

**MINUTES**

**MONTANA SENATE  
57th LEGISLATURE - REGULAR SESSION  
COMMITTEE ON FINANCE**

**Call to Order:** By **CHAIRMAN BOB KEENAN**, on April 4, 2001 at 8:00 A.M., in Room 317 Capitol.

**ROLL CALL**

**Members Present:**

Sen. Bob Keenan, Chairman (R)  
Sen. Ken Miller, Vice Chairman (R)  
Sen. Tom A. Beck (R)  
Sen. Chris Christiaens (D)  
Sen. John Cobb (R)  
Sen. William Crismore (R)  
Sen. Greg Jergeson (D)  
Sen. Royal Johnson (R)  
Sen. Bea McCarthy (D)  
Sen. Arnie Mohl (R)  
Sen. Linda Nelson (D)  
Sen. Debbie Shea (D)  
Sen. Corey Stapleton (R)  
Sen. Bill Tash (R)  
Sen. Jon Tester (D)  
Sen. Mignon Waterman (D)  
Sen. Jack Wells (R)  
Sen. Tom Zook (R)

**Members Excused:** None.

**Members Absent:** None.

**Staff Present:** Prudence Gildroy, Committee Secretary  
Jon Moe, Legislative Fiscal Division

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

**Committee Business Summary:**

Hearing(s) & Date(s) Posted: HB 13, 4/1/2001; HB 615,  
4/1/2001; HB 318, 4/1/2001; HB  
526, 4/1/2001

Executive Action: None

HEARING ON HB 13

Sponsor: REP. DAVE LEWIS, HD 55, Helena

Proponents: John McEwen, Administrator State Personnel  
Division  
Chuck, Swysgood, Budget Director, OBPP  
Terry Minow, MEA-MFT  
Tom Schneider, MPEA  
Dr. Dick Crofts, Commissioner of Higher Education  
Kathy Conover, Montana State University  
Sarah Cobbler, Associated Students of the  
University of Montana  
Kay Unger, MEA-MFT  
Dustin Stewart, Associated Students

Opponents: None

Opening Statement by Sponsor:

REP. DAVE LEWIS, HD 55, Helena, opened on HB 13, the State pay plan. He handed out and explained out a summary of key elements and background information. **EXHIBIT (fcs76a01)** He advised the total for personal services for state government was \$675 million a year. A portion of the pay raise would be used to cover the increased cost of health insurance. He said the reason the bill was good public policy was that the major issue being addressed was retention and recruitment. The bill also provided for a contingency fund for the budget director to use when vacancy savings were not realized, when retirement costs exceeded agencies' resources, or other contingencies. There was also an appropriation to the legislative branch for those contingencies. He indicated an amendment on page 18 by **REP. STEVE VICK** increased the daily rate for legislators. He advised the original appropriation in the bill was roughly \$70 million. He offered an amendment on the House floor to reduce the general fund amount by roughly \$5 million. They were in the process in the House of trying to balance out all the various spending bills and maintain the recommended level of spending in the education funding bill and it was felt appropriate to make the reduction. He understood the Governor's office was going to recommend putting the money back into the pay plan as it appeared funding was available to maintain what the house had recommended for education funding and maintain full funding for the pay plan.

Proponents' Testimony:

**John McEwen, Administrator State Personnel Division,** presented testimony in support of HB 13 and explained the pay plan.

**EXHIBIT (fcs76a02)** He said the pay plan was a component of maintaining a competent workforce and urged concurrence with the bill.

**Chuck, Swysgood, Budget Director, OBPP,** advised the administration supported HB 13 with a couple of caveats. He said there would be amendments to address an error that was made in the calculation for the reduction on the House floor and to fully fund the pay plan back to the amount originally in the budget. Additionally, they were asking to increase the contingency currently in HB 13 by another \$500,000 to correspond to the one percent vacancy savings.

**Terry Minow, MEA-MFT,** strongly supported HB 13. She said the bill was the result of joint MEA-MFT and MPEA pre-budget negotiations. She stated that collective bargaining was a legal process for setting state employee salaries. She asked the committee to amend the bill to restore the original level of funding in HB 13. She said the employees did not agree to fund the plan through state employee layoffs. The bill as currently structured with the House amendments would cause layoffs, especially in direct care facilities like Montana State Hospital. In agencies where there would not be layoffs, there would be increased workloads. She also supported the amendment proposed by **REP. LEWIS** and adopted by the Appropriations Committee to provide for step and lane increases for teachers working for the state. She said they also represented the employees of the university system. HB 13 did not set their pay, but appropriated funds to the Board of Regents so they could negotiate with faculty and staff. She requested that HB 13 be amended to increase the state's share of funding in the pay plan from 50 percent as found in the bill, to 78 percent which is the average state share over the last ten years. By picking up a greater share of the pay plan, the legislature would reduce the amount of tuition increase needed to fund faculty and staff salaries.

