



EXHIBIT # 3
DATE 3-23-11
HB 632 HB 632

2011 Legislative Session
House State Administration Committee
March 23, 2011
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Montana Public Employee Retirement Administration

HB 632 – Use Spendable Portion of Coal Severance Tax to Pay Down UAL in PERS, TRS, SRS and GWPORS

- ❖ The Public Employees' Retirement Board (PERB) supports this legislation.
- ❖ Currently the PERS, GWPORS and SRS are actuarially unsound.
- ❖ The PERB proposed HB 122, HB 134 and HB 135 to address the funding issues in these plans. Those bills included plan design changes *and* funding.
- ❖ As you know, this Committee stripped the funding from those bills.
- ❖ Plan design changes help with long-term plan sustainability; however, additional funding is required to address the unfunded actuarial liabilities.
- ❖ We appreciate Representative Taylor's proposal to allocate these resources to the retirement systems.
- ❖ We realize that there are programs with competing interests for funding.
- ❖ This bill shows a good faith effort to abide by the Montana Constitution to actuarially fund the retirement systems.

Constitution Language – Article VIII Section 15

Constitution of Montana

-- Article VIII -- REVENUE AND FINANCE

Section 15. Public retirement system assets. (1) Public retirement systems shall be funded on an actuarially sound basis. Public retirement system assets, including income and actuarially required contributions, shall not be encumbered, diverted, reduced, or terminated and shall be held in trust to provide benefits to participants and their beneficiaries and to defray administrative expenses.

(2) The governing boards of public retirement systems shall administer the system, including actuarial determinations, as fiduciaries of system participants and their beneficiaries.

History: En. Sec. 2, Const. Amend. No. 25, approved Nov. 8, 1994.

- ❖ The Board does suggest that the Committee consider including all systems that are not actuarially sound when the money is available instead of limiting it to the stated plans.
- ❖ The Public Employees' Retirement Board respectfully recommends a "Do Pass" on HB 632.
- ❖ Thank you.