

## MINUTES

### MONTANA HOUSE OF REPRESENTATIVES 54th LEGISLATURE - REGULAR SESSION

#### COMMITTEE ON STATE ADMINISTRATION

Call to Order: By CHAIRMAN RICHARD SIMPKINS, on March 8, 1995,  
at 9:00 A.M.

#### ROLL CALL

**Members Present:**

Rep. Richard D. Simpkins, Chairman (R)  
Rep. Dore Schwinden, Vice Chairman (Minority) (D)  
Rep. Matt Brainard (R)  
Rep. Patrick G. Galvin (D)  
Rep. Dick Green (R)  
Rep. Antoinette R. Hagener (D)  
Rep. Harriet Hayne (R)  
Rep. Sam Kitzenberg (R)  
Rep. Bonnie Martinez (R)  
Rep. Gay Ann Masolo (R)  
Rep. William Rehbein, Jr. (R)  
Rep. George Heavy Runner (D)  
Rep. Susan L. Smith (R)  
Rep. Carolyn M. Squires (D)  
Rep. Jay Stovall (R)  
Rep. Lila V. Taylor (R)  
Rep. Joe Tropila (D)

**Members Excused:** Rep. Matt Denny (R)

**Members Absent:** none

**Staff Present:** Sheri Heffelfinger, Legislative Council  
Christen Vincent, Committee Secretary

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

**Committee Business Summary:**

Hearing: SB 98  
Executive Action: HB 268

{Tape: 1; Side:A.}

#### HEARING ON SB 98

**Opening Statement by Sponsor:**

SEN. MIKE FOSTER, SD 20, stated this is a very important bill  
concerned about campaign political practices. He referred to

this bill as the campaign reform integrity bill. There had been a lot of revisions from the Senate. They had appreciated his effort but they didn't like the idea of the first part of the bill. He stated there are only two sections of the bill left. The first section dealt with why people are not registered to vote. He stated he was tired of hearing that people weren't registered to vote because they didn't want to serve for jury duty. This bill would take away that excuse for people. Some states select people for jury duty from driver's licenses. He stated he had received a lot of opposition to this idea and it was amended out. He stated they had tried to give the people a break from jury duty requiring them to only serve once every five years. The Senate had thought his idea was good but they weren't sure how it was going to work. The committee could either fix that portion of the bill or get rid of it entirely. He said the reason for this part of the bill was to get more people registered to vote.

The second part of the bill dealt with political opponents. Not all political opponents were as scrupulous as they could be. He said many make unfounded attacks, they were dishonest and didn't have enough integrity. These attacks put the other candidates in difficult positions which they can't always respond to in time. He gave a personal example and submitted **EXHIBIT 1**. He stated there often isn't a way to respond to a last minute "sneak attack." This bill is an important one to all candidates. There needs to be a message sent to these people telling them that it is wrong for them to do things like this.

He stated they also need to do something to clean up the campaigns. This bill would make it unlawful for a person, individual, candidate, or an organization to do those things. He stated another change in the bill is changing the word "knowingly" to "willfully or negligently." The use of the word "knowingly" implies there is a burden of proof. It is very difficult to prove a person did something knowingly. By changing the bill, it would give the commissioner's office more "teeth" to deal with dirty campaign practices.

Another change to the bill is the change to a civil action. He stated under current law these acts are criminal actions and there is a burden of proof to that as well. He stated by changing it to a civil action there is more that they will be able to do when prosecuting the violators. He stated as the law currently reads, the commissioner's hands are tied when it comes to bringing charges against individuals. This bill might not be a cure-all, but it is a step in the right direction. He urged the committee's support of the bill.

#### Proponents' Testimony:

**Ed Argenbright, Commissioner of Political Practices**, stated there had been an 80% increase in complaints during the last election. The majority of the complaints dealt with the criminal libel

statute. He stated one of the most important changes in the bill dealt with changing the penalty to a civil one and also with changing the wording in the statute to say "willingly or negligently." In the second part of the bill, it makes clear the definition of what is fair. He urged the committee's favorable recommendation of the bill.

**Debbie Smith, Common Cause, Helena Attorney**, stated they had made substantial improvements in the bill from its original form. The original bill wouldn't have given the commissioner the authority he needs. This section would ensure integrity for campaign practices. She encouraged the committee do give the bill a do pass vote.

**J. V. Bennett, MontPIRG**, stated they were concerned about government and this bill would provide comfort to those concerns. He stated this would also allow for a penalty for lying. He urged a do pass recommendation.

#### Opponents' Testimony:

**Bob Gilbert, Montana Magistrate Association, Montana Association of Clerk of District Court**, stated it is sad that the issue with jury duty happens. They had some real concerns about how this idea would work, if they would remove the names from the list to have them put on again in the future, how it would affect the jury pool, what would be considered as serving on the jury. In small counties, if they only had to serve once every five years, that could exhaust the jury pool and there would be no one left to serve on the jury. He stated these issues needed to be addressed and there were things that needed to be defined in the bill before they would speak in favor of the bill. They had no problem with the amendments that were going to be introduced. He said if they aren't part of the solution, they were part of the problem.

**Robert Throssell, Montana Association of Clerk and Recorders**, stated they had the same concerns. There had been some concern about the small communities that might run out of jurors and they didn't know who would serve on the jury if that were to happen. He offered an amendment to the bill. **EXHIBIT 2**

Informational Testimony: none

#### Questions From Committee Members and Responses:

**REP. GALVIN** asked in reference to the commissioner and the county attorney, if they had the same authority as far as bringing suit.

**Mr. Argenbright** stated they do have the same authority to bring civil action in some cases, but not in political criminal libel cases. He stated the commissioner's office would present the evidence to the county attorney and he could then pursue the matter or defer it back to the commissioner.

REP. GALVIN asked if the commissioner had the end authority.

Mr. Argenbright stated this bill would make it a requirement to bring civil action against a person who was in violation.

REP. GALVIN asked how many jury trials are held on average in small counties.

Mr. Throssell stated it depended on the county and varied year to year.

{Tape: 1; Side: B.}

REP. GALVIN stated he thought it was strange that doing nothing makes the problem go away. He asked if the problem would simply disappear if they did nothing about it.

Mr. Throssell stated this bill didn't solve the problem. He stated this doesn't make the problem disappear. Some people may not want to reregister.

REP. STOVALL asked how they would be able to assess the \$1,000 fine.

Mr. Argenbright explained this bill would not give the authority to assess the fine. The court would determine the fine. If they had the authority, he would assess the fine depending on a number of things administratively through his office.

REP. SQUIRES asked if they take the complaint to the commissioner's office to determine if there is enough evidence to go through the suit process.

SEN. FOSTER stated this bill gives the commissioner's office the teeth to address the concerns she was talking about.

REP. SQUIRES asked what he would do in this situation.

Mr. Argenbright stated under current statute complaints are filed and reviewed. To prove a person did something knowingly is hard to prove. He stated this bill with its changes gives the definition for basis of determination. He stated this is a judgmental issue.

REP. SQUIRES asked what would happen to those people who were found guilty. She asked if they would only be given a fine.

Mr. Argenbright stated with civil liability they would only be given a fine.

REP. SQUIRES asked what would happen to a national organization that misrepresented a person or a group.

Mr. Argenbright stated the person or organization that had provided the information would be subject to complaint and possible civil action taken against them.

REP. MARTINEZ asked if every person had the right to vote.

SEN. FOSTER stated that was correct.

REP. MARTINEZ asked why they should change the law to make people vote. She stated it is every person's right to vote and some people choose not to. She stated she didn't think it was right to make people vote.

SEN. FOSTER stated he had grown tired of people he had talked to during the campaign stating the reason they weren't registered to vote was because they didn't want to serve on a jury.

REP. HEAVY RUNNER asked if it would alleviate some of the concern if they inserted the driver's license portion of the bill back in.

SEN. FOSTER stated he agreed with what he was saying, but he had received many complaints about that portion of the bill in the beginning.

REP. BRAINARD asked if the language on line 7 was still appropriate and if that would eliminate the need for the rest of the language.

Mr. Throssell stated the rest of the language is to order jurors for the pool.

CHAIRMAN SIMPKINS asked if a person who is not a Montana resident could get a driver's license for the state of Montana.

SEN. FOSTER stated he didn't know.

CHAIRMAN SIMPKINS stated they could. He then asked how they would address the situation of having the non-resident license holders come up on the jury lists.

SEN. FOSTER stated he didn't know how they would be able to address that. He stated perhaps they could flag them on the computer so that they wouldn't have to serve on the jury.

Closing by Sponsor:

SEN. FOSTER stated what he had intended with the first part of the bill was that they would have to actually sit on the jury in order to be exempt for the next five years. He stated it amazed him that the clerk would say that this would decimate the jury pool. They thought the status quo was fine when in actuality it is not working. He stated he would like to see them put in their ideas for improving this bill, not to have them stand around and

complain about everything that was wrong about it and how it would never work. He stated he was not trying to cause problems by introducing this bill, he was trying to solve the problems. He stated on page 4 at the bottom it talks about character and morality. He stated some campaigns comment on the character and morality. He thought this was a good bill and urged the committee's support of the bill.

**CHAIR TO REP. DORE SCHWINDEN**

**EXECUTIVE ACTION ON HB 268**

**Discussion:**

**Lois Menzies, Director, Department of Administration,** stated they had listened to the concerns of the committee about the neutralization of financial impact on local government and school districts. She stated they then went back and rewrote the bill to eliminate costs without reducing the general fund support to the bill. She said they were able to do so by reducing the GABA to 1.5% instead of 2% and they also redefined the current compensation in the Teachers' Retirement System and the Public Employees' Retirement System. She stated they had discussed, reviewed, and approved this with the Governor. She urged the committee's support.