**Tom Schneider, MPEA,** testified that a year had been spent negotiating based on the original funding in the bill and asked that the bill be supported in that form. He pointed out the problem with health insurance reducing pay increases. He said they anticipated that the state health insurance plan would not only go up the \$71 paid by the state, it would go up an additional \$80 out of pocket for those with dependent coverage. For a grade 7, that would just about equal the pay increase. He strongly asked for support of the bill to make sure that the increased cost of insurance to the employees was covered and to retain the good employees working for the state.

**{Tape : 1; Side : B}**

**Dr. Dick Crofts, Commissioner of Higher Education,** urged support for HB 13. He appreciated the efforts of the budget office to bring forward the amendment to restore the original funding even though it did not affect the university system. He stressed the impact of the health insurance increases to employees. The impact was disproportionate on lower salaried employees. He asked for attention to the public policy question of the appropriate share for the state to pay for salary increases for university employees and the appropriate share for students to pay. He noted that prior to 1991, the pay plan for the university system was totally funded by general fund. In 1991, the percentage of funding was lowered to 78 percent, was lowered in succeeding bienniums and was currently at 52 or 53 percent funding. There was no other option but to collect the additional money from students. In the university budget for the next biennium, there was \$7 million in costs for annualizing the last pay plan and about \$10 million of the students share to finance the next pay plan. Those two things alone would require a tuition increase of approximately 4 percent each year. He advised recruitment and retention was an issue for all classes of employees.

**Kathy Conover, Montana State University,** urged support of the pay plan bill. She contended that in her community there were a number of new businesses that were very competitive and that draw off university employees. They have found that their recruitments had increased significantly and the number of applicants had decreased. She asserted that employees needed to be paid fair and competitive wages for there to be successful recruitment and retention.

**Sarah Cobbler, Associated Students of the University of Montana at Missoula and U of M Western at Dillon,** affirmed student support of the pay raise for employees. She pointed out the actual dollar amount of \$10,880,000 that the current level of funding put on the shoulder of students. She urged the committee to consider increasing the state's share.

**Kay Unger, MEA-MFT,** testified she had been a faculty member at UM for twenty-five years. She read testimony on behalf of a staff member, **Kath McChesney-Lape, President, Montana Public Employees Association, UM, Missoula** in support of HB 13. **EXHIBIT (fcs76a03)** She asserted that it was commonly believed that faculty earned enormous salaries. Relative to other wage rates in Montana, faculty salaries were higher, but there was no choice other than to hire faculty in national labor markets. She testified that as a co-professor having been promoted twice, having earned several

merits and having several hundred thousand dollars worth of research grants to her credit, she was earning just a couple of thousand dollars less than a brand new PhD in economics. She contended that she lied about her salary at professional conferences out of embarrassment. Three-fourths of her department had been in the Department of Economics longer than she had and would retire soon. They would have to be replaced with new economists or the study of economics would have to be abolished. Forty-two programs were cut the previous year. Forty-two majors, minors, and programs were deleted from the offerings. They were operating at a bare-bone level and not luxuriously compensating faculty. She passed out a proposed amendment regarding the percentages of general fund and tuition that fund the pay plan and asked that it be considered.

**EXHIBIT (fcs76a04)**

**Dustin Stewart, Associated Students**, representing 15,000 students, stood in support of the pay plan. He was frustrated that students were not more involved in the process. He recalled the voluntary pay freeze of the previous year by university faculty in response to the budget crunch. The problem he had with the bill was the state share of only 53 percent. He advocated for equity and involvement in the process for students. He supported the amendment introduced by **Ms. Unger**.

**Opponents' Testimony:**

None.

**Questions from Committee Members and Responses:**

**SEN. CHRIS CHRISTIAENS** asked **Mr. Swysgood**, about the increase of \$1 per year was for prison guards and security. He believed there was \$1 last year and \$1 in the current year. **Mr. Swysgood** indicated the increase was contained in HB 2 in personal services. **SEN. CHRISTIAENS** contended there was a resolution by Local Government for a study over the biennium regarding insurance prices in Montana. He understood that the Department of Administration Personnel Division had about a \$6 million increase above what was planned in the biennium. He asked how insurance costs would be contained. **Mr. Swysgood** advised it was a difficult issue and he did not know the answer. It was a cause of concern and there was a team that trying to address those costs.

**SEN. MIGNON WATERMAN** asked for clarification on the amendment to the contingency fund. **{Tape : 2; Side : A}** **Mr. Swysgood** explained the amendment would add \$500,000 more to the \$1.3 million.

**SEN. GREG JERGESON** asked if the pay plan covered the teacher salaries at the School for the Deaf and Blind. **Mr. Swysgood** thought that was negotiated in HB 2. **Mr. McEwen** contended the budget office would be able to allocate money for pay raises to the School for the Deaf and Blind.

