

Study:  SJ 4  Interim Study Poll Rank:  2 of 6

Short Title:  Interim study of PERS and TRS

Staff Recommendation:  State Administration and Veterans Affairs

### Preliminary Analysis

#### **Issue(s) as listed in legislation:**

- The actuarial value of the assets of Montana's nine defined benefit public employee retirement systems is \$13.8 billion and the actuarially accrued liability is \$18.6 billion.
- The benefit systems cover 55,000 active employees, more than 47,000 retirees and beneficiaries, and over 1,200 employees.
- More than \$126 billion is paid from the state general fund through statutory appropriations.
- The contributions represent a significant investment for employees, local governments, school districts, the state, and taxpayers.
- The 2021-2022 State Administration and Veterans' Affairs Interim Committee laid the foundation for an in-depth study of the Public Employees' Retirement System (PERS) and the Teachers' Retirement System (TRS).
- The state has an interest in ensuring that the public retirement system is financially viable to ensure necessary government services and to support public employees who provide those services.

#### **Preliminary study approach:**

- Form a joint committee from the State Administration and Veterans Affairs Committee and the Legislative Finance Committee.
- Study the financial stability of PERS and TRS.
- Study the history of contributions from the general fund and other sources to PERS and TRS.
- Investigate alternate approaches to funding and amortization policies and the actuarial impact of changes to the current plan policies.
- Examine legislative education, oversight, and goals concerning the PERS defined benefit plan and TRS, including decision benchmarks or indicators for future action.
- Develop recommendations for a long-term strategic approach to funding the PERS defined benefit plan and TRS that will ensure the financial strength of the systems while also recognizing the responsibility placed on the taxpayers and citizens of this state.
- Conduct the study in consultation with various stakeholders, including taxpayers, active and retired members of the retirement systems, employers, and key agencies.

#### **Deliverables; end products:**

Findings reviewed by assigned interim committee, study completed by September 15, 2024, final report with recommendations presented to 69<sup>th</sup> legislature.

Role for LFD or LAD staff?     Yes     No

Role for Executive agency? YES – Administration and Veterans Affairs

Additional costs, over meetings?        Yes XX No

Estimated LSD staff time: 720-1440 hours

**Interim FTE Equivalents**

1 Interim FTE = 16.5 months = 2880 hrs.

.05 FTE = 144 hrs = 18

.10 FTE = 288 hrs = 36 days

.25 FTE = 720 hrs = 90 days

.50 FTE = 1440 hrs = 180 days

.75 FTE = 2160 hrs = 270 days

1 FTE = 2880 hrs = 360 days