 million, the work comp rates should be reduced. We need to create more jobs in Montana. He reiterated that we aren't subsidizing rates, but capitalizing and putting the money up front. He stressed that we should have done this before now.

ADJOURNMENT

Adjournment: 4:35 p.m.


TOM ZOOK, Chairman


MARJORIE PETERSON, Secretary

TZ/mp

HOUSE OF REPRESENTATIVES

Appropriations

ROLL CALL

DATE 1-18-95

NAME	PRESENT	ABSENT	EXCUSED
Rep. Tom Zook, Chairman	✓		
Rep. Ed Grady, Vice Chairman, Majority	✓		
Rep. Joe Quilici, Vice Chairman, Minority	✓		
Rep. Beverly Barnhart	✓		
Rep. Ernest Bergsagel	✓		
Rep. John Cobb	✓		
Rep. Roger DeBruycker	✓		
Rep. Gary Feland	✓		
Rep. Marj Fisher	✓		
Rep. Don Holland	✓		
Rep. John Johnson	✓		
Rep. Royal Johnson	✓		
Rep. Mike Kadas	✓		
Rep. Betty Lou Kasten	✓		
Rep. Matt McCann	✓		
Rep. Red Menahan	✓		
Rep. Steve Vick	✓		
Rep. Bill Wiseman	✓		

MONTANA APPRENTICESHIP AND TRAINING DIRECTORS ASSOCIATION

P. O. BOX 5165

HELENA MT 59604

Testimony to Senate Committee in support of HB21

The members of the Montana Apprenticeship and Training Directors Association would like to add their support for the funding of HB21 to help apprentice programs defray wages of instructors, provide correspondence courses to apprentices who belong to small employer programs, and to provide instructors with the skills to pass on their knowledge to future workers.

The funding received during the prior bieniums under HB704 and HB129 allowed programs to meet or exceed the training needs of employers from all across the state. Although, the economy is suffering and everyone has tightened their belts, the need for quality training continues to be a focus. And as we reach the Twenty-first Century, the demand for more technically trained and retrained individuals looms, not in the future, but in the present.

It should be noted that not all apprenticeship programs are union-sponsored. This bill will also serve those individual employers who have agreed to train apprentices with job skills. Funding under this bill helps to defray the cost of the apprentices' correspondence courses as part of their related training. Currently, there are approximately 200 such apprentices, primarily from smaller communities in Montana.

With your support of apprenticeship through HB 21, we can meet the needs of today and tomorrow by providing skilled craftworkers for Montana. We ask that you join this existing time-proven partnership by funding HB 21. Further, we invite you to visit the Apprenticeship Awareness Display on Wednesday, January 25th in the Capitol's Rotunda.

Thank you for your time.

Doris Romanisko, Chair

Doris Romanisko
6868 Applegate Drive
Helena MT 59601

Testimony in favor of HB21 Apprenticeship Funding, January 18, 1995.

My name is Doris Romanisko, from Helena, where I work as the Administrator of the Montana Operating Engineers and Associated General Contractors Joint Apprenticeship and Training Trust. I am here to voice my support of House Bill 21 and explain its impact on our training program.

During the past twelve years, I have learned the many facets of apprenticeship and have seen the positive impact that it can have on the participants, their families, and the community. Take the thirty-year old father of four who was on welfare prior to becoming an apprentice mechanic and at the end of his three year apprenticeship, he was earning in excess of \$30,000 as a shop mechanic. The young woman who completed her training as a heavy equipment operator and now has her own construction company. The widowed mother of five who now has a career as a licensed Crane Operator at the refineries in Billings. Or, the apprentice who has returned to college to get her civil engineering degree. All of this training was possible without a hefty tuition and little or no prior experience.

Apprentice programs have served individuals from virtually every county in the state. Often it is the only method of continued education or job training available to many people, especially those who have bumped around for a couple of years trying to make a go of it on minimum wage jobs.

Although in my program's particular case, the majority of funding is secured through the collective bargaining process, we are not closed programs, but rather actively recruit throughout the entire state. During these tough economic times, the need for quality training is more important than ever. Programs need to be able to free up funds so that they can provide additional safety

training, training to handle hazardous materials, purchase new equipment including lasers and computers, as well as maintain its time-proven curriculums.