*{Tape: 2; Side: A.}*

**Linda King, Public Employees Retirement System,** submitted written testimony. **EXHIBIT 3**

**David Senn, Executive Director, Teachers Retirement System,** stated the first amendment had to deal with the statement of intent. He stated they wanted to make it clear that the current compensation is for the funding of the GABA bill. They wanted to capture the value of member contributions. He stated they will capture dollar amounts for the compensation. They won't be reported in the future so they can't be used for retirement benefits. This will give recognition to what has been contributed. They recognize there will be savings, and if employers have the means and want to provide additional benefits, there is a section to cover this. He stated the second part of the amendments were to change the definition of contribution to include only the base contract amount. The third change is to change the definition of earned compensation. He went on to explain the other changes in the bill due to the amendments which were mostly striking and inserting better language.

**V.C. SCHWINDEN** submitted letters from the university system in regard to the amendments into the record. **EXHIBIT 4**

**REP. BRAINARD** stated they are looking at further increases. He asked if they would catch the increases actuarially.

Ms. King stated any increase after that point would be only if the payrolls were to increase. The increase would be at the same rate as the payroll increase. Any increase or decrease is based on the payroll.

REP. STOVALL asked how this would affect unemployment liability.

Ms. King stated in PERS it would increase the amortization period.

REP. SQUIRES asked for clarification of HB 205.

Mr. SENN stated it was a housekeeping bill trying to clarify what is already in the statutes.

REP. TAYLOR asked what PERS is now.

Ms. King stated it is at 16.5.

REP. TAYLOR asked if it would be jumping to 29.

Ms. King stated it would be doing that.

REP. TAYLOR asked if there were any caps.

Ms. King stated there are no requirements.

REP. TAYLOR asked about the other two systems.

Ms. King stated the police officers and teachers are at 34.5.

REP. TAYLOR asked if they would stop teachers at 30 or at 34.

Ms. King stated there are two different boards.

REP. STOVALL asked what the provisions were.

Ms. King stated the amortization period is assuming 8%. Why they will be faster and not slower is all based on the 8%.

{Tape: 2; Side: B.}

REP. SMITH asked if there was a provision if for some reason there wasn't the 8%. She asked if they would then be back for more funds.

Ms. King stated they wouldn't need to come back for those funds.

REP. SMITH asked if there is some provision, and if there isn't, if this would be funded.

Ms. King stated the general fund wouldn't need to fund those things because it wouldn't happen.

REP. BRAINARD asked when the increase is above 8% if there is an ad hoc.

Ms. King stated there weren't ad hocs. GABA guarantees 1.5% increases.

REP. SQUIRES asked if and when the system has a problem, would they come back to the 1.5 % GABA or would they ask for more funding.

Ms. King stated they would be responsible to make sure this is guaranteed and it is done. It is the state's obligation to pay this.

REP. BRAINARD asked if the original intent of the bill was to eliminate ad hoc increases.

Ms. King said yes.

EXECUTIVE ACTION ON HB 268

Motion: REP. KITZENBERG MOVED THAT HB 268 DO PASS. REP. BRAINARD MOVED THE AMENDMENTS.

Vote: Motion carried 17-0 with REP. SIMPKINS voting by proxy and REP. DENNY as excused.

Motion/Vote: REP. SQUIRES MOVED THAT HB 268 DO PASS AS AMENDED. Motion carried 15-2 with REP. SMITH AND REP. STOVALL voting no, MATT DENNY as excused, AND REP. SIMPKINS voting by proxy.



HOUSE STATE ADMINISTRATION COMMITTEE

March 8, 1995

Page 9 of 9

ADJOURNMENT

Adjournment: 11:00 a.m.

  
\_\_\_\_\_  
RICHARD SIMPKINS, Chairman

  
\_\_\_\_\_  
CHRISTEN VINCENT, Secretary

RS/cdv

# HOUSE OF REPRESENTATIVES

## State Administration

ROLL CALL

DATE March 8, 1995

NAME	PRESENT	ABSENT	EXCUSED
Rep. Dick Simpkin, Chairman	✓		
Rep. Matt Denny, Vice Chairman, Majority			✓
Rep. Dore Schwinden, Vice Chair, Minority	✓		
Rep. Matt Brainard	✓		
Rep. Pat Galvin	✓		
Rep. Dick Green	✓		
Rep. Toni Hagener	✓		
Rep. Harriet Hayne	✓		
Rep. George Heavy Runner	✓		
Rep. Sam Kitzenberg	✓		
Rep. Bonnie Martinez	✓		
Rep. Gay Ann Masolo	✓		
Rep. Bill Rehbein	✓		
Rep. Susan Smith	✓		
Rep. Jay Stovall	✓		
Rep. Carolyn Squires	✓		
Rep. Lila Taylor	✓		
Rep. Joe Tropila	✓		

3-8-95

I leave my proxy  
with you - Chr. Simpkins  
Thank you -

Harriet Hayne

Vote yes on GABA & Amend -  
Dick Lempert



## HOUSE STANDING COMMITTEE REPORT

March 8, 1995

Page 1 of 15

Mr. Speaker: We, the committee on State Administration report that **House Bill 268** (first reading copy -- white) **do pass as amended.**

Signed: *Dick Simpkins*  
Dick Simpkins, Chair

**And, that such amendments read:**

1. Title, line 21.

Following: "SALARY;"

Insert: "CHANGING THE DEFINITION OF EARNED COMPENSATION IN THE  
TEACHERS' RETIREMENT SYSTEM;"

2. Page 2, lines 8 and 13.

Strike: "2%"

Insert: "1.5%"

3. Page 2.

Following: line 26

Insert: "The legislature finds that it is most cost-effective to help fund the GABA under the teachers' retirement system with a redefinition of earned compensation. Because several current members have contributed on summer employment, which will not be included in the new definition of earned compensation, the legislature intends that vested members of the teachers' retirement system be given a limited option to include in the calculation of future benefits the actuarial value of summer compensation that has been reported for the 3 fiscal years prior to [the effective date of this act]. The legislature further intends that the member or the member's employer, or both, pay the actuarial cost of any additional benefit enhancement."

*38*  
Committee Vote:

Yes 15, No 2.

541138SC.Hdh

4. Page 3, lines 3, 5, 7, 11, 16, 28, and 30.

Strike: "2%"

Insert: "1.5%"

5. Page 4, lines 2, 6, 11, 28, and 30.

Strike: "2%"

Insert: "1.5%"

6. Page 5, lines 2 and 6.

Strike: "2%"

Insert: "1.5%"

7. Page 5.

Following: line 19

Insert:

"NEW SECTION. Section 4. State contributions. The state shall contribute monthly to the pension trust fund a sum equal to 0.3% of the compensation of members employed by local governments and school districts on and after July 1, 1995, and a sum equal to 0.25% of the compensation of members employed by local governments and school districts on and after July 1, 1997. Local government and school district employer contributions must be the total employer contribution rate minus the state contribution rate.

NEW SECTION. Section 5. State contributions. The state shall contribute monthly to the pension trust fund a sum equal to 0.1% of the compensation of members employed by county sheriffs' departments on and after July 1, 1995, and a sum equal to 0.05% of the compensation of members employed by county sheriffs' departments on and after July 1, 1997. County employer contributions must be the total employer contribution rate minus the state contribution rate.

NEW SECTION. Section 6. State contributions. (1) The state shall contribute monthly to the pension trust fund sums equal to the following portion of the compensation of members employed by school districts:

- (a) 0.015% on and after July 1, 1995;
- (b) 0.325% on and after July 1, 1996;
- (c) 0.6% on and after July 1, 1997; and
- (d) 0.9% on and after July 1, 1998.

(2) School district contributions must be the total employer contribution rate minus the state contribution rate.

NEW SECTION. Section 7. Summer compensation benefit adjustment for certain members -- annuity account option. (1) A vested member as of July 1, 1995, who is employed under an

academic year contract with summer session compensation reported to the retirement system for fiscal years 1993, 1994, or 1995 and who retires on or before July 1, 2003, may elect to include in the calculation of benefits the actuarial value, as of July 1, 1995, of the reported summer compensation or to have the 3 years of summer compensation included in the calculation of average final compensation provided that:

(a) earnings for each month during the summer session do not exceed one-ninth of the member's base contract for the academic year; and

(b) the member or the member's employer as well as the member contribute to the system the actuarial cost of any benefit enhancement in addition to the actuarial value of the summer compensation as of July 1, 1995.

(2) A member who retires after July 1, 2003, but on or before July 1, 2004, and who meets the requirements of subsections (1)(a) and (1)(b) may elect to include two-thirds of the amount available under subsection (1).

(3) A member who retires after July 1, 2004, but on or before July 1, 2005, and who meets the requirements of subsections (1)(a) and (1)(b) may include one-third of the amount available under subsection (1).

(4) An employer may negotiate to pay up to one-half of the actuarial cost of the enhanced benefit provided for under subsections (1) through (3). The employer shall establish a policy for the payment of the actuarial cost under subsections (1) through (3) and shall apply the policy indiscriminately for all employees.

(5) An employer may contribute, except as limited by the Internal Revenue Code, to an annuity account on behalf of an employee a percentage of the employee's summer compensation that is equivalent to the employer's contribution rate under 19-20-605."