**SEN. LINDA NELSON** said she understood that there were 16,000 state workers and she wanted to see a graph showing the growth in the last 12 years. **Mr. McEwen** offered to get her the information. **CHAIRMAN BOB KEENAN** clarified that would be for FTEs.

**SEN. JOHN COBB** asked **Dir. Swysgood** if the \$500,000 was for the 1 percent that was taken in addition to the four percent. **Dir. Swysgood** advised it was put in their budget because they had applied another one percent over the **Racicot** budget. The **Racicot** budget had a three percent vacancy savings with a \$1 million contingency and they applied another one percent and felt they needed another \$500,000 in contingency. **SEN. COBB** asked if they needed extra money for the additional one percent the legislature took out. **Dir. Swysgood** said with restoring the pay plan back to its original form, the situation could be managed. **SEN. COBB** asked if the language "or other contingencies arise" was normally used. **REP. LEWIS** indicated it was. He said there was flexibility for budget office in case there were no vacancy savings or other problems within an agency like retirements. **SEN. COBB** asked if it could be used for personal services. **REP. LEWIS** said it could. **SEN. COBB** asked if the pay plan was reduced by the four percent vacancy savings. **Mr. McEwen** said that in calculating the cost of the pay raise, vacancy savings were considered. A four percent raise would not be given to a vacant position. **SEN. COBB** asked if the additional one percent was taken out. **Mr. McEwen** explained there were three amendments in the bill. The original amount of money was based on three percent vacancy savings. Then it was changed to five percent. The third amendment was taken out on the House floor. The intent was to fund based on whatever the vacancy savings rate was-- whatever HB 2 was funding. **SEN. COBB** asked if an agency had no vacant positions, if they would get less for their pay plan. If others had many vacancies, he wondered if they would get all the money for their pay plan. **Mr. McEwen** advised the allocations were made by the budget office. Some agencies may have enough and some not. **SEN. COBB** asked about page 20 where it stated "money is appropriated for the biennium to the legislative branch to reduce the discrepancy between actual branch salaries and statutory market salaries". **Mr. McEwen** said that would be obligated to the Legislative Services Division. **SEN. COBB** asked how those numbers were figured out. **REP. LEWIS** said the number

was given to him by the Legislative Services Division. There was a salary survey done and that was the number in order to maintain competitive salary rates for the professional staff of three legislative branch agencies. **SEN. COBB** asked if he knew the percentage increase in salaries. **REP. LEWIS** thought it would vary by grade. The objective was for a market based comparison. **SEN. COBB** asked about comparability in pay between agencies. **REP. LEWIS** said when flexibility was built in there might not be total comparability state-wide.

**SEN. TOM ZOOK** asked **REP. LEWIS** about the \$500,000 being for the first year. For the second year it showed \$3 million. **REP. LEWIS** said it was a biennial appropriation and that usually there was general fund and other funds. **SEN. ZOOK** asked if it would be \$4.3 million for the biennium. **REP. LEWIS** said the money would be from general fund and other funds.

**SEN. ZOOK** asked **Ms. Unger** is she had a PhD in Economics. **Ms. Unger** confirmed she did. He asked her how many hours she spent in the classroom per week. **Ms. Unger** stated she got to campus at 8:00 in the morning. She said she had four classes and left by 4:30 with homework. She spent 12 hours in the classroom teaching. She liked to run mathematical macro models and prepared lectures on Saturday and Sunday to teach two classes on Monday. Classroom contact hours did not cover other face to face contact with students for the graduate program. She taught them economic research and said it was harder to do research with a grad student than without them. She spent more time with grad students than with introductory econ courses. Those were classes of 150 and 130 with a faculty student ration of 1 to 87. She spent a lot of time with students, time on research or preparing to spend time with students.

**SEN. BILL CRISMORE** asked **Professor Unger** what her salary was and about the average high and low salaries of professors. **Ms. Unger** did not know the maximum and minimum of faculty salaries. She passed out and explained information on faculty salaries at public doctoral institutions. **EXHIBIT(fcs76a05)** **SEN. CRISMORE** asked again for her salary based on the fact that she had lied about it due to embarrassment. **Ms. Unger** said as a full professor of 25 years, with a significant amount of publications behind her name, she had a salary of \$64,000 a year. A new PhD in Economics would start at around \$70,000 and receive signing bonuses. She described the reasons she did not leave Montana for higher salary elsewhere. **SEN. CRISMORE** acknowledged the same reasons for not leaving and that he could have done better elsewhere.