Our program has streamlined and budget cut in many creative ways, such as utilizing over a million dollars of excess military equipment and supplies. Also, we needed places to train heavy equipment operators so we worked on projects to benefit the community. During the past twelve years, apprentices have built various projects at Canyon Ferry Reservoir that would have cost the State hundreds of thousands of dollars, as well as a bikepath to protect the children of East Helena. This year we plan to build a universal-accessible trail through a joint effort of the National Forest Service.

With me, I have hundreds of applications from individuals from across Montana who think that apprenticeship is worth their time and effort. They are willing to make an investment of three-years time to learn a skill that will make them good-taxpaying residents of Montana. Unfortunately, we are not able to help them all.

Apprenticeship represents the epitome of joint partnership, that of management, labor, government and education. All of these entities share in the success and pride of those individuals who have earned Completion Certificates from the Department of Labor.

Please support this appropriation and continue to support this alternative educational process, that of earning while learning.

EXHIBIT 3
DATE 1-18-95
HB 21

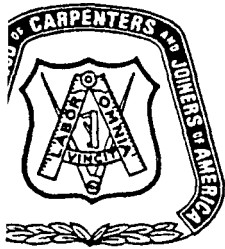
MONTANA CARPENTERS
JOINT APPRENTICESHIP & TRAINING TRUST FUND

~~P.O. BOX 463 MISSOULA, MT 59807~~



POB 8463; MISSOULA, MT 59807: (406) 549-8067

Building Skills for the Future



January 17, 1995

TO: Representative Tom Zook, Chair and Members
House Appropriations Committee, Montana's 54th Legislature

FM: G. Bruce Morris, Secretary/Treasurer

RE: Testimony in support of HB 21

Dear Representative Zook and Members of the Committee:

I am unable to be at the committee hearing on HB 21 today and respectfully request that you consider my written testimony in your deliberations. I support HB 21 and appeal to you to pass this bill. I understand that there is some resistance to using P & I money for this purpose but I hope you will agree that apprenticeship is worth funding at the level HB 21 proposes and help to find a suitable part of the state budget to draw funds from.

HB 21 like its predecessors HB 704 (1991 session) and HB 129 (1993 session) is an Act which will appropriate monies during the next two fiscal years to the Department of Labor and the Office of Public Instruction to fund Apprenticeship and Training Programs. I submit the following facts in support of this bill, for your consideration:

- **BASIS:**
39-6-103 MCA states: "**Responsibilities of state and local boards responsible for vocational education.** Related and supplemental instruction for apprentices, coordination of instruction with job experiences, and the selection and training of teachers and coordinators for such instruction shall be the responsibility of state and local boards responsible for vocational education." N.B. the 'board' referred to is O.P.I. (Office of Public Instruction).
- **FUNDING HISTORY:**
Prior to 1979 O.P.I. distributed both state and federal funds to apprenticeship programs among others. During the 1979 legislative session the state stopped funding apprenticeship and the lost monies were replaced with various federal dollars. Until 1990 these federal dollars came from grants through the Carl Perkins Vocational Education

Act. This act was changed in 1990 to the Carl Perkins Vocational and Applied Technology Act. Major changes resulted in the funding categories within the act. The categories in the previous act that were used to support apprenticeship are no longer available. In 1991 the Montana legislature reaffirmed its support for Apprenticeship and Training Programs by passing HB 704. This bill provided monies which Apprenticeship and Training Programs could apply for and use for related instruction. A dollar for dollar match was required much the same as Perkins but various other requirements were relaxed. This resulted in a broader range of programs within the State of Montana receiving monetary support for apprenticeship and training programs.