Renumber: subsequent sections

8. Page 5, line 22

Strike: "6.935%"

Insert: "6.8%"

9. Page 5, line 24

Strike: "7.17%"

Insert: "6.9%"

Following: "1996;"

Insert: "and"

10. Page 5, lines 25 and 26

Strike: "7.405%" on line 25

Insert: "7%"

Strike: "; and" on line 25 through "1998" on line 26

11. Page 6, line 16

Strike: "The"

Insert: "Except as provided in [section 4], the"

12. Page 6, line 17.

Strike: ":"

13. Page 6, lines 18 through 20.

Strike: "(1) 7.2%" on line 18

Insert: "7%"

Strike: ":" on line 18 through "1997" on line 20

14. Page 9, lines 18 and 28.

Strike: "28.77%"

Insert: "31.68%"

15. Page 11, line 18.

Strike: "9.1%"

Insert: "9.08%"

16. Page 12, line 3.

Strike: "36.39%"

Insert: "36.36%"

17. Page 12, line 5.

Strike: "26.21%"

Insert: "26.18%"

18. Page 12, line 25.

Strike: "7.62%"

Insert: "7.38%"

19. Page 13, line 11.

Strike: "The"

Insert: "Except as provided in [section 5], the"

Strike: "8.29%"

Insert: "7.77%"

20. Page 14, line 3.

Strike: "8.5%"

Insert: "8.2%"

21. Page 14, line 25.

Strike: "5.69%"

Insert: "3.92%"

22. Page 15, line 16.

Strike: "16.41%"

Insert: "15.86%"

Following: "members"

Insert: "on and after July 1, 1995, and 15.81% of compensation  
paid to members on and after July 1, 1997"

23. Page 15, line 21.

Strike: "16.58%"

Insert: "14.36%"

24. Page 15, line 22.

Following: "members"

Insert: "on and after July 1, 1995, and 14.41% of the  
compensation paid to all active members on and after July 1,  
1997"

25. Page 16, line 4.

Strike: "12.65%"

Insert: "11.75%"

26. Page 16, line 7.

Strike: "9.95%"

Insert: "9.05%"

27. Page 16, line 8.

Strike: "11.15%"

Insert: "10.25%"

28. Page 16, line 9.

Strike: "12.65%"

Insert: "11.75%"

29. Page 17, line 5.

Strike: "7.8%"

Insert: "7.6%"

30. Page 18, line 3.

Strike: "and 24.02%"

Insert: "24.01%"

Following: "1995"

Insert: ", and 23.935% of the total compensation paid on and  
after July 1, 1997"

31. Page 18, line 9.

Strike: "14.04%"

Insert: "13.02%"

Following: "members"



Insert: "on and after July 1, 1995, and 13.095% of the total compensation paid to members on and after July 1, 1997"

32. Page 18, line 14.

Strike: "(2)"

Insert: "(3)"

33. Page 18, lines 28 and 29.

Strike: "or who has elected to receive a guaranteed annual benefit adjustment under [section 3], and"

34. Page 19, line 2.

Following: "(3)"

Insert: "For members hired before July 1, 1981, who have elected the guaranteed annual benefit adjustment under [section 3], the following retirement benefits apply:

(a) A member who elects to retire after having reached both 20 years of membership service and age 50 must receive a service retirement benefit equal to the sum of:

(i) 50% of the member's final average compensation for years of service credit up to and including 20 years; and

(ii) 1% of the member's final average compensation for each year of service credit after 20 years.

(b) A member who elects to retire after having reached at least 10 years of membership service but prior to reaching age 50 as an active member must receive a service retirement benefit equal to 2% of the member's final average compensation for each year of service credit. Upon the retired member's death, the benefit must be paid to the surviving spouse. If there is no surviving spouse or if the surviving spouse dies and if the member leaves one or more dependent children, the children are entitled to receive the allowance as long as they remain dependent children as defined in 19-13-104.

(4)"

35. Page 19, line 4.

Following: "(2)"

Insert: "or (3)"

36. Page 20, line 21

Following: "(2)"

Insert: "The following survivorship benefits apply to members hired before July 1, 1981, who have elected the guaranteed annual benefit adjustments provided in [section 3]:

(a) Upon the death before retirement of an active member, the member's surviving spouse, if there is one, must receive a survivorship benefit equal to one-half the final

average compensation received by the member. If the member leaves one or more dependent children, then, upon the member's death if the member leaves no surviving spouse or upon the death of the surviving spouse, the member's dependent children must collectively receive the same benefit that a surviving spouse would have received as long as the children remain dependent children as defined in 19-13-104.

(b) If the deceased member completed over 20 years of membership service, the survivorship benefit provided in subsection (1)(a) must be increased at a rate of 2% of the final average compensation for each year in excess of 20 [, up to a maximum of 60% of the final average compensation received by the member, except as provided under [section 3]].

(3) "

37. Page 20, lines 21 and 22.

Following: "1981," on line 21

Strike: "or of a member who has elected to receive the guaranteed annual benefit adjustment provided under [section 3],"

38. Page 21, line 23.

Strike: "earned compensation includes"

Insert: "member receives"

39. Page 22, lines 15 through 19.

Strike: "full" on line 15 through "member" on line 19

Insert: "base contract amount paid out of funds controlled by an employer as defined under this chapter. The base contract amount is the gross contract amount for the academic or fiscal year before any tax-deferred deductions allowed under the Internal Revenue Code have been made and includes any increase or amounts paid based on placement on the salary matrix for experience and education level. The base contract amount does not include amounts paid for extra compensation, overtime, summer employment, research, maintenance, allowances, expenses, or bonuses or any payment for additional duties"

40. Page 22, line 20

Strike: "full compensation, pay, or salary"

Insert: "base contract amount"

41. Page 22, lines 21, 24, and 27.

Strike: ", pay, or salary"

42. Page 24, line 5

Strike: "7.4%"  
Insert: "7.354%"

43. Page 24, line 6  
Strike: "7.75%"  
Insert: "7.664%"

44. Page 24, line 7  
Strike: "8.1%"  
Insert: "7.974%"

45. Page 24, line 8  
Strike: "8.45%"  
Insert: "8.284%"

46. Page 25, line 14  
Strike: "Each"  
Insert: "Except as provided in [section 6], each"

47. Page 25, line 17  
Strike: "8.04%"  
Insert: "7.78%"

48. Page 25, line 18  
Strike: "8.62%"  
Insert: "8.09%"

49. Page 25, line 19  
Strike: "9.19%"  
Insert: "8.4%"

50. Page 25, line 20  
Strike: "9.76%"  
Insert: "8.71%"

51. Page 27, line 7  
Strike: "as provided in 19-5-404"  
Insert: "in the state general fund"

52. Page 28.  
Following: line 18

Insert: "(4) [Section 4] is intended to be codified as an integral part of Title 19, chapter 3, and the provisions of Title 19, chapter 3, apply to [section 4].

(5) [Section 5] is intended to be codified as an integral part of Title 19, chapter 7, and the provisions of Title 19, chapter 7, apply to [section 5].

(6) [Sections 6 and 7] are intended to be codified as

an integral part of Title 19, chapter 20, and the provisions of Title 19, chapter 20, apply to [sections 6 and 7].

NEW SECTION. Section 42. Coordination instruction. (1) If House Bill No. 205 is passed and approved and if it amends 19-20-101(8), then [section 2(8) of House Bill No. 205], amending 19-20-101, is void and [section 36(8) of this act], amending 19-20-101, must read:

"(8) "Earned compensation" means, except as provided in [section 7 of this act] and [section 8 of House Bill No. 205], the base contract amount paid out of funds controlled by an employer as defined under this chapter. The base contract amount is the gross contract amount for the academic or fiscal year before any tax-deferred deductions allowed under the Internal Revenue Code have been made and includes any increase or amounts paid based on placement on the salary matrix for experience and education level. The base contract amount does not include amounts paid for extra compensation, overtime, summer employment, research, maintenance, allowances, expenses, or bonuses or any payment for additional duties. The earned compensation is the base contract amount that would have been paid to a member for full-time service but that was not paid to the member because of a reduction in compensation due to a temporary absence, provided that the retirement system receives the contribution required by 19-20-413. The earned compensation of a member who had less than 3 consecutive years of full-time service during the 5 years preceding retirement is the compensation that the member would have earned had the member's part-time service been full-time service. The earned compensation of a member who is awarded a disability retirement allowance prior to the completion of a full year is the compensation that the member would have received had the member completed the full year, except that any termination pay, as defined in subsection (5)(e), received by the member is limited to the amount actually paid and is not the amount the member would have earned had the member completed the full year."

(2) If House Bill No. 306 is passed and approved and if it amends 19-7-403, then the member's contribution rate provided for in 19-7-403(1) must be 8.365%.

(3) If House Bill No. 306 is passed and approved and if it amends 19-7-404, then the employer's contribution rate provided for in 19-7-404(1) must be 8.755%

(4) If House Bill No. 306 is passed and approved and if it amends 19-7-503, then [section 5 of House Bill No. 306], amending 19-7-503, is void and [section 23 of this act], amending 19-7-503, must read:

"19-7-503. **Service retirement benefit.** (1) The amount of any service retirement benefit granted to a member with ~~24 years or less of membership service~~ is 2.0834% of the member's final average salary for each year of service credit, ~~up to a maximum of 50% of final average salary.~~

~~(2) The member's retirement benefit must be increased for any member who contributes after 24 years of service credit by 1.35% of the member's final average salary for each year of service credit in excess of 24 years, up to a maximum of 60% of the member's final average salary.~~

~~(3)~~ (2) If a member dies after retirement and had not elected an optional retirement benefit provided for in 19-7-1001, the member's designated beneficiary must be paid the excess, if any, of the member's accumulated contributions at the time of retirement less payments made to the retired member."

