

1 HOUSE BILL NO. 547

2 INTRODUCED BY J. HAMILTON, D. FERN, F. GARNER, B. MERCER, M. REGIER

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4 A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING THE LEGISLATIVE FISCAL DIVISION TO
5 CONTRACT FOR ACTUARIAL SERVICES TO ASSIST THE LEGISLATURE IN CARRYING OUT ITS DUTIES
6 REGARDING THE PUBLIC EMPLOYEE RETIREMENT SYSTEMS; SPECIFYING THE PURPOSE AND
7 SCOPE OF THE SERVICES; REQUIRING THE RETIREMENT BOARDS AND BOARD OF INVESTMENTS
8 TO PROVIDE INFORMATION; SPECIFYING THE ROLES OF THE LEGISLATIVE FINANCE COMMITTEE
9 AND THE STATE ADMINISTRATION AND VETERANS' AFFAIRS INTERIM COMMITTEE; REQUIRING
10 CONSULTATION WITH THE LEGISLATIVE AUDITOR; PROVIDING AN APPROPRIATION; AND PROVIDING
11 AN EFFECTIVE DATE."

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13 WHEREAS, as of the June 30, 2020, actuarial valuations of Montana's defined benefit public employee
14 retirement plans, unfunded actuarial accrued liabilities totaled more than \$4.6 billion;

15 WHEREAS, state funding for the public employee and teacher retirement systems is nearing \$180
16 million annually; and

17 WHEREAS, the Public Employees' Retirement Board and the Teachers' Retirement Board each retain
18 professionally certified actuaries to conduct actuarial valuations and advise the board in carrying out its
19 fiduciary responsibilities on behalf of plan members and benefit recipients; and

20 WHEREAS, the Board of Investments retains professional consultants to advise the board in carrying
21 out its fiduciary responsibility to prudently invest retirement system assets; and

22 WHEREAS, the Legislature should have direct access to an independent professionally certified
23 actuary to advise it when carrying out its oversight of the retirement systems and to assist the Legislature in
24 determining when legislative changes are needed to keep the retirement systems actuarially sound and resilient
25 while offering a perspective that includes public employees, taxpayers, and the state budget.

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27 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

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- 1 **NEW SECTION. Section 1. Actuarial services for legislative oversight of public retirement**
2 **systems -- purpose and scope -- reporting.** (1) The legislative fiscal division shall contract for actuarial
3 services to facilitate legislative oversight of and legislative decisions concerning the public employee retirement
4 systems provided for in Title 19.
- 5 (2) The purpose of the actuarial services must be to advise the legislature regarding the benefits,
6 structure, and funding of the public employee retirement systems and to help describe retirement system costs,
7 benefits, and risks in relation to the financial conditions and workforce needs of the public employers
8 participating in the retirement systems.
- 9 (3) Subject to subsection (6), the scope of the actuarial services must include:
10 (a) incorporation of the reports, presentations, and policies produced by and for the public employees'
11 retirement board and the teachers' retirement board related to the costs, benefits, and funding of the public
12 employee retirement systems into the analysis provided;
- 13 (b) developing an interactive stress test model to forecast probabilities related to determining costs
14 and contribution rates and explicitly reflecting the concerns and interests of the state and other participating
15 public employers; and
- 16 (c) developing a dashboard based on certain risk factors and metrics that will indicate to the
17 legislature when to consider adjustments in the plans.
- 18 (4) The retirement boards shall provide to the actuary or actuarial firm contracted with under this
19 section any plan membership information and data necessary for the actuary or actuarial firm to fulfill its
20 contractual obligations under this section, except for any proprietary information of the boards' actuaries or
21 actuarial firm.
- 22 (5) The legislative finance committee shall provide oversight of the contracting process, which must
23 be conducted as a competitive request for proposals process.
- 24 (6) If needed, the legislative finance committee shall prioritize the scope of the services under
25 subsection (3) to fit within the appropriation. However, the services requested and products to be delivered
26 must be developed under the guidance of both the legislative finance committee and the state administration
27 and veterans' affairs interim committee. Additionally, the contractor shall report, in accordance with 5-11-210, to
28 the legislative finance committee and the state administration and veterans' affairs interim committee at least

1 once each interim and on request.

2 (7) All actuarial services provided pursuant to this section must be performed by a professionally
3 certified actuary familiar with statewide multiple-employer public employee defined benefit retirement systems.

4 (8) THE LEGISLATIVE FINANCE COMMITTEE SHALL CONSULT WITH THE LEGISLATIVE AUDITOR TO ENSURE ANY
5 CONTRACT FOR ACTUARIAL SERVICES DOES NOT DUPLICATE ACTUARIAL SERVICES OBTAINED FOR THE PURPOSES OF
6 AUDITING THE STATE RETIREMENT SYSTEM.

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8 **NEW SECTION. Section 2. Appropriation.** (1) There is appropriated \$90,000 from the general fund
9 to the legislative branch for the biennium beginning July 1, 2021, for the legislative fiscal division to contract for
10 actuarial services pursuant to [section 1].

11 (2) The legislature intends that the appropriation in subsection (1) be considered as part of the
12 ongoing base for the next legislative session.

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14 **NEW SECTION. Section 3. Codification instruction.** [Section 1] is intended to be codified as an
15 integral part of Title 5, chapter 12, part 3, and the provisions of Title 5, chapter 12, part 3, apply to [section 1].

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17 **NEW SECTION. Section 4. Effective date.** [This act] is effective July 1, 2021.

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