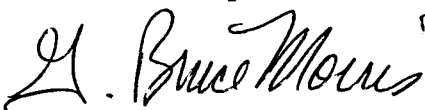
- HB 21 will provide continued funding for Apprenticeship related activities. Apprenticeship is the oldest method of On-The-Job Training. When combined with related classroom instruction Apprenticeship programs are able to train highly skilled workers for jobs that are available in current markets. Apprenticeship allows the untrained worker to receive wages while learning a skill.
- Upgrade Training is an important part of most programs. This type of training allows journey-level workers to learn new skills and procedures as industrial technology changes. This training is generally provided after normal work hours on the workers time.
- Both Apprenticeship and Upgrade Programs are of vital importance to business and industry. Montana business needs well trained productive workers to be able to compete in an ever changing world economy.
- The Department of Labor's Bureau of Apprenticeship and Training, The Office of Public Instruction, and a task force composed of representatives from labor and management (with special interest in apprenticeship and training) developed the following criteria for use of HB704 and HB 129 funds:
 - programs must be jointly administered by a labor/management committee
 - apprentices must be registered with the appropriate State or Federal agency
 - instructors must have successfully completed instructor training
 - funds from the State MUST be matched dollar for dollar

1/18/95 Testimony from G.Bruce Morris on HB 21: page 3

- Each fiscal year 20 or more Apprenticeship programs have been funded for "related instruction". The funds received from the state must be matched on a dollar to dollar basis. This money is used by programs to help pay the salaries of instructors teaching classes off the job site.
- Upgrade programs are funded the same way and are intended to re-train journey-level workers to keep those workers up to par with state-of-the-art changes in their particular industry. Examples of these types of programs include:
 - Hazardous Material Handling Classes (under EPA regulations)
 - Asbestos Removal Training for workers
 - Computer Control Installation classes
 - Safety Training
- HB 21 like HB 704 and HB 129 also will provide money for Correspondence course work. These Correspondence courses allow Montana's apprentices that live and work in some of the more remote and isolated areas of our State to partake in related instruction off the job without having to travel great distances. Funding is also provide for programs to provide further training for their instructors. The Instructor Training must focus primarily on teaching techniques and methods to qualify for funding.

I hope you will consider the above facts in your deliberations and conclude that HB 21 will help the Apprenticeship Programs in our great state. Furthermore this proposal is affordable and will provide a large return for a small investment. Please recommend passage of HB 21. Thank you.

Submitted by,



G. Bruce Morris
Secretary/Treasurer
Montana Carpenters Apprenticeship Program

EXHIBIT 4
DATE 1-18-95
HB 21

STATEMENT IN SUPPORT OF HOUSE BILL 21, APPROPRIATING MONEY FOR
APPRENTICESHIP INSTRUCTION PROGRAMS. HOUSE APPROPRIATIONS COMMITTEE,
JANUARY 18, 1995

FOR THE RECORD MY NAME IS JOHNNY MONAHAN, DIRECTOR OF THE MONTANA
IRONWORKERS JOINT APPRENTICESHIP AND JOURNEYMAN TRAINING PROGRAMS

HOUSE BILL 21 IS AN ATTEMPT TO REPLACE JOINT APPRENTICESHIP FUNDS THAT WERE
ELIMINATED IN 1991 BECAUSE OF CHANGES IN THE FEDERAL CARL PERKINS LAW.

THIS BILL WILL ONLY PROVIDE PARTIAL REPLACEMENT OF FUNDS LOST BY THE
EMPLOYER-LABOR SPONSORED APPRENTICESHIP PROGRAMS. BUT EVEN WITH ONLY
PARTIAL FUNDING HOUSE BILL 21 CAN HAVE A POSITIVE IMPACT ON MONTANA
WORKERS BY PROVIDING NECESSARY SKILLS UPGRADE.

JOINT APPRENTICESHIP PROGRAMS IN MONTANA ARE PROVEN PARTNERSHIPS THAT
WORK. ALL OF THESE TRAINING PROGRAMS ARE ADMINISTERED AND FUNDED BY
GOVERNMENT, EMPLOYERS AND UNIONS. SOME OF THE APPRENTICESHIP PROGRAMS
OPERATED IN MONTANA ARE THE IRONWORKERS, ELECTRICAL WORKERS, OPERATING
ENGINEERS, PLUMBERS AND FITTERS, CARPENTERS AND SHEET METAL WORKERS.

IN MY TRADE OUR APPRENTICESHIP PROGRAM AND JOURNEYMAN UPGRADING
PROGRAMS ALLOW MONTANA IRONWORKERS AN OPPORTUNITY TO LEARN ABOUT
CHANGING TECHNOLOGY, TO OBTAIN WELDING CERTIFICATION, HAZARDOUS MATERIAL
HANDLING CERTIFICATIONS AND TRAIN NEW APPRENTICES

THESE PROGRAMS PROPERLY TRAIN WORKERS CREATING SAFER WORKING CONDITIONS
WHICH WILL HELP REDUCE ACCIDENTS AND ULTIMATELY REDUCE WORKERS COMP
RATES.