(5) If Senate Bill No. 83 is passed and approved and if it amends 19-8-504, then [section 23 of Senate Bill No. 83], amending 19-8-504, is void and [section 25 of this act], amending 19-8-504 must read:

"19-8-504. **State's contribution.** ~~(1) To fund the employer's portion of the normal cost of benefits under this chapter, each~~ Each month, the state treasurer shall pay to the pension trust fund-

(a) out of the department of fish, wildlife, and parks funds, a sum equal to ~~7.15%~~ 11.07% of all members' salaries, and

~~(b) out of the funds collected as fines and forfeited bonds under the provisions of 87-1-601(1) through (5) or funds distributed under 3-10-601(4), an amount equal to 1% of all members' salaries.~~

~~(2) In addition to the contributions provided in subsection (1), the state treasurer shall pay to the pension trust fund the balance of the funds distributed to the fish and game account pursuant to 3-10-601 until the unfunded liability in the pension trust fund is fully paid and a verification statement to that effect is given to the state treasurer by the board."~~

(6) If Senate Bill No. 221 is passed and approved and if it amends 19-9-702, then [section 2 of Senate Bill No. 221], amending 19-9-702, is void and [section 27 of this act], amending 19-9-702, must read:

"19-9-702. **State contribution.** The state of Montana shall make its contributions through the state auditor out of the premium tax on motor vehicle property and casualty insurance policies. The payments must be made annually after the end of each fiscal year but no later than November 1 from the gross premium tax after deduction for cancellations and returned premiums. The division shall notify the auditor by September 1 of

each fiscal year of the annual compensation paid to all active members during the preceding fiscal year. The state's contribution is ~~15.66%~~ 17.95% of compensation paid to members on and after July 1, 1995, and 17.9% of compensation paid to members on and after July 1, 1997."

(7) If Senate Bill No. 357 is passed and approved and if it amends 19-13-601(2), then [section 1 of Senate Bill No. 357], amending 19-13-601(2) is void and [section 30 of this act], amending 19-13-601(2), must read:

"(2) The member's contribution to the retirement system as a percentage of the member's compensation is:

(a) ~~6%~~ 7.8% of the member's compensation for a firefighter who first became a member prior to July 1, 1995, and who has not elected to receive the guaranteed annual benefit adjustment under [section 3]; or

(b) 9.46% for a firefighter who first became a member on or after July 1, 1995, or who has elected to receive a guaranteed annual benefit adjustment under [section 3]."

(8) If Senate Bill No. 357 is passed and approved and if it amends 19-13-604, then [section 2 of Senate Bill No. 357], amending 19-13-604, is void and [section 31 of this act], amending 19-13-604, must read:

**"19-13-604. State contribution. (1)** The state shall make its contributions through the state auditor from the premium taxes on the insurance risks enumerated in 19-18-512. These payments must be made annually to the pension trust fund after the end of each fiscal year but no later than November 1 from the gross premium taxes after deduction for cancellations and returned premiums. The division shall notify the auditor of the annual compensation, excluding overtime, holiday payments, shift differential payments, compensatory time payments, and payments in lieu of sick leave, paid to all active members during the preceding year.

(2) The state's contribution is:

(a) 23.27% of ~~this~~ total compensation effective paid on and after July 1, 1991;

(b) 25.01% of total compensation paid on and after July 1, 1995; and

(c) 24.935% of total compensation paid on and after July 1, 1997.

(3) As soon as practicable after receipt of the state contribution, the division shall deposit it in the pension trust fund."

(9) If Senate Bill No. 357 is passed and approved and if it amends 19-13-605, then [section 3 of Senate Bill No. 357],

amending 19-13-605, is void and [section 32 of this act],  
amending 19-13-605, must read:

"19-13-605. **Employer contribution.** (1) Each employer shall make its contribution on behalf of members through the city treasurer or other appropriate official from money available to the city for this purpose.

(2) The employer's contribution is:

(a) ~~13.02%~~ 14.42% of the total compensation paid to members on and after July 1, 1995; and

(b) 14.495% of the total compensation paid to members on and after July 1, 1997.

(3) All contributions are payable monthly to the division, which shall, as soon as practicable after their receipt, deposit them in the pension trust fund."

(10) If Senate Bill No. 357 is passed and approved and if it amends 19-13-704, then [section 5 of Senate Bill No. 357], amending 19-13-704, is void and [section 33 of this act], amending 19-13-704, must read:

"19-13-704. **Amount of service retirement benefit.** (1) Except as provided in subsection (3), the following retirement benefits apply:

(a) A member hired before July 1, 1981, who elects to retire after having reached both 20 years of membership service ~~and age 50~~ must receive a service retirement benefit equal to the sum of:

(i) 50% of the member's last monthly compensation for years of service credit up to and including 20 years; and

(ii) ~~1%~~ 2% of the member's last monthly compensation for each year of service credit after 20 years.

(b) A member hired before July 1, 1981, who elects to retire after having reached at least 10 years but less than 20 years of membership service ~~but prior to reaching age 50~~ as an active member must receive a service retirement benefit equal to 2% of the member's last monthly compensation for each year of service credit. Upon the retired member's death, the benefit must be ~~made~~ paid to the surviving spouse. If there is no surviving spouse or if the surviving spouse dies and if the member leaves one or more dependent children, the children are entitled to receive the allowance as long as they remain dependent children as defined in 19-13-104.

(2) A member who was hired on or after July 1, 1981, who retires with at least 10 years of membership service must receive a service retirement benefit equal to 2% of the member's final average compensation for each year of service credit.

(3) ~~The maximum monthly benefit payable to any retiree under subsection (1) may not exceed 60% of the member's last monthly compensation. The maximum monthly benefit payable to any~~

~~retiree under subsection (2) may not exceed 60% of the member's final average compensation~~ For members hired before July 1, 1981, who have elected the guaranteed annual benefit adjustment under [section 3], the following retirement benefits apply:

(a) A member who elects to retire after having reached 20 years of membership service must receive a service retirement benefit equal to the sum of:

(i) 50% of the member's final average compensation for years of service credit up to and including 20 years; and

(ii) 2% of the member's final average compensation for each year of service credit after 20 years.

(b) A member who elects to retire after having reached at least 10 years but less than 20 years of membership service as an active member must receive a service retirement benefit equal to 2% of the member's final average compensation for each year of service credit. Upon the retired member's death, the benefit must be paid to the surviving spouse. If there is no surviving spouse or if the surviving spouse dies and if the member leaves one or more dependent children, the children are entitled to receive the allowance as long as they remain dependent children as defined in 19-13-104."

(11) If Senate Bill No. 357 is passed and approved and if it amends 19-13-803, then [section 6 of Senate Bill No. 357], amending 19-13-803 is void and [section 34 of this act], amending 19-13-803, must read:

"19-13-803. Amount of disability retirement benefit. (1) A Except as provided in subsection (3), a member hired before July 1, 1981, who becomes disabled:

(a) before completing 20 years of membership service must receive a disability retirement benefit equal to one-half the member's last monthly compensation;

(b) after completing 20 years or more of membership service must receive the disability retirement benefit provided in subsection (1)(a) increased at a rate of ~~1%~~ 2% of the member's last monthly compensation for each year of service credit in excess of 20, ~~up to a maximum benefit equal to 60% of the member's last monthly compensation.~~

(2) A Except as provided in subsection (3), a member hired on or after July 1, 1981, who becomes disabled:

(a) before completing 25 years of membership service must receive a disability retirement benefit equal to one-half the member's last monthly compensation;

(b) after completing 25 years or more of membership service must receive the disability retirement benefit provided in subsection (2)(a) increased at a rate of 2% of the member's last monthly compensation for each year of service credit in excess of 25, ~~up to a maximum benefit equal to 60% of the member's last~~



~~monthly compensation.~~

(3) A member who was hired on or after July 1, 1995, or who has elected to receive a guaranteed annual benefit adjustment under [section 3] and who becomes disabled:

(a) before completing 25 years of membership service must receive a disability retirement benefit equal to one-half the member's final average compensation;

(b) after completing 25 years or more of membership service must receive the disability retirement benefit provided in subsection (3)(a), increased at a rate of 2% of the member's final average compensation for each year of service credit in excess of 25 years.

(4) A member's disability retirement benefit must be paid first to the member during the member's lifetime and, upon the member's death, to the member's surviving spouse. If upon a member's death the member leaves no surviving spouse or upon the death of the surviving spouse, the member's benefit must be paid to the member's dependent children as long as they remain dependent children as defined in 19-13-104."

(12) If Senate Bill No. 357 is passed and approved and if it amends 19-13-902, then [section 7 of Senate Bill No. 357], amending 19-13-902, is void and [section 35 of this act], amending 19-13-902, must read:

"19-13-902. Survivorship benefit. (1) Except as provided in subsection (2), the following survivorship benefits apply to members hired before July 1, 1981:

(a) Upon the death before retirement of an active member hired before July 1, 1981, the member's surviving spouse, if there is one, must receive a survivorship benefit equal to one-half the last monthly compensation received by the member. If the member leaves one or more dependent children, then, upon the member's death if the member leaves no surviving spouse or upon the death of the surviving spouse, the member's dependent children must collectively receive the same benefit that a surviving spouse would have received, as long as the children remain dependent children as defined in 19-13-104.

(b) If the deceased member completed over 20 years of membership service, the survivorship benefit provided in subsection (1)(a) must be increased at a rate of ~~1%~~ 2% of the last monthly compensation for each year in excess of 20, up to a maximum of 60% of the last monthly compensation received by the member.

(2) The following survivorship benefits apply to members hired before July 1, 1981, who have elected the guaranteed annual benefit adjustments provided under [section 3]:

(a) Upon the death before retirement of a an active member hired on or after July 1, 1981, the member's surviving spouse, if

there is one, must receive a survivorship benefit equal to one-half of the member's final average compensation. If the member leaves one or more dependent children, then, upon the member's death if the member leaves no surviving spouse or upon the death of the surviving spouse, the member's dependent children must collectively receive the same benefit that a surviving spouse would have received, as long as the children remain dependent children as defined in 19-13-104.

