

MINUTES

**MONTANA SENATE
57th LEGISLATURE - REGULAR SESSION
COMMITTEE ON STATE ADMINISTRATION**

Call to Order: By **CHAIRMAN DON HARGROVE**, on January 18, 2001 at 10:00 A.M., in Room 335 Capitol.

ROLL CALL

Members Present:

Sen. Don Hargrove, Chairman (R)
Sen. John C. Bohlinger, Vice Chairman (R)
Sen. Edward Butcher (R)
Sen. Pete Ekegren (R)
Sen. Jim Elliott (D)
Sen. Eve Franklin (D)
Sen. Ken Toole (D)

Members Excused: Sen. Fred Thomas (R)

Members Absent: None.

Staff Present: Lynette Brown, Committee Secretary
David Niss, Legislative Branch

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

Committee Business Summary:

Hearing(s) & Date(s) Posted: SB 228, SB 227, SB 236,
1/10/2001

EXHIBIT (sts14a01) SEN. DON HARGROVE distributed a handout about bill draft requests.

EXHIBIT (sts14a02) Linda Vaughey, Commissioner of Political Practices, distributed a memorandum about Section 2 of SB 185.

{Tape : 1; Side : A; Approx. Time Counter : 2}

HEARING ON SB 228

Sponsor: SEN. PETE EKEGREN, SD 44, Choteau

Proponents: Bert Obert, Department of Justice
Gary Becker, Department of Justice
Mike O'Connor, Montana Public Employees's Retirement Board
Tom Bivens, Montana Public Employees Association
Pam Bucy, Assistant Attorney Council

Opponents: None

Opening Statement by Sponsor:

SEN. PETE EKEGREN, SD 44, Choteau, stated this was a bill of fairness for the Montana Highway Patrol Officers. The other enforcement officer groups were allowed to retire following 20 years of service and this bill would allow the same option for the Montana Highway Patrol Officers.

Proponents' Testimony: Bert Obert, Department of Justice, **EXHIBIT (sts14a03)** spoke about the handout on services the Montana Highway Patrol performs. He said this bill was a bill of equity to make sure the Highway Patrol Officers could retire following 20 years of service.

Sgt. Gary Becker, Department of Justice, **EXHIBIT (sts14a04)** spoke about retirement systems and said the Highway Patrolmen want equality with their retirement systems.

Mike O'Connor, Executive Director of the Public Employees Retirement Association, expressed support for SB 228. **Mr. O'Connor** told the committee there was a total of 190 active members in the Highway Patrol Retirement System with 261 benefit recipients. This bill addressed those people hired after July 1st of 1985 and attempted to eliminate the age 50 requirement that was presently in law. **Mr. O'Connor** said this bill would have no impact on half of the 190 active members, which meant that either they were hired prior to July 1st 1985 or they would have their 20 years of service in after age 50. This bill was to encourage standardization of similar retirement systems over a period of time and the avoidance of decisions that encourage small and frequent adjustments to the systems. **Mr. O'Connor** told the committee that the system was able to fund changing the benefit that would not need any contribution increases. This bill would treat all highway patrol retirement system members the same and would bring the Highway Patrol Retirement System into parity with all other public safety systems: the police, fire, game wardens, and sheriff's protective systems. He urged support for this bill.

Tom Bivins, Montana Public Employees Association, urged support for this bill.

Pam Bucy, Assistant Attorney Council, told the committee when she was a deputy county attorney in Helena, she had the privilege of working with the officers this bill would affect. The Department of Justice recognized the difficult job those officers face on a daily basis, and they deserve and warrant that recognition regardless of the age in which they came into service. **Ms. Bucy** urged support for this bill.

Opponents: None

Questions from Committee Members and Responses:

SEN. Ed Butcher said he was concerned about 190 people paying into this system and 261 people receiving benefits from it. He asked **Gary Becker** if they were recruiting and hiring people in their early 20's or does the selection process usually get people around 30 years old entering the patrol? **Mr. Becker** answered there was much variance of the officers being hired with most in the later 20's or early 30's.

SEN. BUTCHER asked if **Gary Becker** was concerned with the demographics of the individuals collecting from this retirement system since the other workers would be faced with paying for everybody's retirement? **Mr. Becker** responded they were trying to make the highway patrol a more pristine job to improve retention.

Mike O'Connor told the committee in 1985 when the legislature implemented this legislation, one of the concerns was the unfunded liability. One of the methods you can use to minimize the unfunded liability is to put age restriction in. That is one of the reasons why they put the minimum age 50. That was when the system had enough liability. Today it does not.

SEN. ELLIOTT asked **Mike O'Connor** why there were so many different retirement systems? **Mr. O'Connor** told the committee it was a goal of his to have a study done on that issue.

Closing by Sponsor: **SEN. PETE EKEGREN** distributed the fiscal note for this bill to the committee. **EXHIBIT(sts14a05)** **SEN. Ekegren** said the highway patrol would hire the young highway patrolmen. Because of low wages, as soon as they had been trained, many of them would leave the department to work elsewhere to make more money. He added they needed to have the benefits this bill requested.

HEARING ON SB 227

Sponsor: SEN. JACK WELLS, SD 14, Bozeman

Proponents: Jim Jacobsen, Montana Veterans Affairs Division
Hal Manson, American Legion of Montana
Dan Antonietti, Veterans of Foreign Wars
Bernie Kuntz, Department of Fish, Wildlife and Parks

Opponents: Kelly Jenkins, General Counsel for the Montana Public
Employee's Retirement Board
Carol Lambert, Public Employees Retirement Board

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Opening Statement by Sponsor:

SEN. JACK WELLS, SD 14, Bozeman, said this bill was an extension of the law to allow certain military personnel to buy into the system. This bill would extend the window for two years, he said.