PROVIDING PROVEN JOINT APPRENTICESHIP TRAINING FOR MONTANA WORKERS HELPS
MONTANA INDUSTRIES WHICH IS GOOD ECONOMIC DEVELOPMENT.

THE DEPARTMENT OF LABOR AND INDUSTRY WOULD RECEIVE MONEY FROM THE
FEDERAL SPECIAL REVENUE FUND FOR APPRENTICESHIP INSTRUCTION PROGRAMS IF
HOUSE BILL 21 IS APPROVED.

I WOULD LIKE TO REQUEST THIS COMMITTEE TO RECOMMEND A "DO PASS" FOR HOUSE
BILL 21.



Montana State AFL-CIO

EXHIBIT 5
DATE 1-18-95
HB 21

Donald R. Judge
Executive Secretary

110 West 13th Street, P.O. Box 1176, Helena, Montana 59624

406-442-1708

TESTIMONY OF DARRELL HOLZER,
COPE DIRECTOR, MONTANA STATE AFL-CIO,
IN SUPPORT OF HOUSE BILL 21,
BEFORE THE HOUSE APPROPRIATIONS COMMITTEE,
JANUARY 18, 1995

Mr. Chairman, members of the committee, for the record my name is Darrell Holzer and I'm here to offer the Montana State AFL-CIO's strong support for House Bill 21.

We applaud Rep. Squires for introducing legislation that will ensure continued funding for Montana's highly acclaimed apprenticeship training programs.

Legislators for many years have been proposing economic and tax incentives to attract new businesses to our state. That's an important part of the process, but it truly is only one part.

Contrary to testimony in the House Business Committee last Friday, a low-wage workforce is not the first consideration of businesses looking to move to Montana or other states. What does attract new business in the '90s is high quality of life, low crime rates, fair taxes, good schools, and yes, a highly skilled workforce with a strong work ethic.

Montana apprenticeship training programs are second to none. Not only do workers appreciate the fine level of training made available, but so do employers' organizations, some of whom choose to operate joint apprenticeship programs with various craft unions.

These programs provide top-notch training for young Montanans entering the construction professions. They ensure that those young workers learn up-to-date safety procedures and construction techniques, all the while earning above-average wages on which to support their families for the rest of their lives.

Unemployment Insurance revenue, the long time source of apprenticeship training funds, is used for other purposes in the Governor's budget. His plan would have the Job Service divert the UI administrative tax funds for 1996-97 to pay for a toll-free phone line for employers, costs of collecting past-due UI taxes, and general operation of the UI system.

All-in-all, the Department proposes to spend \$162,000 each year out of \$230,000 available in the UI fund. That doesn't leave enough for the \$140,000 needed to adequately fund apprenticeship training, so Rep. Squires proposes to fund it out of a special federal revenue account -- the same tactic used last session.

There's another problem though: Rep. Kasten wants to use the federal funds to study how best to merge the operations of the UI system's computer's with the Department of Revenue's computers. In short, Montana's quality apprenticeship training programs could be sacrificed in favor of free phones and a study of how to make two computers talk to each other.

Maintaining Montana's top-ranked workforce should be a higher priority. I trust we can all agree that, as we move into the 21st century, preserving and promoting our quality apprenticeship training programs is absolutely essential if Montana is to be competitive in the global marketplace.

We strongly urge your support for House Bill 21.

Thank you.



MONTANA UNIVERSITY SYSTEM
OFFICE OF COMMISSIONER OF HIGHER EDUCATION

EXHIBIT 6

DATE 1-18-95

HB 104

2500 BROADWAY • PO BOX 203101 • HELENA, MONTANA 59620-3101 • (406)444-6570 • FAX (406)444-1469

MEMORANDUM

TO: Clayton Schenck
Legislative Fiscal Analyst

FROM: Rod Sundsted *RS*
Associate Commissioner for Fiscal Affairs

DATE: January 4, 1995

SUBJECT: Disposal of Unexpended Appropriations

In accordance with 17-7-304 MCA, I am submitting information relating to the University System campuses' expenditures of general fund reversions since Fiscal Year 1990. I have included a copy of the Board of Regents policy concerning expenditure of reverted appropriations and each campus' approved plan and detail of actual expenditures. I have also included a report which shows the historical reversions, by campus, since Fiscal Year 1990, how much of the returned money each campus has spent, and, finally, how each campus spent its reverted appropriations.