**SEN. COREY STAPLETON** asked **REP. LEWIS** about the title of the bill and alternative pay plans. **REP. LEWIS** referred the question to **Mr. McEwen** who explained that page 4, line 19 was the section of law that was being amended. Line 24 through 29 were being taken out regarding demonstration projects, but the authority to develop alternative pay plans was left in. **Mr. McEwen** indicated they were beyond the stage of demonstration projects and alternative pay plans would be more of a routine in how they paid. They didn't feel it was necessary to reference specific kinds of demonstration projects, so they were being removed from the law. **SEN. STAPLETON** asked if and when there was alternative pay, if it would be in HB 13. **Mr. McEwen** contended that the alternative pay structure, which was a nine grade broad band system, was not captured in statute. It was thought better to keep it out of law so that it could be adjusted by rule. He said it was a policy question, but it was their preference not to have the structure in statute like the 25 grade system. **SEN. STAPLETON** asked how the legislature would oversee it if it was not in statute. **Mr. McEwen** said it would be published in rule. Labor contracts would address how the structure was applied. The legislature would oversee the appropriations process. **SEN. STAPLETON** asked about page 3, line 19, and how often a step was increased. **Mr. McEwen** said that section referred to teacher salaries. The value of the step increased or a person moved from one step to another on their anniversary date on a year by year basis. **SEN. STAPLETON** asked if a step was something that was done every year. **Mr. McEwen** indicated it was.

**SEN. COBB** asked about the committee vote when the legislative daily rate was changed. **REP. LEWIS** said it was unanimous. **SEN. COBB** asked if it was increased by the percentage rate as determined by the survey or by cost of living, whichever was less. **REP. LEWIS** confirmed it was.

**SEN. ARNIE MOHL** expressed a dislike of percentages. He asked if they ever considered a raise in dollars based on what it actually cost to live instead of a percentage. **REP. LEWIS** said that had come up and various mixtures had been used through the years. In the last few years it had been based on percentage. He referred to the chart and said they were reflecting the market. He said there were flat dollar rate increases in the 70s. **SEN. MOHL** said he had heard the argument before and had not been convinced. He asked about the percentage of turnover because of wages. **Mr. McEwen** said the rate of turnover in FY 2000 was 12 percent. **SEN. MOHL** asked how much of that was retirement and how many left because they got a better offer. **Mr. McEwen** said he had turnover data in his file, but said that roughly 1000 employees had left state service in FY 2000. About 230 of those were retirements

and the rest left for personal reasons. **SEN. MOHL** advised that in the last two years he had lost seven employees who went to work for the state or other government agencies for better wages. He felt he had given substantial wage increases. He said in order to make a comparison you had to compare the industry actually worked in. He mentioned the inclusion of janitors and truck drivers. **{Tape : 2; Side : B}** **Mr. McEwen** indicated their surveys focused on the statewide schedule and did not believe the job of truck driver was in their survey. **SEN. MOHL** asked if the 4 percent was annually. **Mr. McEwen** replied it was four percent each year so that by the end of the next biennium it would be eight percent. It would be four percent in 2002 and another four percent in 2003. **SEN. MOHL** said it would be about ten percent. It would be compounded.

**SEN. JON TESTER** asked, in regard to the sick and annual leave liability, how many employees fell into the 28 year and above range and also the 25 year range. He asked if the employee left after 28 years, if they were classified as retiring or another classification. **Mr. McEwen** said they would most likely be categorized as a retiree if they stayed on for health insurance. For 25 years plus, there were 1055 employees. He thought there would be 300 or 400 of 28 years plus employees.

**SEN. TESTER** asked how much tuition would go up under the pay scheme that was being considered. He indicated he had heard the figure of nine or ten percent. He wondered if that included the current pay plan. **Ron Sundsted, Associate Commissioner for Fiscal Affairs**, said that would include the four percent. It would actually take 3.8 percent for each year of the biennium to fund the pay plan.

**Closing by Sponsor:**

**REP. LEWIS** closed on the bill and advised there was an amendment to reverse House action on the funding and an amendment to resolve a technical glitch.

**HEARING ON HB 615**

**Sponsor:** **REP. DAVE LEWIS, HD 55, Helena**

**Proponents:** **None**

**Opponents:** **None**

**Opening Statement by Sponsor:**

**REP. DAVE LEWIS, HD 55, Helena,** opened on HB 615, a bill requested by the Joint Appropriations Subcommittee on Health and Human Services to reduce the maintenance of effort to the 75 percent minimum required by the federal government. It had been at 77 percent in state statutes since the beginning of the TANF program. The reduction would save \$1 million.

**Proponents' Testimony:**

None.

**Opponents' Testimony:**

None.