(b) If the deceased member completed over 20 years of membership service, the survivorship benefit provided in subsection (1)(a) must be increased at a rate of 2% of the final average compensation for each year in excess of 20 years.

(3) Upon the death before retirement of a member hired on or after July 1, 1981, the member's surviving spouse, if there is one, must receive a survivorship benefit equal to one-half the last monthly compensation received by the member. If the member leaves one or more dependent children, then, upon the member's death if the member leaves no surviving spouse or upon the death of the surviving spouse, the member's dependent children must collectively receive the same benefit that a surviving spouse would have received as long as the children remain dependent children as defined in 19-13-104."

-END-

# HOUSE OF REPRESENTATIVES

## ROLL CALL VOTE

### State Administration

DATE March 8, 1995 BILL NO. HB NUMBER 268

MOTION: Rep. Squires moved Do Pass as Amended

hb026802.ash

NAME	AYE	NO
Rep. Dick Simpkin, Chairman <i>By Proxy</i>	✓	
Rep. Matt Denny, Vice Chairman, Majority	<i>excused</i>	
Rep. Dore Schwinden, Vice Chairman, Minority	✓	
Rep. Matt Brainard	✓	
Rep. Pat Galvin	✓	
Rep. Dick Green	✓	
Rep. Toni Hagener	✓	
Rep. Harriet Hayne	✓	
Rep. George Heavy Runner	✓	
Rep. Sam Kitzenberg	✓	
Rep. Bonnie Martinez	✓	
Rep. Gay Ann Masolo	✓	
Rep. Bill Rehbein		✓
Rep. Susan Smith		✓
Rep. Jay Stovall	✓	
Rep. Carolyn Squires	✓	<i>absent</i>
Rep. Lila Taylor	✓	
Rep. Joe Tropila	✓	

# HOUSE OF REPRESENTATIVES

## ROLL CALL VOTE

### State Administration

DATE March 8, 1995 BILL NO. HB NUMBER 268

MOTION: Rep. Brainard moved the amendments

NAME	AYE	NO
Rep. Dick Simpkin, Chairman <u>By Proxy</u>	✓	
Rep. Matt Denny, Vice Chairman, Majority	<u>excused</u>	
Rep. Dore Schwinden, Vice Chairman, Minority	✓	
Rep. Matt Brainard	✓	
Rep. Pat Galvin	✓	
Rep. Dick Green	✓	
Rep. Toni Hagener	✓	
Rep. Harriet Hayne	✓	
Rep. George Heavy Runner	✓	
Rep. Sam Kitzenberg	✓	
Rep. Bonnie Martinez	✓	
Rep. Gay Ann Masolo	✓	
Rep. Bill Rehbein	✓	
Rep. Susan Smith	✓	
Rep. Jay Stovall	✓	
Rep. Carolyn Squires	✓	
Rep. Lila Taylor	✓	
Rep. Joe Tropila	✓	

Amendments to House Bill No. 268  
First Reading Copy

Requested by Rep. Chris Ahner  
For the Committee on House State Administration

Prepared by Sheri S. Heffelfinger  
March 7, 1995

1. Title, line 21.

Following: "SALARY;"

Insert: "CHANGING THE DEFINITION OF EARNED COMPENSATION IN THE  
TEACHERS' RETIREMENT SYSTEM;"

2. Page 2, lines 8 and 13.

Strike: "2%"

Insert: "1.5%"

3. Page 2.

Following: line 26

Insert: "The legislature finds that it is most cost-effective to help fund the GABA under the teachers' retirement system with a redefinition of earned compensation. Because several current members have contributed on summer employment, which will not be included in the new definition of earned compensation, the legislature intends that vested members of the teachers' retirement system be given a limited option to include in the calculation of future benefits the actuarial value of summer compensation that has been reported for the 3 fiscal years prior to [the effective date of this act]. The legislature further intends that the member or the member's employer, or both, pay the actuarial cost of any additional benefit enhancement."

4. Page 3, lines 3, 5, 7, 11, 16, 28, and 30.

Strike: "2%"

Insert: "1.5%"

5. Page 4, lines 2, 6, 11, 28, and 30.

Strike: "2%"

Insert: "1.5%"

6. Page 5, lines 2 and 6.

Strike: "2%"

Insert: "1.5%"

7. Page 5.

Following: line 19

Insert:

"NEW SECTION. Section 4. State contributions. The state shall contribute monthly to the pension trust fund a sum equal to 0.3% of the compensation of members employed by local governments and school districts on and after July 1, 1995, and a sum equal to 0.25% of the compensation of members employed by local governments and school districts on and after July 1, 1997."

Local government and school district employer contributions must be the total employer contribution rate minus the state contribution rate.

**NEW SECTION. Section 5. State contributions.** The state shall contribute monthly to the pension trust fund a sum equal to 0.1% of the compensation of members employed by county sheriffs' departments on and after July 1, 1995, and a sum equal to 0.05% of the compensation of members employed by county sheriffs' departments on and after July 1, 1997. County employer contributions must be the total employer contribution rate minus the state contribution rate.

**NEW SECTION. Section 6. State contributions.** (1) The state shall contribute monthly to the pension trust fund sums equal to the following portion of the compensation of members employed by school districts:

- (a) 0.015% on and after July 1, 1995;
- (b) 0.325% on and after July 1, 1996;
- (c) 0.6% on and after July 1, 1997; and
- (d) 0.9% on and after July 1, 1998.

(2) School district contributions must be the total employer contribution rate minus the state contribution rate.

**NEW SECTION. Section 7. Summer compensation benefit adjustment for certain members -- annuity account option.** (1) A vested member as of July 1, 1995, who is employed under an academic year contract with summer session compensation reported to the retirement system for fiscal years 1993, 1994, or 1995 and who retires on or before July 1, 2003, may elect to include in the calculation of benefits the actuarial value, as of July 1, 1995, of the reported summer compensation or to have the 3 years of summer compensation included in the calculation of average final compensation provided that:

(a) earnings for each month during the summer session do not exceed one-ninth of the member's base contract for the academic year; and

(b) the member or the member's employer as well as the member contribute to the system the actuarial cost of any benefit enhancement in addition to the actuarial value of the summer compensation as of July 1, 1995.

(2) A member who retires after July 1, 2003, but on or before July 1, 2004, and who meets the requirements of subsections (1)(a) and (1)(b) may elect to include two-thirds of the amount available under subsection (1).

(3) A member who retires after July 1, 2004, but on or before July 1, 2005, and who meets the requirements of subsections (1)(a) and (1)(b) may include one-third of the amount available under subsection (1).

(4) An employer may negotiate to pay up to one-half of the actuarial cost of the enhanced benefit provided for under subsections (1) through (3). The employer shall establish a policy for the payment of the actuarial cost under subsections (1) through (3) and shall apply the policy indiscriminately for all employees.

(5) An employer may contribute, except as limited by the Internal Revenue Code, to an annuity account on behalf of an employee a percentage of the employee's summer compensation that is equivalent to the employer's contribution rate under 19-20-605."

Renumber: subsequent sections

8. Page 5, line 22

Strike: "6.935%"

Insert: "6.8%"

9. Page 5, line 24

Strike: "7.17%"

Insert: "6.9%"

Following: "1996:"

Insert: "and"

10. Page 5, lines 25 and 26

Strike: "7.405%" on line 25

Insert: "7%"

Strike: "; and" on line 25 through "1998" on line 26

11. Page 6, line 16

Strike: "The"

Insert: "Except as provided in [section 4], the"

12. Page 6, line 17.

Strike: ":"

13. Page 6, lines 18 through 20.

Strike: "(1) 7.2%" on line 18

Insert: "7%"

Strike: ":" on line 18 through "1997" on line 20

14. Page 9, lines 18 and 28.

Strike: "28.77%"

Insert: "31.68%"

15. Page 11, line 18.

Strike: "9.1%"

Insert: "9.08%"

16. Page 12, line 3.

Strike: "36.39%"

Insert: "36.36%"

17. Page 12, line 5.

Strike: "26.21%"

Insert: "26.18%"

18. Page 12, line 25.

Strike: "7.62%"

Insert: "7.38%"

19. Page 13, line 11.

Strike: "The"  
Insert: "Except as provided in [section 5], the"  
Strike: "8.29%"  
Insert: "7.77%"

20. Page 14, line 3.  
Strike: "8.5%"  
Insert: "8.2%"

21. Page 14, line 25.  
Strike: "5.69%"  
Insert: "3.92%"

22. Page 15, line 16.  
Strike: "16.41%"  
Insert: "15.86%"  
Following: "members"  
Insert: "on and after July 1, 1995, and 15.81% of compensation  
paid to members on and after July 1, 1997"

23. Page 15, line 21.  
Strike: "16.58%"  
Insert: "14.36%"

24. Page 15, line 22.  
Following: "members"  
Insert: "on and after July 1, 1995, and 14.41% of the  
compensation paid to all active members on and after July 1,  
1997"

25. Page 16, line 4.  
Strike: "12.65%"  
Insert: "11.75%"

26. Page 16, line 7.  
Strike: "9.95%"  
Insert: "9.05%"

27. Page 16, line 8.  
Strike: "11.15%"  
Insert: "10.25%"

28. Page 16, line 9.  
Strike: "12.65%"  
Insert: "11.75%"

29. Page 17, line 5.  
Strike: "7.8%"  
Insert: "7.6%"

30. Page 18, line 3.  
Strike: "and 24.02%"  
Insert: "24.01%"  
Following: "1995"  
Insert: ", and 23.935% of the total compensation paid on and



after July 1, 1997"

31. Page 18, line 9.

Strike: "14.04%"

Insert: "13.02%"

Following: "members"

Insert: "on and after July 1, 1995, and 13.095% of the total compensation paid to members on and after July 1, 1997"

32. Page 18, line 14.

Strike: "(2)"

Insert: "(3)"

33. Page 18, lines 28 and 29.

Strike: "or who has elected to receive a guaranteed annual benefit adjustment under [section 3], and"

34. Page 19, line 2.

Following: "(3)"

Insert: "For members hired before July 1, 1981, who have elected the guaranteed annual benefit adjustment under [section 3], the following retirement benefits apply:

(a) A member who elects to retire after having reached both 20 years of membership service and age 50 must receive a service retirement benefit equal to the sum of:

(i) 50% of the member's final average compensation for years of service credit up to and including 20 years; and

(ii) 1% of the member's final average compensation for each year of service credit after 20 years.