None of the campuses have yet spent any of the Fiscal Year 1993 general fund because it was just recently returned to them. Excluding the FY93 money, then, the University System has spent 75% of the money returned to them. Two-thirds of the expenditures were for enhanced computer capacity, such as telephone registration and library automation, and other instructional computing. The remainder of the expenditures were for badly needed campus repairs, replacements (such as roofs), and deferred maintenance projects.

The University System enthusiastically supports this concept of returning unexpended general fund appropriations to the agencies for deferred maintenance expenditures or purchase of equipment or fixed assets. It provides further incentive to the campuses to be wise and conservative managers of their financial resources.

Please let me know if you have any questions or would like further information.

c: Office of Budget and Program Planning

enclosures

HISTORY OF GENERAL FUND REVERSIONS RETURNED TO CAMPUSES

GENERAL FUND YEAR:	UM-M	MSU-BO	TECH-UM	MSU-BI	MSU-N	WMCUM	BUREAU	AES	ES	FCES	FSTS	TOTAL
FY93	236,982.70	0.00	21,579.56	0.00	25,914.35	6,259.35	33.69	2.00	0.00	2,294.15	0.00	293,065.80
FY92	165,292.84	13,788.06	13,335.67	0.00	55,372.54	4,669.29	5.09	0.00	0.00	912.76	0.00	253,256.25
FY91	245,635.32	149,822.47	3,462.29	9,542.20	0.00	12,828.70	129.06	0.00	0.00	162.97	0.00	421,583.01
FY90	4,576.96	1,100.25	2,296.79	22.48	0.00	18.04	161.00	0.00	0.00	136.73	0.00	8,312.25
TOTAL REVERSIONS	\$652,487.82	\$164,690.78	\$40,674.31	\$9,564.68	\$81,286.89	\$23,675.38	\$328.84	\$2.00	\$0.00	\$3,506.61	\$0.00	\$976,217.31

GENERAL FUND YEAR:	BILLINGS CT	BUTTE DT	GREAT FALLS D	HELENA CT	MISSOULA CT	TOTAL
FY93	0.00	306.91	20,866.97	498.33	0.00	21,672.21
FY92	118.00	0.00	34,339.00	23,265.83	545.54	58,268.37
FY91	0.00	0.00	6,624.36	4,867.04	3,227.06	14,518.46
FY90	0.00	0.00	16,129.47	0.00	0.00	16,129.47
TOTAL REVERSION	\$118.00	\$306.91	\$77,959.80	\$28,431.20	\$3,772.60	\$110,589.51

AMOUNTS EXPENDED BY CAMPUS:

	UM	MSU	TECH	EMC	NMC	WMCUM	GREAT FALLS V	HELENA VTC	TOTAL
FY90	4,576.96	1,100.25	2,457.79	22.48		18.04	16,129.47		24,304.99
FY91	245,635.32	119,826.51	3,591.35		49,996.49	12,828.70	6,624.36	400.00	388,906.24
FY92	165,292.84	13,788.06	13,172.80		49,996.49	4,569.29	34,339.00	22,950.26	304,088.74
TOTAL	\$415,505.12	\$134,694.82	\$19,221.94	\$22.48	\$49,996.49	\$17,416.03	\$57,092.83	\$23,350.26	717,299.97

EXPENDITURE CATEGORIES:

	UM	MSU	TECH	EMC	NMC	WMCUM	GREAT FALLS V	HELENA VTC	TOTAL	%
COMPUTERS/SOFTWARE	375,505.00		8,982.00						384,487.00	53.6%
LIBRARY/AUTOMATION	40,000.00		10,239.94		39,996.49				90,236.43	12.6%
DEFERRED MAINTENANCE/ REPAIR & REPLACEMENT EQUIPMENT		134,694.82		22.48	10,000.00	17,416.03	57,092.83	22,950.26	242,176.42	33.8%
TOTAL	\$415,505.00	\$134,694.82	\$19,221.94	\$22.48	\$49,996.49	\$17,416.03	\$57,092.83	\$23,350.26	\$717,299.85	100.0%

