

MINUTES

**MONTANA HOUSE OF REPRESENTATIVES
58th LEGISLATURE - REGULAR SESSION**

COMMITTEE ON STATE ADMINISTRATION

Call to Order: By **CHAIRMAN DEBBY BARRETT**, on January 9, 2003 at 8 A.M., in Room 455 Capitol.

ROLL CALL

Members Present:

Rep. Debby Barrett, Chairman (R)
Rep. Dee Brown, Vice Chairman (R)
Rep. Larry Jent, Vice Chairman (D)
Rep. Norman Ballantyne (D)
Rep. Arlene Becker (D)
Rep. Sue Dickenson (D)
Rep. Carol Gibson (D)
Rep. Daniel S. Hurwitz (R)
Rep. Hal Jacobson (D)
Rep. Larry Lehman (R)
Rep. Ralph Lenhart (D)
Rep. Alan Olson (R)
Rep. Bernie Olson (R)
Rep. Don Roberts (R)
Rep. Clarice Schrupf (R)
Rep. Frank Smith (D)
Rep. Pat Wagman (R)
Rep. Jonathan Windy Boy (D)
Rep. Cindy Younkin (R)

Members Excused: None.

Members Absent: None.

Staff Present: Sheri Heffelfinger, Legislative Branch
Joan Reiman, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed. Time counters follow the testimony.

Committee Business Summary:

Hearing(s) & Date(s) Posted: HB 35, 12/19/2002;
HB 39,12/19/2002; HB 44, 12/19/2002; HB 87, 12/19/2002
Executive Action: HB 39 DO PASS

HEARING ON HB 35**Opening Statement by Sponsor:**

REP. HAL JACOBSON, HD 54, HELENA, drafted this bill by request of the Department of Military Affairs and said it was an act providing a public employment hiring preference for eligible former and active members of the Montana Army and Air National Guard.

Tape: 1; Side: A; Approx. Time Counter: 0.4 - 2.9

Proponents' Testimony:

Brig. Gen. Randy Mosley, Department of Military Affairs, said this bill would help the National Guard recruit, retain and recognize service of its members.

Lt. Col. James P. Moran, Attorney for Montana National Guard, offered an information sheet as an exhibit. He explained the bill will amend and expand veterans preference to include Montana Army and Air National Guard members.

EXHIBIT (sth04a01)

Bob Pavlovich, Butte, spoke in favor of the bill as a reward to those who served in the Guard.

Roger A. Hagan, Lobbyist for Montana National Guard Officer and Enlisted Association, spoke in favor of the bill and offered an informational sheet.

EXHIBIT (sth04a02)

Larry Longfellow, VFW, spoke favorably of the bill.

Hal Lambson, American Legion, also spoke in favor.

Joe Foster, Administrator, Montana Veterans Affairs Division, testified in this bill's favor.

{Tape: 1; Side: A; Approx. Time Counter: 3.2 -19}

Informational Testimony: Mr. Jim Nys, Human Resources Consultant, Helena, said the statute being amended would provide these same National Guard veterans a hiring preference after a reduction in force (RIF).

EXHIBIT (sth04a03)

{Tape: 1; Side: A; Approx. Time Counter: 19 - 20.7}

Questions from Committee Members and Responses:

REP. DEE BROWN asked how many other states have broadened the definition of "veteran." **Gen. Mosley** said he did not have that information. **Lt. Col. Moran** said he could get a list of those states. **REP. BROWN** requested more information.

REP. PAT WAGMAN asked Mr. Nys what he would recommend in the event of a RIF. **Mr. Nys** replied he is in favor of the veteran's preference only as a tiebreaker qualification, and that seniority is also a factor.

REP. WAGMAN asked **John McEwen, Department of Administration, State Personnel Division Administrator**, how the state would rank those factors. **Mr. McEwen** said that if a veteran and a non-veteran had served the same length of time, the preference would go to the veteran. This rule does not apply to the 6,900 jobs covered by collective bargaining contracts.

{Tape: 1; Side: A; Approx. Time Counter: 20.7 - 25.8}

Closing by Sponsor:

REP. JACOBSON said he would look into Mr. Nys' concerns, but maintained this bill is a good piece of legislation.

{Tape: 1; Side: A; Approx. Time Counter: 25.8 - 26.6}

HEARING ON HB 39**Opening Statement by Sponsor:**

REP. DAVE GALLIK, HD 52, HELENA, drafted this bill by request of the Department of Military Affairs. **REP. GALLIK** termed this a "housekeeping bill" and noted that it changes one numeral in the law to update the year to this current year.

{Tape: 1; Side: A; Approx. Time Counter: 26.6 - 29.4}

Proponents' Testimony:

Brig. Gen. Randy Mosley, Department of Military Affairs, spoke in favor of this bill.

Roger A. Hagan, Lobbyist for Montana National Guard Officer and Enlisted Association, spoke in favor of the bill and offered two informational sheets.

EXHIBIT (sth04a04)

EXHIBIT (sth04a05)

{Tape: 1; Side: A; Approx. Time Counter: 29.4 - 30}

Opponents' Testimony - None

Informational Testimony - None

Questions from Committee Members - None

Closing by Sponsor:

REP. GALLIK urged do pass this "housekeeping bill".