(b) A member who elects to retire after having reached at least 10 years of membership service but prior to reaching age 50 as an active member must receive a service retirement benefit equal to 2% of the member's final average compensation for each year of service credit. Upon the retired member's death, the benefit must be paid to the surviving spouse. If there is no surviving spouse or if the surviving spouse dies and if the member leaves one or more dependent children, the children are entitled to receive the allowance as long as they remain dependent children as defined in 19-13-104.

(4)"

35. Page 19, line 4.

Following: "(2)"

Insert: "or (3)"

36. Page 20, line 21

Following: "(2)"

Insert: "The following survivorship benefits apply to members hired before July 1, 1981, who have elected the guaranteed annual benefit adjustments provided in [section 3]:

(a) Upon the death before retirement of an active member, the member's surviving spouse, if there is one, must receive a survivorship benefit equal to one-half the final average compensation received by the member. If the member

leaves one or more dependent children, then, upon the member's death if the member leaves no surviving spouse or upon the death of the surviving spouse, the member's dependent children must collectively receive the same benefit that a surviving spouse would have received as long as the children remain dependent children as defined in 19-13-104.

(b) If the deceased member completed over 20 years of membership service, the survivorship benefit provided in subsection (1)(a) must be increased at a rate of 2% of the final average compensation for each year in excess of 20 [, up to a maximum of 60% of the final average compensation received by the member, except as provided under [section 3]].

(3)"

37. Page 20, lines 21 and 22.

Following: "1981," on line 21

Strike: "or of a member who has elected to receive the guaranteed annual benefit adjustment provided under [section 3],"

38. Page 21, line 23.

Strike: "earned compensation includes"

Insert: "member receives"

39. Page 22, lines 15 through 19.

Strike: "full" on line 15 through "member" on line 19

Insert: "base contract amount paid out of funds controlled by an employer as defined under this chapter. The base contract amount is the gross contract amount for the academic or fiscal year before any tax-deferred deductions allowed under the Internal Revenue Code have been made and includes any increase or amounts paid based on placement on the salary matrix for experience and education level. The base contract amount does not include amounts paid for extra compensation, overtime, summer employment, research, maintenance, allowances, expenses, or bonuses or any payment for additional duties"

40. Page 22, line 20

Strike: "full compensation, pay, or salary"

Insert: "base contract amount"

41. Page 22, lines 21, 24, and 27.

Strike: ", pay, or salary"

42. Page 24, line 5

Strike: "7.4%"

Insert: "7.354%"

43. Page 24, line 6

Strike: "7.75%"

Insert: "7.664%"

44. Page 24, line 7

Strike: "8.1%"  
Insert: "7.974%"

45. Page 24, line 8  
Strike: "8.45%"  
Insert: "8.284%"

46. Page 25, line 14  
Strike: "Each"  
Insert: "Except as provided in [section 6], each"

47. Page 25, line 17  
Strike: "8.04%"  
Insert: "7.78%"

48. Page 25, line 18  
Strike: "8.62%"  
Insert: "8.09%"

49. Page 25, line 19  
Strike: "9.19%"  
Insert: "8.4%"

50. Page 25, line 20  
Strike: "9.76%"  
Insert: "8.71%"

51. Page 27, line 7  
Strike: "as provided in 19-5-404"  
Insert: "in the state general fund"

52. Page 28.  
Following: line 18

Insert: "(4) [Section 4] is intended to be codified as an integral part of Title 19, chapter 3, and the provisions of Title 19, chapter 3, apply to [section 4].

(5) [Section 5] is intended to be codified as an integral part of Title 19, chapter 7, and the provisions of Title 19, chapter 7, apply to [section 5].

(6) [Sections 6 and 7] are intended to be codified as an integral part of Title 19, chapter 20, and the provisions of Title 19, chapter 20, apply to [sections 6 and 7].

**NEW SECTION. Section 42. Coordination instruction.** (1) If House Bill No. 205 is passed and approved and if it amends 19-20-101(8), then [section 2(8) of House Bill No. 205], amending 19-20-101, is void and [section 36(8) of this act], amending 19-20-101, must read:

"(8) "Earned compensation" means, except as provided in [section 7 of this act] and [section 8 of House Bill No. 205], the base contract amount paid out of funds controlled by an employer as defined under this chapter. The base contract amount is the gross contract amount for the academic or fiscal year before any tax-deferred deductions allowed under the Internal Revenue Code have been made and includes any increase or amounts

paid based on placement on the salary matrix for experience and education level. The base contract amount does not include amounts paid for extra compensation, overtime, summer employment, research, maintenance, allowances, expenses, or bonuses or any payment for additional duties. The earned compensation is the base contract amount that would have been paid to a member for full-time service but that was not paid to the member because of a reduction in compensation due to a temporary absence, provided that the retirement system receives the contribution required by 19-20-413. The earned compensation of a member who had less than 3 consecutive years of full-time service during the 5 years preceding retirement is the compensation that the member would have earned had the member's part-time service been full-time service. The earned compensation of a member who is awarded a disability retirement allowance prior to the completion of a full year is the compensation that the member would have received had the member completed the full year, except that any termination pay, as defined in subsection (5)(e), received by the member is limited to the amount actually paid and is not the amount the member would have earned had the member completed the full year."

(2) If House Bill No. 306 is passed and approved and if it amends 19-7-403, then the member's contribution rate provided for in 19-7-403(1) must be 8.365%.

(3) If House Bill No. 306 is passed and approved and if it amends 19-7-404, then the employer's contribution rate provided for in 19-7-404(1) must be 8.755%

(4) If House Bill No. 306 is passed and approved and if it amends 19-7-503, then [section 5 of House Bill No. 306], amending 19-7-503, is void and [section 23 of this act], amending 19-7-503, must read:

**"19-7-503. Service retirement benefit.** (1) The amount of any service retirement benefit granted to a member ~~with 24 years or less of membership service~~ is 2.0834% of the member's final average salary for each year of service credit, ~~up to a maximum of 50% of final average salary.~~

~~(2) The member's retirement benefit must be increased for any member who contributes after 24 years of service credit by 1.35% of the member's final average salary for each year of service credit in excess of 24 years, up to a maximum of 60% of the member's final average salary.~~

~~(3)~~(2) If a member dies after retirement and had not elected an optional retirement benefit provided for in 19-7-1001, the member's designated beneficiary must be paid the excess, if any, of the member's accumulated contributions at the time of retirement less payments made to the retired member."

(5) If Senate Bill No. 83 is passed and approved and if it amends 19-8-504, then [section 23 of Senate Bill No. 83], amending 19-8-504, is void and [section 25 of this act], amending 19-8-504 must read:

**"19-8-504. State's contribution.** ~~(1) To fund the employer's portion of the normal cost of benefits under this chapter, each~~

Each month, the state treasurer shall pay to the pension trust fund:

(a) out of the department of fish, wildlife, and parks funds, a sum equal to ~~7.15%~~ 11.07% of all members' salaries; and  
(b) ~~out of the funds collected as fines and forfeited bonds under the provisions of 87-1-601(1) through (5) or funds distributed under 3-10-601(4), an amount equal to 1% of all members' salaries.~~

~~(2) In addition to the contributions provided in subsection (1), the state treasurer shall pay to the pension trust fund the balance of the funds distributed to the fish and game account pursuant to 3-10-601 until the unfunded liability in the pension trust fund is fully paid and a verification statement to that effect is given to the state treasurer by the board."~~

(6) If Senate Bill No. 221 is passed and approved and if it amends 19-9-702, then [section 2 of Senate Bill No. 221], amending 19-9-702, is void and [section 27 of this act], amending 19-9-702, must read:

**"19-9-702. State contribution.** The state of Montana shall make its contributions through the state auditor out of the premium tax on motor vehicle property and casualty insurance policies. The payments must be made annually after the end of each fiscal year but no later than November 1 from the gross premium tax after deduction for cancellations and returned premiums. The division shall notify the auditor by September 1 of each fiscal year of the annual compensation paid to all active members during the preceding fiscal year. The state's contribution is ~~15.66%~~ 17.95% of compensation paid to members on and after July 1, 1995, and 17.9% of compensation paid to members on and after July 1, 1997."

(7) If Senate Bill No. 357 is passed and approved and if it amends 19-13-601(2), then [section 1 of Senate Bill No. 357], amending 19-13-601(2) is void and [section 30 of this act], amending 19-13-601(2), must read:

**"(2) The member's contribution to the retirement system as a percentage of the member's compensation is:**

**(a) 6% 7.8% of the member's compensation for a firefighter who first became a member prior to July 1, 1995, and who has not elected to receive the guaranteed annual benefit adjustment under [section 3]; or**

**(b) 9.46% for a firefighter who first became a member on or after July 1, 1995, or who has elected to receive a guaranteed annual benefit adjustment under [section 3].**"

(8) If Senate Bill No. 357 is passed and approved and if it amends 19-13-604, then [section 2 of Senate Bill No. 357], amending 19-13-604, is void and [section 31 of this act], amending 19-13-604, must read:

**"19-13-604. State contribution. (1)** The state shall make its contributions through the state auditor from the premium taxes on the insurance risks enumerated in 19-18-512. These payments must be made annually to the pension trust fund after the end of each fiscal year but no later than November 1 from the

gross premium taxes after deduction for cancellations and returned premiums. The division shall notify the auditor of the annual compensation, excluding overtime, holiday payments, shift differential payments, compensatory time payments, and payments in lieu of sick leave, paid to all active members during the preceding year.