EXHIBIT

6

DATE

1-18-95

HB 104

Montana State University
Expenditure Summary
FYE June 30, 1994

REVERTED APPROPRIATIONS

Project Title	S/L	Reverted Amount	FY93 Expenditures	FY94 Expenditures	Total To Date	Reversion Remaining
FY90:		\$1,100.25	\$0.00	** \$1,100.25	\$1,100.25	\$0.00
FY91:		\$149,822.47				
Asbestos Abatement	#584001	2,502.00	\$2,381.95	\$120.38	\$2,502.33	(\$0.33)
Emergency Lighting	#584002	8,273.00	4,016.08	4,273.39	8,289.47	(16.47)
Campus Doors R&R	#584003	14,000.00	6,355.08		6,355.08	7,644.92
Energy Retrofit	#584004	37,809.47	15,782.14	9,976.90	25,759.04	12,050.43
Heat Pump Controls	#584005	40,000.00	0.00	29,940.34	29,940.34	10,059.66
Concrete/Masonry R&R	#584006	34,431.00	32,813.71	1,290.21	34,103.92	327.08
Reid Toilets/Windows	#584007	12,807.00	1,283.34	11,592.99	12,876.33	(69.33)
		\$149,822.47	\$62,632.30	\$57,194.21		\$29,995.96
FY92:		\$13,768.06				
Building Systems R&R	#584008	13,768.06	N/A	\$13,768.06	\$13,768.06	\$0.00

** This was transferred to and expended in Entity #72270 as part of the Heat Plant project in FY94.

MONTANA STATE UNIVERSITY - NORTHERN

REVERTED APPROPRIATIONS

EXPENDITURE REPORT FOR THE FISCAL YEAR ENDING JUNE 30, 1994

FY 92 Reverted appropriations \$ 55,372.54

FY 94 Expenditures

Activity	Allocated	Expended
Library Acquisitions	\$ 40,000.00	\$ 39,996.49
Deferred Maintenance	\$ 10,000.00	\$ 10,000.00
Classroom Improvement	\$ 5,372.54	\$ -0-
Total	\$ 55,372.54	\$ 49,996.49

Balance \$ 5,376.05

Library Acquisitions. These funds were spent improving the MSU - Northern Library collection. This includes not only books but films, binding and other materials.

Deferred Maintenance. These funds were used to repair a portion of street that had severely deteriorated. A storm drain was installed and a gutter to control runoff was constructed.

WESTERN MONTANA COLLEGE OF THE UNIVERSITY OF MONTANA
EXPENDITURE OF GENERAL FUND REVERSIONS UNDER SECTION 17-7-304, MCA

<u>FISCAL YEAR</u>	<u>AMOUNT</u>	<u>PURPOSE FOR WHICH EXPENDED</u>
FY 1993	\$6,259.35	Currently Unexpended
FY 1992	\$4,569.29	The full amount was expended to re-shingle the roof on the Old Gym/Arts & Crafts Building during FY 1994.
FY 1991	\$12,828.70 <i>af</i>	This authority was expended on 3 projects during FY 1994 as follows - \$2,589.47 to repair the sidewalks between the PE Complex and Library; \$10,040.90 to repair leaks in the steam and condensate lines; and \$198.33 to re-shingle the roof on the old Gym/Arts & Crafts building.
FY 1990	\$18.04	The full amount was expended for the repair of leaks in the steam and condensate lines.

MONTANA TECH



Butte, Montana 59701-8997
(406) 496-4101

MEMORANDUM

TO: Rod Sundsted, Associate Commissioner for Fiscal Affairs **RECEIVED**
FROM: John Badovinac, Controller
DATE: November 2, 1994
RE: Reverted Appropriations, 17-7-304 M.C.A.

Following is Montana Tech's itemized expenditure list which is consistent with our long-term plan approved by the Board of Regents. The FY92 reverted appropriations balance in the amount of \$167.96 and FY93 reverted appropriations in the amount of \$21,613.25 will be spent as follows:

▶ Main Hall General Maintenance in the amount of	\$ 5,441.00
▶ President's Home Roof in the amount of	\$ 6,400.00
▶ Main Hall Renovation Phase I in the amount of	<u>\$ 9,940.21</u>
	\$21,781.21

If you have any questions, please call.