**Questions from Committee Members and Responses:**

**SEN. WATERMAN** said her recollection for staying at 77 percent was a concern with caseloads going up. She thought layoffs might have an effect and asked about the downside if caseloads were to go back up. **Hank Hudson, DPHHS,** said there was a slight caseload increase in Montana like the rest of the nation. He contended they could pay those increased benefits with their old TANF block grant. The bill would have no impact. He said the only downside to going to 75 percent from 77 percent was that they had originally asked for 77 due to the lack of experience in tracking state money spent. He said they now had a couple of years of experience and were able to track that pretty precisely. The major risk was with Fort Belknap Tribe needing to run a plan similar to DPHHS so it could be counted. Increased caseloads would not have an impact because all of the money was federal money. The worst case scenario if caseloads were to go up rapidly, was that some activities in non-restricted line items in FAIM Phase 2 would be decreased. He said that although they were not proponents of reducing their maintenance of effort, it was something they could do and probably a good use of the general fund for other purposes.

**SEN. CHRISTIAENS** said that under welfare reform there was a five-year lifetime benefit. There was FAIM I and they were now in FAIM II. He said it must be close to the end of the five years for some and he wondered what was next for those who may or may not be in the workforce or have adequate funds to live. **Mr. Hudson** replied that the first Montanans, about 50 people, would reach the 60 month time limit in February of 2002. He said Montanans do not tend to stay on public assistance very long. County directors were asked to call those individuals and interviewed each of them. He indicated that 20 percent of their caseload can exceed the 60 month time limit. One of the things

asked for and received in SB 77 was the authority to write rules to articulate who would have extended benefits beyond 60 months. That included parents with disabled children. Those with drug and alcohol problems who refused to seek treatment would not get benefits extended beyond 60 months. Montana would not have a major crisis when 60 months was reached. He said if the economy deteriorated, an increase in caseload could be seen. **SEN.**

**CHRISTIAENS** asked if **Mr. Hudson** knew where those people were located in the state and **Mr. Hudson** said he did not.

**Closing by Sponsor:**

**REP. LEWIS** closed on the bill, saying \$1 million in general fund would be saved with no impact on the program.

**HEARING ON HB 318**

**Sponsor:** TOM FACEY, HD 67, Missoula

**Proponents:** Pat Clinch, Montana State Council of Professional Firefighters

**Opponents:** None

**Opening Statement by Sponsor:**

**TOM FACEY, HD 67, Missoula,** opened on HB 318, an act allowing for the award of matching funds to organizations raising money to assist catastrophically injured law enforcement officers and public safety workers. Organizations could hold fund raisers and then apply to the state for matches to increase the grant to a family. The money would come from the Employment Security Account. **EXHIBIT (fcs76a06)** He said a set of amendments had been drafted which would shift the responsibility from the Department of Administration to the Department of Labor for distribution of the grants. He said the bill would sunset in two years. At that time a more appropriate source of funding could be found.

**Proponents' Testimony:**

**Pat Clinch, Montana State Council of Professional Firefighters,** and also speaking on behalf of the **Montana State Firemens' Association,** rose in support of HB 318. He said there would be a tremendous benefit to the families and friends of injured police officers and firefighters. They had suggested a funding source through the Fire Insurance Premium Tax.

**Opponents' Testimony:**

None.

**Questions from Committee Members and Responses:**

**SEN. CHRISTIAENS** asked if anyone could answer a question as to the excess Fire Insurance Premium Tax. He knew it was collected and went to the Insurance Commissioner's Department and it seemed to him that once the benefits were paid, the excess flowed into the general fund. He wanted to know what amount was going into the general fund. **REP. FACEY** said there was a tax on fire insurance that goes into a fund that pays retirement for firemen. After those benefits are paid, excess money reverts to the general fund. He thought it was about \$32 million. **SEN. CHRISTIAENS** referred to page 2 line 19, and asked how broad was the definition of family. **REP. FACEY** said when he drafted the bill he was thinking about a wife and immediate children. He thought the issue could be covered in the rule making. **SEN. CHRISTIAENS** asked if he would be comfortable with allowing that to happen in rules and **REP. FACEY** indicated yes.

**SEN. ROYAL JOHNSON** asked if the match was 1 for the community and 5 for the fund. **REP. FOLEY** said the amendments would make that more clear.

**SEN. TESTER** asked if the \$30,000 would go to the Department of Administration or the Department of Labor. **REP. FACEY** indicated in the bill it was the Department of Administration, but the amendments would change that to the Department of Labor and Industry. **SEN. TESTER** asked if folks would apply to the DOL and **REP. FACEY** indicated they would. **SEN. TESTER** asked about the sunset and **REP. FACEY** said it would be in 2003. **SEN. TESTER** asked why it was being sunset in two years and asked what would happen to the money if it wasn't used. **REP. FACEY** said that on page 2, line 17 and 18, any unexpended funds of the appropriation each fiscal year would revert to the general fund. He wanted to find a better mechanism for funding and that was the reason for the sunset.

**SEN. NELSON** asked about the definition of "public safety workers". **REP. FOLEY** said it was defined in code. It would include EMTs that work for a city or county. *{Tape : 3; Side : A}* She asked if it included firefighters and was told by **REP. FOLEY** it would.

