

Mr. Chairman, members of the committee. My name is Bill Dove and I am here today to represent the Montana Police Protective Association. The MPPA represents nearly 600 municipal police officers across the State of Montana.

We are here today seeking your support on HB 426, which can best be described as a “benefit equity” bill.

Of the numerous retirements managed by the State of Montana, the Municipal Police Officers Retirement is one of two that does not include overtime, holiday pay or shift differential in the calculations of final average salary for retirement benefits. Those systems that do, include, the MHP, Sheriffs, Game Wardens and Peace Officers, PERS and the Teachers retirement systems.

It is common for police officers to have to work overtime, just to get the job done or fill all available shifts. Shift differentials and holiday pay are negotiated by many jurisdictions in recognition of the hardship such shifts place on an officer and his family. We believe it is an in-equity that this “compensation” is not within the PERD’s definition of compensation when they calculate a police officers retirement benefit. Many officers rely on some amount of overtime on their monthly paycheck just to

provide some discretionary income for their families. Losing all benefit of that earned income at retirement is a double whammy, to those who are already significantly reducing their annual income.

Because this “compensation” is not included, officers currently do not make retirement contributions on these amounts, HB 426 would change that. It is these increased contributions made by the employee, employer and state that would pay for the slight increase in retirement benefits and any “unfunded liability” initially created.

As you may be aware, our retirement benefits are calculated on an average of the last 36 months. This calculation by itself, removes the concern of any over-time abuse that may concern some.

We also believe that by including such things as shift differential in the retirement benefit, more senior officers would be willing to work the less desirable shifts and overtime that many currently avoid.

We firmly believe in the PERD’s fiduciary responsibility to keep the fund safe, and appreciate those efforts. We also believe that if the system supports a benefit that is available to other public

employees, it should be provided to our members as well.

We also believe that the facts will show, that by making these increased contributions we will in effect help our retirement system by reducing the unfunded liability at a quicker rate than is shown by the actuary.

One example of this is, an officer that pays contributions throughout most of a career, and then gets promoted to an administrative position. This officer is then unable to earn overtime, shift differential or holiday pay. This officer will have made higher contributions throughout his/her career than would have been paid under the current law, thus funding the system in excess of what it is now required.

We would like to thank the Committee for their consideration, Representative Grinde for carrying this bill in an attempt to create equity within the retirement system.