10/07/94

HELENA COLLEGE OF TECHNOLOGY
G.F. REVERSIONS, LOANS/CASH, BONDED INDEBTEDNESS
ACCOUNTING ENTITY: 72004

EXHIBIT 6
DATE 1-18-95
HB 104

I. REVERSIONS – MCA/Policy 17–7–304			REVERTED BALANCE
AMOUNT REVERTED	VENDOR	PRODUCT/ SERVICE	AMOUNT REMAINING
FY93	\$498.33		\$498.33
FY92	\$23,265.83	FACILITY REPAIR AND MAINTENANCE	WATER HEATER AT POPLAR ST \$6,644.00 ROOF REPAIR 828.00 NEW DOOR CLOSERS 348.00 BOILER REPAIRS – ROBERTS ST. 7,807.50 REPLACE VALVES IN HEATERS – POPLAR ST 1,594.76 SEWER HOOK UP AT POPLAR ST. 1,161.00 CULVERT INSTALLATION 1,905.00 CULVERT WORK AT POPLAR 2,662.00
		TOTAL	\$22,950.26
FY91	\$4,667.04	EDUC. EQUIP.	\$315.57
FY90	(\$1.00)	TRAINING LATHE	400.00
TOTAL			\$4,267.04
			(\$1.00)
			\$5,079.94
II. LOANS/NEGATIVE CASH – MCA/Policy 17–2–107 NONE IN FY94			
III. BONDED INDEBTEDNESS – MCA/Policy 17–7–111 NONE IN FY94			

FILE:REVHIST

FY'94 premium volume = \$182,489,000
 Medical inflation factor = 5.50% in 96 & 97
 Indemnity inflation factor = 2.50% in 96 & 97
 Insured payroll growth = 4.00% each year
 Estimated FY '95 premium \$157,000,000
 Investment income = 5.75% '95
 6.00% '96
 6.15% '97
 6.50% '98
 7.00% '99

rate change capital contribution	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
	\$0	\$0	\$0	\$0	\$0

	ACTUAL FY 1994	FY 1995	E - S - I - M - A - T - E - D FY 1996	FY 1997	FY 1998	FY 1999	TOTAL 96-99
Premium	\$182,489,000	\$157,000,000	\$163,280,000	\$169,811,200	\$176,603,648	\$183,667,794	\$693,362,642
Investment & other income	\$13,303,000	21,641,158	27,386,519	33,260,812	40,933,657	50,859,643	152,440,631
Indemnity costs	45,473,000	49,328,096	54,270,391	58,965,572	63,425,993	67,663,393	244,325,350
Medical costs	30,087,000	32,430,242	36,293,233	39,146,053	41,252,860	42,808,737	159,500,884
Reserve changes	76,678,000	61,766,410	66,484,721	71,563,462	77,030,166	82,914,470	297,992,819
Operating expenses	9,090,000	16,583,740	14,508,568	15,911,961	16,389,320	16,962,946	63,772,795
Misc items	2,613,000	0	0	0	0	0	0
Net income	\$31,851,000	\$18,532,670	\$19,109,605	\$17,484,964	\$19,438,965	\$24,177,890	80,211,425
Surplus Contribution		\$0	\$0	\$0	\$0	\$0	0
Surplus at 6/30	\$6,225,000	\$24,757,670	\$43,867,276	\$61,352,240	\$80,791,205	\$104,969,095	\$185,180,520

rate redundancy surplus ratio	17.45%	11.80%	11.70%	10.30%	11.01%	13.16%	11.57%
	3.4%	15.8%	26.9%	36.1%	45.7%	57.2%	26.7%

FOOTNOTES:

- Any rate reduction must be analyzed by the State Fund's consulting actuary and, by law, must be approved by the State Fund Board of directors.
- The premium level is assumed to remain static except for 4% payroll growth. This is for presentation purposes only. Actual experience may differ from the estimates shown.
- Benefit costs are subject to changes in cost containment measures or adverse experience. The changes in experience would impact the ability to change rates.