**SEN. JACK WELLS** wondered if the \$30,000 would be sufficient and if funds could be exhausted. **REP. FOLEY** thought the situation could be addressed with the rule making authority. **SEN. WELLS** wondered about the possibility of a father/son situation and

eligibility wording for that in the bill. **REP. FOLEY** said he would support any type of amendment the committee thought appropriate.

**SEN. BEA MCCARTHY** said it was her understanding that a fund-raiser in Missoula was still ongoing, and she wondered at what point fund-raising would halt as far as state funding. **REP. FOLEY** said they were not trying to limit the community's ability to raise funds, but saying the state could help out. **SEN. MCCARTHY** thought travel money for family members was often immediate, but fund-raising was not. She wondered if there was a way to help with that situation and a way to set limits. **REP. FOLEY** said he would trust the rule making authority to answer those types of situations.

**SEN. TESTER** asked if it was a one-time appropriation or \$30,000 per year. **REP. FOLEY** said it was every year and that if it was not used it would revert to the account. The fund would be limited to \$30,000 each year. **SEN. TESTER** asked about volunteers. In most small communities the fire fighters and EMTs were volunteer. **REP. FOLEY** said he was concerned as well and hoped those folks would be covered in the bill. It was his opinion they were included in the bill.

**CHAIRMAN BOB KEENAN** asked about the assumptions in the fiscal note and if the fiscal note would change with the amendments. **REP. FOLEY** said the money would revert back to the Employment Security Fund instead of the general fund.

**SEN. STAPLETON** asked if all public safety workers had options for insurance coverage. **REP. FOLEY** answered yes. **SEN. STAPLETON** asked why the state should assume a retained risk when there were choices in the private sector for coverage. He wondered if people don't choose those solutions why the state would want to cover them. **REP. FOLEY** said he paid \$58 per month for his disability insurance. He said his disability benefits would not come close to covering some of the expenses those families might have. He said the immediacy of the costs and the community involvement were what tipped the scales.

**SEN. NELSON** asked if there was a definition of "catastrophically injured" in statute. **REP. FOLEY** said he believed that was where the term came from. He said he would find that for her in statute.

**Closing by Sponsor:**

**REP. FOLEY** closed on the bill. He said the amendments addressed holes in the bill. He said it was a good bill and allowed communities to be involved. He felt it could be worked on again next session to become a better bill.

**HEARING ON HB 526**

**Sponsor:**           **REP. GARY BRANAE, HD 17, Billings**

**Proponents:**       **Andy Hunthausen, Career Training Institute**  
**Tom Bolam, Executive Director, District IV HRDC**  
**Elisa Mitchell, Executive Director, Human**  
**Resources Council District XII**  
**Debbie Cuny, Program Operator, HRC Division XII**  
**Sue Mohr, Executive Director, Montana Job Training**  
**Partnership**  
**SEN. DEBBIE SHEA, SD 18, Butte**  
**Scott Lester, HRC Case Manager, Butte**

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**Opponents:**       **None**

**Opening Statement by Sponsor:**

**REP. GARY BRANAE, HD 17, Billings**, opened on the HB 526 a bill that would create the Summer Youth Employment Program. He said prior to the previous summer, a similar program had been in existence across the state for almost 30 years. When the Workforce Investment Act was passed in 1998, it did not include a summer youth employment program and the bill would address that situation. He passed out and explained a packet of information to the committee. **EXHIBIT (fcs76a07)** It was hoped that unexpended TANF funds would be available to reinstate the program in the summer of 2002.

**Proponents' Testimony:**

**Andy Hunthausen, Career Training Institute**, testified he had been involved in the Summer Youth Employment Program for the past several summers. They placed 75 youth in his area with employers. Less than twenty kids would be served in the coming summer. The program placed at risk and economically disadvantaged youth with employers who act as mentors. Educational enhancement is a focus of the program. Remedial efforts are employed as necessary and kids are encouraged to stay in school. The program established work sites at libraries or senior centers that have no funds to hire summer help. Kids developed a connection to community and gained status and self worth. He asked for support for HB 526.

**Tom Bolam, Executive Director, District IV HRDC**, stood in strong support of HB 526. He advised there was wide-spread support for the program and legislation and that even those opposed to the bill were supportive of the program but questioned the appropriateness of the funding mechanism. He said it was an opportunity for kids that were at the highest risk of being disenfranchised to learn a work ethic. Employers would receive the benefit of the kid's efforts.

**Elisa Mitchell, Executive Director, Human Resources Council District XII**, said her agency was the designated community action agency in most of southwestern Montana. She asked that the Summer Youth Employment and Training Program be authorized. She advised the youth gain employability skills and the experience of making and completing a commitment. She testified that most of the youth that go through the program complete their opportunity. Employers were often non-profit or a government entity who benefitted by having the person on board to complete a task that probably could not have been completed otherwise. The youth can buy school clothes and supplies. Communities benefit because by working in the public service jobs, the youth build on a commitment to community service. Upon completion of the program, they can complete job applications with an employment history. She encouraged voting in support of the Summer Youth Employment Program bill.

