



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Pension Fund Fiscal Note 2023 Biennium

Bill #	HB0072	Title:	Revise funding for highway patrol retirement system HPORS
Primary Sponsor:	Garner, Frank	Status:	As Amended in House Committee

Retirement Systems Affected: ☐ Teachers ☐ Public Employees ☒ Highway Patrol ☐ Police
☐ Sheriffs ☐ Firefighters ☐ Volunteer Firefighters ☐ Game Wardens ☐ Judges

Check the box if "Yes".

- ☐ Has this legislation been reviewed by the legislative interim committee?
☒ Has the cost of this legislation been calculated by the system's actuary?
☐ Does this legislation include full funding for any benefit revisions?

	July 1, 2020 Current System	July 1, 2020 With Changes	Increase/ (Decrease)
Present Value of Actuarial Accrued Liability	\$245,915,150	\$245,915,150	\$0
Present Value of Actuarial Assets	\$158,658,054	\$158,658,054	\$0
Unfunded Actuarial Accrued Liability (UAAL)	\$87,257,096	\$87,257,096	\$0
Amortization Period (years) of UAAL	39.00	28.00	0.00
Change in normal costs	23.38%	23.38%	0.00%

	FY 2021 July 1, 2020	FY 2022 July 1, 2021	FY 2023 July 1, 2022	FY 2024 July 1, 2023	FY 2025 July 1, 2024
Employee Contribution Rate	13.05%	13.05%	13.05%	13.05%	13.05%
Employer Contribution Rate	28.15%	28.15%	28.15%	28.15%	28.15%
State Contribution Rate	10.18%	10.18%	10.18%	10.18%	10.18%
TOTAL Contribution Rate	51.38%	51.38%	51.38%	51.38%	51.38%

FISCAL SUMMARY

	<u>FY 2022</u> <u>Difference</u>	<u>FY 2023</u> <u>Difference</u>	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$4,000,000	\$2,000,000	\$500,000	\$500,000
Other	\$0	\$0	\$0	\$0
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
Other-Pension	\$4,000,000	\$2,000,000	\$500,000	\$500,000
Net Impact-General Fund Balance:	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact: HB 72, as amended, proposes to direct money from the state special revenue account that partially pays for the highway patrol officers' salaries, 44-1-504, MCA, to go to the highway patrol officers' retirement pension trust fund.


FISCAL ANALYSIS**Assumptions:**

1. By August 15, 2021, the state treasurer shall transfer \$4 million from the special revenue account that partially funds highway patrol officers' salaries to the highway patrol officers' retirement pension trust fund.
2. By August 15, 2022, the state treasurer shall transfer \$2 million from the special revenue account that partially funds highway patrol officers' salaries to the highway patrol officers' retirement pension trust fund.
3. Starting July 1, 2023, and in each fiscal year thereafter, the state treasurer shall transfer \$500,000 from the special revenue account that partially funds highway patrol officers' salaries to the highway patrol officers' retirement pension trust fund no later than August 15.
4. Amortization period will drop from 39 years to 28 years.
5. The actuary performed these calculations based upon the data, actuarial methods, and assumptions used in the Actuarial Valuation of HPORS as of June 30, 2020.
6. All actuarial assumptions will be realized, including the investment return assumption of 7.65%.
7. There have been no adjustments for actuarial gains or losses or for changes in membership or financial data since the last valuation as of June 30, 2020.
8. The fiscal impact presented in the report assumes that this bill is the only amendment being considered. If other changes are also adopted, the fiscal impact associated with this bill could be different.

Fiscal Note Request – As Amended

(continued)

	<u>FY 2022</u> <u>Difference</u>	<u>FY 2023</u> <u>Difference</u>	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>
<u>Fiscal Impact:</u>				
FTE	0.00	0.00	0.00	0.00
<u>Expenditures:</u>				
Transfers	\$4,000,000	\$2,000,000	\$500,000	\$500,000
TOTAL Expenditures	<u>\$4,000,000</u>	<u>\$2,000,000</u>	<u>\$500,000</u>	<u>\$500,000</u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$4,000,000	\$2,000,000	\$500,000	\$500,000
TOTAL Funding of Exp.	<u>\$4,000,000</u>	<u>\$2,000,000</u>	<u>\$500,000</u>	<u>\$500,000</u>
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	\$0	\$0	\$0	\$0
Other-Pension	\$4,000,000	\$2,000,000	\$500,000	\$500,000
TOTAL Revenues	<u>\$4,000,000</u>	<u>\$2,000,000</u>	<u>\$500,000</u>	<u>\$500,000</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	-\$4,000,000	-\$2,000,000	-\$500,000	-\$500,000
Federal Special Revenue (03)	\$0	\$0	\$0	\$0
Other-Pension Trust	\$4,000,000	\$2,000,000	\$500,000	\$500,000


 Sponsor's Initials

 2/23/21
 Date

 KA
 Budget Director's Initials

 2/19/21
 Date