01/17/95
 EXHIBIT 7
 DATE 1-18-95
 HB 116

FY'94 premium volume = \$182,489,000
 Medical inflation factor = 5.50% each year
 Indemnity inflation factor = 2.50% each year
 Insured payroll growth = 4.00% each year
 Estimated FY '95 premium \$157,000,000
 Investment income = 5.75% '95
 6.00% '96
 6.15% '97
 6.50% '98
 7.00% '99

rate change capital contribution	ACTUAL FY 1994	FY 1995	FY 1996	E - S - T - I - M - A - T - E - D FY 1997	FY 1998	FY 1999	TOTAL 96-99
			\$155,430,000	\$153,875,700	\$160,030,728	\$166,431,957	\$635,768,385
Premium	\$182,489,000	\$157,000,000	\$155,430,000	\$153,875,700	\$160,030,728	\$166,431,957	\$635,768,385
Investment & other income	\$13,303,000	21,641,158	27,779,508	33,653,674	40,420,199	49,178,833	151,032,213
Indemnity costs	45,473,000	49,328,096	53,914,204	58,271,006	62,766,156	67,036,548	241,987,914
Medical costs	30,087,000	32,430,242	35,699,796	38,114,362	40,490,956	42,246,071	156,551,185
Reserve changes	76,678,000	61,766,410	63,288,340	64,847,771	69,801,466	75,133,573	273,071,150
Operating expenses	9,090,000	16,583,740	14,508,568	15,911,961	16,389,320	16,962,946	63,772,795
Misc items	2,613,000	0	0	0	0	0	0
Net income	\$31,851,000	\$18,532,670	\$15,798,600	\$10,384,274	\$11,003,028	\$14,231,652	51,417,554
Surplus Contribution		\$0	\$10,000,000	\$10,000,000	\$0	\$0	20,000,000
Surplus at 6/30	\$6,225,000	\$24,757,670	\$50,556,270	\$70,940,544	\$81,943,572	\$96,175,224	\$167,592,778

rate redundancy 17.45% 11.80% 10.16% 6.75% 6.88% 8.55% 8.09%
 surplus ratio 3.4% 15.8% 32.5% 46.1% 51.2% 57.8% 26.4%

FOOTNOTES:

- Any rate reduction must be analyzed by the State Fund's consulting actuary and, by law, must be approved by the State Fund Board of directors.
- The premium level is assumed to remain static except for 4% payroll growth. This is for presentation purposes only. Actual experience may differ from the estimates shown.
- Benefit costs are subject to changes in cost containment measures or adverse experience. The changes in experience would impact the ability to change rates.

HOUSE OF REPRESENTATIVES

VISITOR'S REGISTER

Appropriations COMMITTEE BILL NO. HB 21
 DATE 1-18-95 SPONSOR(S) NB 104
NB 116

PLEASE PRINT

PLEASE PRINT

PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
Rod Sager	DEPT. OF LABOR & INDUSTRY	HB21	X	
James E Todd	Univ of Montana	HB104		X
JOHN C. GILLESPIE	U.S. DEPT. OF LABOR	HB21		X
DARRELL HOLZER	AFL-CIO	HB21		X
RAY LINCOLN	MACHINISTS LOCAL 88	HB21		X
Doris Romanisko	Mt Trng Directors Assn	HB21		X
CASSANDRA CURRIERO	Self	HB21		X
JOHNNY MONAHAN	MONTANA ID WORKERS IATC	HB21		X
Ron Van Diest	I.B.E.W.	HB21		X
G. BRUCE MORRIS	MONTANA CARPENTERS IATC	HB21		X
Jerry R. Driscoll	MONTANA CARPENTERS IATC	HB21		X
DANIEL FINE	MONTANA CARPENTERS IATC	HB21		X
MARK TRIPP	MONTANA CARPENTERS IATC	HB21		X
Jerry Driscoll	Mt State Builders 11B21			X

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

Jaqueline Denmark

Am. Oms. Assoc

HB 116 X

no opp.

Mike Miller

State Fund

X

JEFF WULF	O.P.I.	HB 21	Proponent
George Wood	Int Self Interest Assoc	HB 116	opponent
Howard Bailey	MSSF	HB 116	oppose
Mary C Allen	CWCSI	HB 116	opponent