(2) The state's contribution is:

(a) 23.27% of this total compensation effective paid on and after July 1, 1991;

(b) 25.01% of total compensation paid on and after July 1, 1995; and

(c) 24.935% of total compensation paid on and after July 1, 1997.

(3) As soon as practicable after receipt of the state contribution, the division shall deposit it in the pension trust fund."

(9) If Senate Bill No. 357 is passed and approved and if it amends 19-13-605, then [section 3 of Senate Bill No. 357], amending 19-13-605, is void and [section 32 of this act], amending 19-13-605, must read:

**"19-13-605. Employer contribution. (1)** Each employer shall make its contribution on behalf of members through the city treasurer or other appropriate official from money available to the city for this purpose.

(2) The employer's contribution is:

(a) ~~13.02%~~ 14.42% of the total compensation paid to members on and after July 1, 1995; and

(b) 14.495% of the total compensation paid to members on and after July 1, 1997.

(3) All contributions are payable monthly to the division, which shall, as soon as practicable after their receipt, deposit them in the pension trust fund."

(10) If Senate Bill No. 357 is passed and approved and if it amends 19-13-704, then [section 5 of Senate Bill No. 357], amending 19-13-704, is void and [section 33 of this act], amending 19-13-704, must read:

**"19-13-704. Amount of service retirement benefit. (1)** Except as provided in subsection (3), the following retirement benefits apply:

(a) A member hired before July 1, 1981, who elects to retire after having reached both 20 years of membership service ~~and age 50~~ must receive a service retirement benefit equal to the sum of:

(i) 50% of the member's last monthly compensation for years of service credit up to and including 20 years; and

(ii) ~~1%~~ 2% of the member's last monthly compensation for each year of service credit after 20 years.

(b) A member hired before July 1, 1981, who elects to retire after having reached at least 10 years but less than 20 years of membership service ~~but prior to reaching age 50~~ as an active member must receive a service retirement benefit equal to 2% of the member's last monthly compensation for each year of service credit. Upon the retired member's death, the benefit

must be made paid to the surviving spouse. If there is no surviving spouse or if the surviving spouse dies and if the member leaves one or more dependent children, the children are entitled to receive the allowance as long as they remain dependent children as defined in 19-13-104.

(2) A member who was hired on or after July 1, 1981, who retires with at least 10 years of membership service must receive a service retirement benefit equal to 2% of the member's final average compensation for each year of service credit.

(3) ~~The maximum monthly benefit payable to any retiree under subsection (1) may not exceed 60% of the member's last monthly compensation. The maximum monthly benefit payable to any retiree under subsection (2) may not exceed 60% of the member's final average compensation.~~ For members hired before July 1, 1981, who have elected the guaranteed annual benefit adjustment under [section 3], the following retirement benefits apply:

(a) A member who elects to retire after having reached 20 years of membership service must receive a service retirement benefit equal to the sum of:

(i) 50% of the member's final average compensation for years of service credit up to and including 20 years; and

(ii) 2% of the member's final average compensation for each year of service credit after 20 years.

(b) A member who elects to retire after having reached at least 10 years but less than 20 years of membership service as an active member must receive a service retirement benefit equal to 2% of the member's final average compensation for each year of service credit. Upon the retired member's death, the benefit must be paid to the surviving spouse. If there is no surviving spouse or if the surviving spouse dies and if the member leaves one or more dependent children, the children are entitled to receive the allowance as long as they remain dependent children as defined in 19-13-104."

(11) If Senate Bill No. 357 is passed and approved and if it amends 19-13-803, then [section 6 of Senate Bill No. 357], amending 19-13-803 is void and [section 34 of this act], amending 19-13-803, must read:

**"19-13-803. Amount of disability retirement benefit. (1)** A Except as provided in subsection (3), a member hired before July 1, 1981, who becomes disabled:

(a) before completing 20 years of membership service must receive a disability retirement benefit equal to one-half the member's last monthly compensation;

(b) after completing 20 years or more of membership service must receive the disability retirement benefit provided in subsection (1)(a) increased at a rate of ~~1%~~ 2% of the member's last monthly compensation for each year of service credit in excess of 20, ~~up to a maximum benefit equal to 60% of the member's last monthly compensation.~~

(2) A Except as provided in subsection (3), a member hired on or after July 1, 1981, who becomes disabled:

(a) before completing 25 years of membership service must receive a disability retirement benefit equal to one-half the member's last monthly compensation;

(b) after completing 25 years or more of membership service must receive the disability retirement benefit provided in subsection (2)(a) increased at a rate of 2% of the member's last monthly compensation for each year of service credit in excess of 25, ~~up to a maximum benefit equal to 60% of the member's last monthly compensation.~~

(3) A member who was hired on or after July 1, 1995, or who has elected to receive a guaranteed annual benefit adjustment under [section 3] and who becomes disabled:

(a) before completing 25 years of membership service must receive a disability retirement benefit equal to one-half the member's final average compensation;

(b) after completing 25 years or more of membership service must receive the disability retirement benefit provided in subsection (3)(a), increased at a rate of 2% of the member's final average compensation for each year of service credit in excess of 25 years.

(4) A member's disability retirement benefit must be paid first to the member during the member's lifetime and, upon the member's death, to the member's surviving spouse. If upon a member's death the member leaves no surviving spouse or upon the death of the surviving spouse, the member's benefit must be paid to the member's dependent children as long as they remain dependent children as defined in 19-13-104."

(12) If Senate Bill No. 357 is passed and approved and if it amends 19-13-902, then [section 7 of Senate Bill No. 357], amending 19-13-902, is void and [section 35 of this act], amending 19-13-902, must read:

"19-13-902. Survivorship benefit. (1) Except as provided in subsection (2), the following survivorship benefits apply to members hired before July 1, 1981:

(a) ~~Upon the death before retirement of an active member hired before July 1, 1981,~~ the member's surviving spouse, if there is one, must receive a survivorship benefit equal to one-half the last monthly compensation received by the member. If the member leaves one or more dependent children, then, upon the member's death if the member leaves no surviving spouse or upon the death of the surviving spouse, the member's dependent children must collectively receive the same benefit that a surviving spouse would have received, as long as the children remain dependent children as defined in 19-13-104.

(b) If the deceased member completed over 20 years of membership service, the survivorship benefit provided in subsection (1)(a) must be increased at a rate of ~~1%~~ 2% of the last monthly compensation for each year in excess of 20, ~~up to a maximum of 60% of the last monthly compensation received by the member.~~

(2) The following survivorship benefits apply to members hired before July 1, 1981, who have elected the guaranteed annual benefit adjustments provided under [section 3]:

(a) Upon the death before retirement of a an active member ~~hired on or after July 1, 1981,~~ the member's surviving spouse, if there is one, must receive a survivorship benefit equal to one-half of the member's final average compensation. If the



member leaves one or more dependent children, then, upon the member's death if the member leaves no surviving spouse or upon the death of the surviving spouse, the member's dependent children must collectively receive the same benefit that a surviving spouse would have received, as long as the children remain dependent children as defined in 19-13-104.

(b) If the deceased member completed over 20 years of membership service, the survivorship benefit provided in subsection (1)(a) must be increased at a rate of 2% of the final average compensation for each year in excess of 20 years.

(3) Upon the death before retirement of a member hired on or after July 1, 1981, the member's surviving spouse, if there is one, must receive a survivorship benefit equal to one-half the last monthly compensation received by the member. If the member leaves one or more dependent children, then, upon the member's death if the member leaves no surviving spouse or upon the death of the surviving spouse, the member's dependent children must collectively receive the same benefit that a surviving spouse would have received as long as the children remain dependent children as defined in 19-13-104."

Amendments to House Bill No. 91  
First Reading Copy

Requested by Rep. Rehbein  
For the Committee on House State Administration

Prepared by Sheri S. Heffelfinger  
January 10, 1995

1. Title, line 5.

Strike: "48"

Insert: "72"

2. Page 2, line 8.

Strike: "48"

Insert: "72"

## CITIZENS TASK FORCE ON POLITICAL PRACTICES

The initial meeting of the Citizens Task Force on Political Practices was held in Room 108 of the Capitol in Helena, Montana, at 9:30 a.m. on October 25, 1993.

All members were present:

Senator Robert J. "Bob" Brown	Whitefish
Representative Ervin Davis	Charlo
Joe Durso, Jr.	Missoula
Representative Mike Foster	Townsend
M. Susan Good	Great Falls
Don Holland	Rosebud
Patricia "Pat" Hunt	Helena
Fred Lark	Lewistown
Betty T. Lund	Hamilton
Vic Miller	Billings
Thelma J. Stiffarm	Box Elder
Senator Jeff Weldon	Arlee

Commissioner Ed Argenbright welcomed the members and thanked them for volunteering their time and expertise to serve on the committee. He then asked each member to briefly comment on their particular interests. Concerns expressed by committee members included:

- (1) the "archaic" methods the Commissioner's office is required to use because the computers are out-dated,
- (2) a lack of understanding regarding campaign practices on the part of the electronic media,
- (3) questions about specific ways to include the public in understanding the legal requirements in reporting campaign finances and the functions of the Commissioner's office,
- (4) a desire for more public participation in campaigns,
- (5) concern about the thin budget for the Commissioner's office, and
- (6) a frustration about the negative advertising that occurs just prior to the day of an election with no time for response on the part of the candidate who is the target of the negative advertising.