HEARING ON HB 44

Opening Statement by Sponsor:

REP. FRANK SMITH, HD 98, POPLAR, said this is An act providing that a member of the public employees' retirement system with at least 10 years of service may purchase military service time for an amount based on the member's salary and contributions rather than on the actuarial cost of the service.

{Tape: 1; Side: B; Approx. Time Counter: 0.9 - 2.2}

Proponents' Testimony:

Roger A. Hagan, Lobbyist for Montana National Guard Officer and Enlisted Association, said this bill will allow National Guard members to buy their service time into the public retirement

system. It would level the playing field and change from an actuarial calculation into a defined amount at the 11th year of service. Currently after ten years of service, it is too expensive to buy into the system, he testified. He provided exhibit 6.

EXHIBIT (sth04a06)

Hal Manson, American Legion, testified this bill is fair.

{Tape: 1; Side: B; Approx. Time Counter: 2.2 - 5.9}

Opponents' Testimony:

Mike O'Connor, Executive Director of Montana Public Employees Retirement Systems (PERS), said he opposed the bill for one reason: cost. He explained that fairness is a policy consideration, but said the benefit system of PERS has changed drastically over time. The formula has changed; PERS is paying out more now because of guaranteed annual benefit adjustments (GABAs). He testified that this bill is not actuarially sound because it would increase benefits paid out without increasing contributions paid in. **Mr. O'Connor** said he is working on a proposed alternative with Sen. Bollinger which will open this bill to allow all members to purchase service after 5 rather than 11 years of service. He gave exhibit 7.

EXHIBIT (sth04a07)

{Tape: 1; Side: B; Approx. Time Counter: 5.9 - 18.3}

Questions from Committee Members and Responses:

REP. LEHMAN asked if a 3% GABA was not just passed two years ago. **Mr. O'Connor** said that it had been.

REP. SUE DICKENSON asked if the National Guard is covered under the active duty definition. **Mr. Hagan** said that the National Guard and Reserve basic training and technical training periods are included in active duty time, typically it is from three to ten months, and any duty time when the Guard is called out is also considered active duty.

REP. LARRY JENT asked **Mr. O'Connor** to give an example of "the nuts & bolts of buying time." **Mr. O'Connor** said the PERS formula looks at the last 12 months' salary and the years of service time, and that the earlier the member buys that service time, the cheaper it will be. **REP. BERNIE OLSON** asked him to clarify that

statement. **Mr. O'Connor** said that he supports SB 65 because it will reduce the years of service required to buy time down from 11 to only 5 years for all employees. **REP. LEHMAN** asked **Mr. O'Connor** to explain the PERS Board of Trustees. He replied that the seven citizen board members are fiduciaries of the plan. Their responsibility is for the plan to be properly funded actuarially. They are concerned that little changes today have huge effects in the long term. Eight retirees in the system are over 100 years old, and PERS is still paying for the duration of their lives, whatever the cost, **Mr. O'Connor** testified.

REP. LEHMAN asked **Roger Hagan** if he is a lobbyist, paid director, or volunteer for the organization. **Mr. Hagan** said he is a member of the Air National Guard, and takes leave during the session to work as a lobbyist, paid only for expenses. **REP. LEHMAN** asked if his members pay dues. **Mr. Hagan** replied that they do. **REP. LEHMAN** asked him to clarify his previous statement that this bill would "level the playing field." He replied that the bill gives competitiveness to the veterans, and the idea harkens back to the days of the military draft. **REP. PAT WAGMAN** asked about the actuarial cost accounting. **Mr. Hagan** said it would be in the interest of economy to let members buy in earlier. **REP. WAGMAN** asked why they could not propose the buy-in immediately upon employment. **Mr. Hagan** said he couldn't speak to **Mr. O'Connors'** bill.

REP. DON ROBERTS asked if the amount required to buy time double in 24 years. **Mr. O'Connor** said that was correct. **REP. ROBERTS** asked how SB 65 would work. **Mr. O'Connor** said that PERS would have to pay benefits no matter what. He said that somewhere they would have to come up with the money.

{Tape: 1; Side: B; Approx. Time Counter: 18.6 - 30}

{Tape: 2; Side: A; Approx. Time Counter: 0 - 8}

Closing by Sponsor:

REP. SMITH said he did not sign the fiscal note because it was not accurate. He said amendments are coming up. **CHAIRMAN BABBITT** said they would wait until the Fiscal Note was available.

EXECUTIVE ACTION ON HB 39

Motion: **REP. LARRY LEHMAN** moved **HB 39 DO PASS.**

Discussion:

REP. WAGMAN had a question on procedure. **REP. BROWN** made a point of clarification that this is a housekeeping bill that comes up every session.

Vote: On a roll call vote, the motion **HB 39 DO PASS** carried 19-0, with **REP. ALAN OLSON** voting by proxy.

ADJOURNMENT

Adjournment: 9:12 A.M.

REP. DEBBY BARRETT, Chairman

JOAN REIMAN, Secretary

DB/JR

EXHIBIT (sth04aad)