*{Tape : 3; Side : B}*

**Debbie Cuny, Program Operator, HRC Division XII**, described the people served by the program and the classes and activities offered to participants. She urged support for the bill.

**Sue Mohr, Executive Director, Montana Job Training Partnership**, testified they were the staff for CEP and the State Workforce Investment Boards who deliver employment training services locally in Montana. She said the boards had been involved in the process through the Montana Association of Counties (MACO). The county commissioners appoint the Workforce Investment Boards, mostly from the private sector. She said the elimination of the youth program had created a gap in the system. MACO went forward with a resolution to support the bill. She said House Appropriations worked very hard to try to figure out a funding mechanism. The funding would come from unexpended dollars from FAIM IIR. Passage of the bill would send a message that the legislature supported the program. County Commissioners were trying to get funding back from Congress. Passage of the bill would also help in grant writing efforts. The delivery system was already in place. She distributed a letter from **Sam Samson**,

**Jefferson County Commissioner. EXHIBIT (fcs76a08)** She urged support for the bill.

**SEN. DEBBIE SHEA, SD 18, Butte,** testified she had been a school teacher and taught summer school for the better part of ten years. She enjoyed working with kids that were in the summer youth program. She advised many of the kids were living on their own and the program provided a chance, an opportunity to be independent, to know how important education was, and to get a sense of self in working with others. She asked the committee to look favorably on HB 526.

**Scott Lester, HRC Case Manager, Butte,** said he had worked first hand with the kids, families and businesses and had seen the self esteem the program built in the kids. He said businesses were supportive of the program and he thought summertime was an especially important time for such a program.

**Opponents' Testimony:**

None.

**Questions from Committee Members and Responses:**

**SEN. WATERMAN** asked **Sue Mohr** why the program had been eliminated from the Workforce Investment Act. **Ms. Mohr** said Congress created the Workforce Investment Act from the old Job Training Partnership Act. They combined some programs and eliminated services to younger kids and the summer youth program.

Previously the program served younger kids, fourteen and fifteen year olds, who were in danger of dropping out of school. The program helped them see the value of staying in school to get a good job. The way the program was currently designed, the youth had to be placed in a job. That meant the program had to serve kids who had dropped out and were not going back to school or older kids. Services to the younger kids were lost. **SEN.**

**WATERMAN** asked how many youth would be served each summer by the \$3 million over the biennium. **Ms. Mohr** said the original bill was for \$3 million and that was amended out and changed to \$1.5 for the biennium. They would spent about \$2500 per kid which would be about 600 kids. **SEN. WATERMAN** asked **Mr. Hudson** about

the possibility of having \$1.5 in unexpended TANF funds. **Mr. Hudson** said it was not unthinkable, as FAIM IIR services were built on a number of assumptions. If demand for services was not as great as was assumed, there would be money available. **SEN.**

**WATERMAN** asked if there were problems with using TANF IIR funds for that purpose. **Mr. Hudson** did not believe so but participants would probably have to be from families at 150 percent of poverty.

**SEN. CHRISTIAENS** asked **Sue Mohr** how many providers would be involved with the program other than just the HRDCs. **Ms. Mohr** said the plan had been to utilize HRDCs' Summer Youth system, with a few exceptions such as CTI. **SEN. CHRISTIAENS** asked if there was an opportunity for matching funds in utilizing the \$1.5 million. **Ms. Mohr** said that was part of the plan. He asked if they had identified any particular source. **Ms. Mohr** said not at this time.

**SEN. JOHNSON** asked about the Montana Job Training Partnership handout. He wondered about the division of Montana into two areas and how the distribution was decided. **Ms. Mohr** explained the county commissioners formed consortiums and decided how many counties would be in the group and they appointed the Workforce Investment Boards. In Montana, historically, there had been a ten county area called the Concentrated Employment Program and a forty six county area also overseen by a consortium of county commissioners who appoint the boards to deliver the services for employment training programs. **SEN. JOHNSON** asked how much of the \$3.1 million that was in the job training program was used in the concentrated employment area as opposed to the DOS. **Ms. Mohr** thought that 15 or 20 percent went to the CEP area and the rest to the balance of the state. **SEN. JOHNSON** asked how many people would have been served outside of the area compared to the CEP area. **Ms. Mohr** said it was about 15 percent. **SEN. JOHNSON** asked if the youth employment program was originally set up as a federal program and **Ms Mohr** replied it was. **SEN. JOHNSON** asked if it was correct that the federal government would be relieved of the responsibility and that would be taken on by the state. **Ms. Mohr** said HB 526 would create a mechanism through which various organizations could seek funds. There was not an appropriation in the bill and the bill only existed to the extent that funds were available. She did not believe that created any sort of obligation for the State of Montana except to the extent that the Legislature saw funds that might be available and chose to support the program. It would give them the ability to go to Congress and see if they could get the funding back and assist in grant writing and fund-raising. **SEN. JOHNSON** asked if they could do the program without the bill and use TANF funds to do it. **Ms. Mohr** said that was not correct. The funding mechanism was in HB 2 but without the bill there would be no delivery mechanism. She indicated HB 2 referenced a summer youth program that doesn't exist in federal law, so it had to be created somewhere.