Commissioner Argenbright introduced his staff: Dulcy Hubbert and Donna Muffick, administrative assistants. He then introduced Jim Scheier, staff attorney from the Department of Justice, who, when requested by the Commissioner, serves as legal counsel for the office.

Steve Brown, attorney, former legislator, and an initial drafter of the legislation creating the Commissioner's office, explained to the committee the political environment during the time the office was created. He told the committee that during the period of 1972-1975, two events intensified public suspicion of

access computers in their communities. Ms. Lund said, in answer to a question, that most of the county clerks and recorders have computers. The committee agreed that computer-filing would initially have to be voluntary because even though larger campaigns may have sophisticated software programs, treasurers of local candidates and committees submit handwritten reports.

Mr. Durso thought that the Commissioner's office could charge a reasonable fee for filing that would generate some revenue. The committee discussed this and felt that money collected by the Commissioner's office should be retained by the office for operating expenses rather than going directly into the general fund. Those committee members who are also legislators told the other committee members that it may be difficult to do that because the legislative budget committees do not generally approve of earmarked revenue funds.

Mr. Durso expressed his agreement with Senator Weldon that Senate Bill 205 be implemented as an administrative change and felt the Commissioner was empowered to do so. After some discussion, the committee unanimously agreed.

Connie Erickson, a researcher from the Legislative Council, spoke to the committee about her work as it related to Question #3: What can be done to discourage last-minute negative campaign ads based on distortions and exaggerated claims.

She told the committee that House Joint Resolution 13 requested an interim study of campaign misrepresentations. The Legislative Council determined that it was not necessary to appoint a special committee to do the study and staff was assigned to conduct the study. However, as priorities were set and as staff changes occurred, this study was put on the back burner. Although she had only begun and her work has not been completed, she shared with the committee the research she had done to this point.

Regarding First Amendment issues, 26 states have statutes that deal with unfair campaign practices. Some have a fair campaign practice code but these are voluntary with no penalty. Twenty-one states have laws that prohibit false campaign statements and seven have laws that apply only to written false statements.

Ms. Erickson said case law is very sparse on this subject. She did, however, find two trends. The appellate courts are applying rules of strict construction. At the same time, courts are applying broad interpretations. This has created problems when attempts are made to force a broad interpretation into a narrow statute. She also found that courts are reluctant to overturn an election.

She told the committee that there were constitutional concerns about false statements and laws that include "knowingly." She

DATE March 8, 1975

cited Vanesco v. Schwartz (1975) in which the action must conform to the actual malice standard, the intention that it is false or in reckless disregard of its truth or falsity. You must be sure to incorporate actual malice.

Representative Foster asked Ms. Erickson if she would provide committee members with copies of her presentation as well as the two articles she recently reviewed. Ms. Erickson agreed to do so.

Ms. Good said she would like to see a restriction that voting records could not be introduced into campaigns within ten days before the election. She felt the candidates had ample time from the previous legislative session through the months of campaigning to bring up any issues relating to the voting record of the incumbent and that it was unfair to interject voting records at the last minute. She told the committee that last-minute campaign issues by literature drop did not give the opposing candidate enough time to respond. She also pointed out that all TV and radio time is gone by this time so a timely response is impossible.

Ms. Hunt disagreed and said that the incumbent is being given another advantage that a challenger does not have. The incumbent has a voting record while the challenger has none. Mr. Durso expressed concern about any actions that could be perceived to be against free speech.

The committee discussed the advantages of an incumbent. Mr. Miller felt it was a problem of educating the public. Senator Brown suggested that the Republican and Democratic Central Committees could discuss this issue and that instead of cursing the darkness, one candle might be lit. The committee discussed the problem of any perceived political activity in connection with the Commissioner's office.

Senator Weldon thought the Commissioner's idea of designing public service announcements to run prior to the next election with high visibility individuals doing the spots would have a positive effect. Mr. Miller said he supports the idea. Mr. Holland agreed with the magnified effects of a statewide PSA series and said his experience with it is very positive.

The committee discussed the problem of abandoned campaign signs after the election was over and felt there should be some way this could be resolved.

The committee took a brief recess. Commissioner Argenbright told members of the committee that they would break into two groups to study the first two questions and the entire committee would study the third question. After members selected which of the first two questions they would like to study, the membership of the two committees are as follows:

EXHIBIT 2  
DATE March 8, 1995  
1

**AMENDMENT TO SENATE BILL 98**

**OFFERED BY THE MONTANA ASSOCIATION OF CLERKS AND RECORDERS**

PREPARED BY ROBERT R. THROSSELL  
MARCH 8, 1995

1. Page 2, line 6

Following: "chapter."

Strike: "HOWEVER, THE OFFICERS MAY NOT INCLUDE IN THE LIST THE NAME OF A PERSON WHO HAS SERVED AS A JUROR WITHIN THE PREVIOUS 5 YEARS."

Insert: " A person who has served as a juror in district court within the previous 5 years may request to be excused from jury duty."

## SPONSOR'S AMENDMENTS

March 8, 1995

## ► Amendments:

- Reduce GABA to a 1.5% annual increase, thus reducing employer and employee contribution increases.
  - Define "earned compensation" in the Teachers' Retirement System to mean **base salary** only and provide a mechanism for TRS members to retain credit for summer compensation in previous years.
  - State General Fund savings are used to pay the employer contribution rate increases for local governments and school districts.
- The state general fund will pay 100% of the cost of the GABA for school district and local government employees at a slightly lower level of **total State General Fund commitment than in the original proposal**. By the end of the 1999 biennium, the General Fund will pay 97% of school district costs and 86% of local government costs.
- Even if total TRS payrolls continue to increase at their historic high rate of 5.75% per year, the average increase per school district in FY 98 would only be \$350/year and in FY 99 and beyond will be less than \$450 per year. Because the cost/district is so minimal, it should be covered by retirement fund reserves or cash flows without increased mill levies.
- At historic inflation rates, (5.75% for TRS) total costs shared by over 800 local governments and school districts are projected to be:

<u>Fiscal Year</u>	<u>School Districts</u>	<u>Local Gov'ts</u>
1996	\$ -0-	\$ -0-
1997	\$ -0-	\$ -0-
1998	\$165,976	\$124,169
1999	\$211,102	\$128,147

- Projected annual costs in future years result from **increases in payrolls** due to additional employees and salary increases, not because of GABA. If payroll increases averaged no more than 2%, this proposal would have **\$0** impact to local governments and school districts in the future.
- Assuming historic inflation rates for local government payrolls, the average annual cost per employee in FY 99 is projected to be only:

General Government	\$11/year
Police Officers	\$15/year
Sheriffs/deputies	\$15/year
Firefighters	\$24/year

These annual inflationary costs in FY 99 and beyond can be absorbed in without increases in mill levies.

- The amendments have been reviewed and endorsed by PEPSCo -- the Public Employee Pension Security Coalition composed of a broad range of active and retired public employee organizations across the state.



# MONTANA UNIVERSITY SYSTEM

Office of Commissioner of Higher Education

2500 Broadway • PO Box 203101 • Helena, Montana 59620-3101 • (406) 444-6570 • FAX (406) 444-0684

EXHIBIT 4

DATE March 8, 1995

March 8, 1995

Mr. Richard D. Simpkins  
Chairman, State Administration  
House of Representatives  
State Capitol  
Helena, Mt 59620

Dear Chairman Simpkins:

Last week you met with representatives from the University System to discuss HB 268, which establishes a guaranteed annual benefit adjustment (GABA) for retirees of public retirement systems. Our concern was the amendments requested by Representative Chris Ahner created an adverse impact on our faculty.

Our first concern was the proposed amendments changed the definition of "earned compensation" and removed from calculation of final average salary, all compensation earned from teaching summer school classes or from research. Summer school classes and research projects are normal academic assignments for approximately one half of our faculty. If the compensation from these regular assignments is removed from retirement benefit calculation, it will dramatically reduce the retirement annuity. We understand this amendment will save benefit dollars that can fund a portion of GABA. However, the impact will fall unfairly on our faculty.

Our second concern was for our participants in the Optional Retirement Plan (ORP). As you know the ORP is a defined contribution plan. The GABA increases both employer and employee contributions to TRS. Contributions to the ORP have been linked to TRS in the past. We believe it is inappropriate to increase contributions to one system and not to another.

As you requested, we met with TRS, PERS, and PEPSCo. The objective of these meetings was to see if we could agree on an amendment to address the concerns of our faculty. We believe that the revised amendment will relieve some faculty concern. We plan to present and discuss the revised amendments with faculty on campus to determine their response to the revised GABA plan. We plan to move quickly and will keep you informed.



HOUSE OF REPRESENTATIVES  
VISITORS REGISTER

State Administration

COMMITTEE

DATE March 8, 1978

BILL NO. SB 98

SPONSOR(S) Foster

PLEASE PRINT

PLEASE PRINT

PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	Support	Oppose
Deborah Smith	Common Cause	X-only on SEC. 2: No position on remainder	
Bob Gilbert	MT. MAGISTRATES ASSN MT ASS Clerks of D. Court		Sec. 1 only X
J.V. Bennett	Mont PIRG	X sec. 2 No position on remainder	
Ed Argenbright	Com. Pol Pr.	X sec. 2	
Robert Throssell	MT Assn Clerk & Rec		X Sec 1

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

HR:1993

wp:visbcom.man

CS-14