

Summary of Stakeholder Legislative Concepts, 2010*

May 19, 2010

Proposal Description	Proposer	Affected Systems	Estimated Cost/Source of Funding**	Estimated Savings**	2009 Legislation	Relevant SAVA Principles/Guidelines
<p><u>Public safety dispatchers:</u> Include public safety dispatchers in Sheriffs' Retirement System, a 20-year retirement system, instead of PERS-DB, a 30-year system.</p>	<p>Assoc. of Public-Safety Communication Officials, Intl.</p>	<p>SRS and PERS</p>	<ul style="list-style-type: none"> ▶ Current cost figures are not available. ▶ FN09 details: Proposal would have a minimal impact to PERS and would increase the amortization period for SRS from 16.3 years to 21.9 years. ▶ FN09 details: EE contribution rates would increase as percentage of salary for new hires and those current dispatchers moving to SRS. (Current rates: PERS EE = 6.9% of salary; SRS EE = 9.245%) ▶ FN09 details: ER contribution rate would increase for new hires and those current dispatchers moving to SRS. (Current rates: State/University ER = 7.17%; Local Govt. ER = 7.07%; Gen. Fund to Local Govt. = 0.1%) 	<ul style="list-style-type: none"> ▶ Proposer predicts there will be savings to local govt. employers due to decreased employee turnover and less liability. Examples of training costs experienced by two counties were provided at the April 22 meeting. ▶ FN09 details: savings to the Gen. Fund because State pays additional 0.1% of salary for local govt. employees. 	<p>HB 31 - Failed in House State Admin Cmte on 9-9 vote.</p>	<p>Principles: IV</p> <p>Guidelines:</p> <p>Other applicable Principles or Guidelines?</p>
<p><u>Change JRS retirement multiplier:</u> Currently, the JRS multiplier is 3 1/3% up to 15 years of service and 1.785% for each year of service over 15 years. The proposal would increase the retirement multiplier for from 1.785% to 3 1/3% for all years (but not exceeding 30.)</p>	<p>Montana Judges' Assoc.</p>	<p>JRS</p>	<ul style="list-style-type: none"> ▶ The proposal states the additional cost to the system to increase the multiplier will be absorbed by the system since it is funded at 148% according to the June 30, 2009, valuation. 			<p>Principles: I, II</p> <p>Guidelines: E</p> <p>Other relevant Principles/Guidelines?</p>

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<p><u>Definition of "compensation"</u>: Change definition of "compensation" in FURS to include overtime, holiday and shift differential payments, compensatory time payments, and payments in lieu of sick leave. <i>(Although the current proposal lists additional payments beyond overtime payments, 2009 legislation to accomplish a similar purpose included only overtime.)</i></p>	<p>Montana Firemens' Assoc.</p>	<p>FURS</p>	<ul style="list-style-type: none"> ▶ Proposal states EE and ER contribution rates will stay the same but will be paid on more compensation because the definition of compensation is expanded. ▶ FN09 details: would increase amortization period by 0.2 years. (only based on overtime payments.) 		<p>HB33 - Tabled in House State Admin. Cmte.</p>	<p>Principles:</p> <p>Guidelines: E, U</p> <p>Other relevant Principles/Guidelines?</p>
<p><u>Funding of MUS ORP</u>: Increase MUS ER contribution by 1% to approximately 7% of salary. Raise the ER and EE combined contribution to individual accounts to 14% from 13%.</p>	<p>MEA-MFT</p>	<p>ORP</p>	<ul style="list-style-type: none"> ▶ The proposal estimates the cost of the 1% ER increase to be less than \$3 million in FY2012; \$3.5 million in FY2013; and around \$4 million in FY2014 and FY2015 ▶ The proposal suggests the cost would be financed by a statutory or other on-going appropriation from the Gen. Fund. ▶ FN09 details: approx. costs for FY2010 \$1.88 million; FY2011: \$2 million; FY2012: \$2.2 million; FY2013: \$2.4 million 		<p>HB87 - Tabled in House State Admin. Cmte.</p>	<p>Principles: I</p> <p>Guidelines: E</p> <p>Other relevant Principles/Guidelines?</p>

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<u>Modified Professional Retirement Option (PRO)</u> : Normal, unreduced retirement for new hires only, would be set at age 60 with at least 5 years of service. The current TRS multiplier of 1.67% would apply for those new hires retiring with less than 30 years of service. For new hires with 30 or more years of service and 3 or more active membership years immediately preceding retirement, a 2% benefit would apply. New hires would pay additional 2% of salary to TRS; TRS employers would pay an additional 2% of salary to TRS. The proposal leaves open the determination of where the additional 2% ER contribution will come from: GTB supported county retirement levy or state general fund.	MEA-MFT	TRS	<ul style="list-style-type: none"> ▶ The proposal estimates the additional 2% of salary paid by the ER would be around \$14 million/year. ▶ Previous PRO legislation included active employees as well as new hires. The current proposal is for new hires only. Thus, information on previous fiscal notes will not reflect the provisions of this proposal. 		HB83 - Tabled in House State Admin. Cmte. <i>(This version included active employees as well as new hires; the current proposal is for new hires only.)</i>	Principles: I, II Guidelines: E Other relevant Principles/Guidelines?
<u>Change composition of PERB</u> : Reduce "active employee" members of PERB from 3 to 2; increase "retired public employee" members from 1 to 2.	Assoc. of Montana Retired Public Employees (AMPRE)	Affects the PERB rather than a specific system.	<ul style="list-style-type: none"> ▶ Does not increase/decrease size of PERB so there should be no additional cost/savings. 	<ul style="list-style-type: none"> ▶ Does not increase/decrease size of PERB so there should be no additional cost/savings. 		Principles: Guidelines: C Other relevant Principles/Guidelines?
<u>Plan design suggestion</u> : Risk-managed design contribution plan	TIAA-CREF	Did not suggest a specific system, but design is flexible.	<ul style="list-style-type: none"> ▶ Costs and sources of funding would depend on plan design. 	<ul style="list-style-type: none"> ▶ Savings would depend on plan design. 		Principles: I, II, III Guidelines: K, M, N Other relevant Principles/Guidelines?

* Detailed information about the problem or issue that the proposer would like to solve with the legislation is available in the documents submitted for SAVA's April 22-23 meeting. Documents were distributed to SAVA before the meeting and are available at http://leg.mt.gov/css/Committees/interim/2009_2010/State_Administration_and_Veterans_Affairs/Meeting_Documents/meetings.asp#april22

** At its April 22-23, 2010, meeting SAVA did not request actuarial cost analysis of any proposal. Estimated costs/savings of each proposal are based on information provided in the proposal and any fiscal notes for similar legislation in previous legislative sessions.

List of Retirement System Acronyms

FURS = Firefighters' United Retirement System

GWPORS = Game Wardens' and Peace Officers' Retirement System

HPORS = Highway Patrol Officers' Retirement System

JRS = Judges' Retirement System

MPORS = Municipal Police Officers' Retirement System

MUS ORP = Optional Retirement Program (Montana University System)

PERS = Public Employees' Retirement System

PERS-DB = Public Employees' Retirement System-Defined Benefit

PERS-DC = Public Employees' Retirement System-Defined Contribution

SRS = Sheriffs' Retirement System

TRS = Teachers' Retirement System

Other Abbreviations

EE = Employee contributions

ER = Employer contributions

FN09 = Fiscal note for similar legislation in 2009 session

PERB = Public Employees' Retirement Board