**SEN. TESTER** asked about the fiscal note and asked if the funding could come from a variety of sources and the \$1.5 was just a figure. **Ms. Mohr** said the \$1.5 was an estimate. Some of the kids that were served in the program would still be served with federal youth dollars because older kids could still be served.

The \$1.5 would be needed to serve the younger kids. It seemed like a reasonable figure based on the discussions in House Appropriations regarding what might be available. **SEN. TESTER** asked **Mr. Hudson** about spending authority. **Mr. Hudson** thought the authorization was in HB 2 in an amendment that said DPHHS was authorized to provide \$1.5 million if certain conditions were met.

**SEN. NELSON** asked about eligibility criteria and the School/Work project. **Ms. Mohr** said some of the language in the bill was taken from the old Summer Youth Act. Montana did not have large school based projects like other states. **SEN. NELSON** thought it sounded pretty vague and it needed clarification or removal. **Ms. Mohr** said they would have to get back to her.

**SEN. WATERMAN** had a concern with spending any TANF funds where there was no match. She wondered if a federal match could be drawn. **Mr. Hudson** indicated TANF money could not be used to match other federal money.

**SEN. CHRISTIAENS** noted that under JTPA there were various titles such as Title II A, Title II B, Title 3 and various others. He wondered if the Workforce Investment Act had those same configurations. **Ms. Mohr** said it was now Title I which covered all Workforce Investment Act programs delivered through the local boards. Title IV programs were Native American programs and Job Corp programs. The II B Summer Youth Program was eliminated. There were currently an adult program, a youth program, and a dislocated worker program. **SEN. CHRISTIAENS** asked if the youth program covered individuals from 17 to 21 years of age. **Ms. Mohr** said the ages of 14 to 21 were retained, but the way the performance standards were set drove the program. She said they were unable to serve the younger kids unless they were going to work.

**SEN. WATERMAN** asked how many CEPs were still left in the nation. **Ms. Mohr** said there were still four, Kentucky, Minnesota, Montana and Wisconsin.

**CHAIRMAN KEENAN** asked if kids would be working for a private employer. **Ms. Mohr** said that under the program, services could be provided to private employers. Under the old program it had to be counties, cities and non-profits because of the federal regulations. They tried to make the program in HB 526 flexible. **CHAIRMAN KEENAN** asked if the kids were paid an hourly wage. **Ms. Mohr** explained the HDRC would go into the schools in the early spring to identify kids that could be served and match them up with an employer. Kids would work in the mornings and in the

afternoon, they would be placed in a classroom setting where they would learn how schoolwork tied in. She said that was the value of the program. They would be paid minimum wage. **CHAIRMAN KEENAN** asked if the wage was paid by the employer above and beyond the \$2500 per kid. **Ms. Mohr** said that money was part of the \$2500. She said they were in the program for a couple of months and less than 40 hours a week. **CHAIRMAN KEENAN** asked how many hours a week were worked. **Ms. Mohr** said \$1000 to \$1500 would go to pay wages and the rest to classroom activities.  
{Tape : 4; Side : A}

**SEN. NELSON** asked about the labor laws regarding fourteen year olds. **Ms. Mohr** said the labor laws were specific about what kids could do at different ages but she was not an expert. **CHAIRMAN KEENAN** advised they could not work after 7 p.m., could not be working with dangerous equipment and could not work for more than four hours a day.

**SEN. KEN MILLER** asked about School/Work. **Ms. Mohr** answered that School/Work was a program set up within the schools during the school term to help kids make the connection between skills they need and what kinds of jobs they would be qualified for.

**Closing by Sponsor:**

**REP. BRANAE** closed on the bill. He said he had been a high school counselor and had the opportunity to select students that would be involved with the program and see them improve. He said the success of the program could be demonstrated by the fact that so many people had worked so diligently to reinstate the program. He saw it as a worthwhile program that would benefit students, schools, families and society. He strongly urged support for the bill.

The committee held an informal discussion about scheduling HB 5 for hearing and executive action and who might carry various bills.

**ADJOURNMENT**

Adjournment: 11:00 A.M.

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SEN. BOB KEENAN, Chairman

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PRUDENCE GILDROY, Secretary

BK/PG

**EXHIBIT (fcs76aad)**