Proponents' Testimony:

Jim Jacobsen, Montana Veterans Affairs Division, urged acceptance of this bill.

Hal Manson, American Legion of Montana, said his organization supported this bill because the peoples' military service had been served, regardless of when they came to work for the State of Montana. Mr. Manson said with those people being close to the 10 year limit, it was not fair for those people to not get the benefits as the people that had been there previously.

Dan Antonietti, Veterans of Foreign Wars, stated this bill would be a small entitlement to the veterans involved.

Bernie Kuntz EXHIBIT(sts14a06) explained his reasons for supporting this bill.

Opponents' Testimony:

Kelly Jenkins, General Counsel for the Montana Public Employees' Retirement Board, EXHIBIT(sts14a07) explained reasons for opposing this bill as well as some history pertaining to this situation.

Carol Lambert, Public Employees Retirement Board, said this bill was very discriminatory and was not a fair bill. **Ms. Lambert** said her board was adamantly opposed to this bill.

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Questions from Committee Members and Responses:

SEN. BUTCHER asked **SEN. WELLS** if this bill was the way to go, why didn't they just leave it open so whenever a veteran would come into the state government employment, they could just buy out their time because there would always be some small group of people that had not made the cut-off date? **SEN. WELLS** responded he did not think this window would continue indefinitely because the Vietnam War ended over 25 years ago and the law currently covered veterans with service from Korea and Vietnam.

SEN. BUTCHER asked **SEN. WELLS** if the Gulf War veterans should be included also? **SEN. WELLS** answered that may come up in the future, but was trying to put some fairness in for the Vietnam Korean War veterans. **SEN. BUTCHER** asked why they don't just open it up to say "all veterans" instead of just the Vietnam and Korean War veterans? **SEN. WELLS** responded that he would not object, but then the money involved would increase in the retirement system.

SEN. EKEGREN asked **Mike O'Connor** what his feelings were about this? **Mr. O'Connor** answered he had the same concerns because it was a \$1.8 million liability for the two year window. If it was extended, it would be a larger liability.

SEN. EKEGREN asked **Mike O'Connor** if he and **Kelly Jenkins** agreed on this. **Mr. O'Connor** replied that, yes, they did agree on this.

SEN. HARGROVE asked **Mike O'Connor** if anyone could purchase their military service time for public service retirement in Montana? **Mr. O'Connor** responded that was correct. **SEN. HARGROVE** asked if the \$1.8 million was a special price or if it was everything included? **Mr. O'Connor** replied it was a special price.

SEN. HARGROVE asked **Mike O'Connor** if the person had a retirement from the military, then they could not do this? That was correct, **Mike O'Connor** answered.

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Closing by Sponsor: **SEN. JACK WELLS, SD 14**, told the committee those veterans deserve special compensation in many ways. **SEN. WELLS** closed on SB 227.

HEARING ON SB 236

Sponsor: SEN. DUANE GRIMES, SD 20, Clancy

Proponents: Mike O'Connor, Executive Director Montana Public
Employment Retirement Association

Opponents: None

Opening Statement by Sponsor:

SEN. DUANE GRIMES, SD 20, told the committee this bill was a simple extension of a deadline which pertained to legislators.

Proponents' Testimony:

Mike O'Connor, Montana Public Employment Retirement Association, stated this bill would extend the window through December of 2000 for legislators to decide if they wanted to be included in PERS. This bill began because many legislators were told they could wait until the end of their term to speak to the retirement personnel to make their final decision and later found out that was incorrect. In leaving it open through December 31, 2000, the plan would still qualify.

Opponents' Testimony: None

Questions from Committee Members and Responses:

SEN. TOOLE asked Mike O'Connor if he knew for sure that someone had told the legislators that people could wait until the end of their term to decide on their retirement? Mr. O'Connor responded that concept was just understood by everyone and it wasn't an issue until the qualification with the IRS came into effect.

SEN. BUTCHER asked Mike O'Connor if this bill referred to people who have already left and didn't get the window? Mr. O'Connor responded that was correct; he added that this did not affect the new legislators.

SEN. ELLIOTT asked Mike O'Connor if there was a time limit upon which an individual needed to make the decision of whether or not to be a member of a particular retirement system? Mr. O'Connor responded that was correct because the federal government would not allow an open window time frame for the decision to be made. He added that was federal policy because it was a disadvantage to the retirement system to leave it open.

SEN. HARGROVE asked **Mike O'Connor** what would happen if this would not pass? **Mike O'Connor** replied that they would have to refund the contributions made by the legislators involved in this.

SEN. ELLIOTT asked **Mike O'Connor** if you are not a member of the retirement system, then could you no longer carry the health insurance? **Mr. O'Connor** answered that one of the provisions in the health insurance plan was that you had to be a member of one of the retirement systems.

Closing by Sponsor: **SEN. DUANE GRIMES** closed on SB 236.

David Niss explained **EXHIBIT (sts14a08)** the unofficial draft copy handout.

ADJOURNMENT

Adjournment: 11:30 A.M.

SEN. DON HARGROVE, Chairman

LYNETTE BROWN, Secretary

DH/LB

EXHIBIT (sts14aad)