



State Administration and Veterans' Affairs Interim Committee
65th Montana Legislature

SENATE MEMBERS

DEE BROWN
DOUG KARY
SUE MALEK
FRANK SMITH

HOUSE MEMBERS

DENISE HAYMAN
FORREST MANDEVILLE
WENDY MCKAMEY
KATHY SWANSON

COMMITTEE STAFF

SHERI SCURR, Lead Staff
K. VIRGINIA ALDRICH, Staff Attorney
KATYA GROVER, Secretary

MINUTES LOG

July 20, 2017
Room 137, Capitol Building
Helena, Montana

Please note: This document is a Minutes Log and provides a notation of the time elapsed between the beginning of the meeting and the time at which the item was presented or discussed, a motion was made, or a vote was taken. The narrative presented here is provided only as a guide to the audio or video record of the meeting. The official discussion, motion, or vote is available on the audio or video archive of this meeting. The Legislature does not prepare a transcript of meeting activities. The time designation may be used to locate the referenced discussion on the audio or video recording of this meeting.

Access to an electronic copy of these minutes and the audio or video recording is provided from the Legislative Branch home page at <http://leg.mt.gov>. On the left-side menu of the home page, select Committees, then Interim. Once on the page for Interim Committees, scroll down to the appropriate committee. The written Minutes Log, along with the audio and video recordings, is listed by meeting date on the interim committee's web page. Each of the Exhibits is linked and can be viewed by clicking on the Exhibit of interest. All Exhibits are public information and may be printed.

Please contact the Legislative Services Division at 406-444-3064 for more information.

COMMITTEE MEMBERS PRESENT

SEN. DEE BROWN
SEN. SUE MALEK
SEN. FRANK SMITH

REP. DENISE HAYMAN
REP. FORREST MANDEVILLE
REP. WENDY MCKAMEY
REP. KATHY SWANSON

COMMITTEE MEMBERS EXCUSED

SEN. DOUG KARY

STAFF PRESENT

SHERI SCURR, Lead Staff
K. VIRGINIA ALDRICH, Staff Attorney
FONG HOM, Secretary

VISITORS' LIST ([Attachment 1](#))

AGENDA ([Attachment 2](#))

COMMITTEE ACTIONS

The State Administration and Veterans' Affairs Interim Committee took the following actions:

- voted to not allow proxy voting;
- elected Sen. Sue Malek as presiding officer and Sen. Doug Kary as vice presiding officer;
- by consensus agreed that SAVA's staff attorney, Ms. Aldrich, would continue to provide committee members with copies of her rule review memorandums, but that the memorandums would not need to be orally briefed at committee meetings unless a committee member had a particular question or concern, or Ms. Aldrich deemed an issue required the committee to give it special attention;
- by consensus agreed that statutorily-required reports to the committee from agencies would be provided to SAVA members by email and that the reports need not be orally presented at committee meetings;
- by consensus agreed that SB 19 (2017), which was introduced by request of SAVA but failed a third-reading vote in the House, be revisited by the committee and perhaps redrafted and reintroduced for the 2019 session. The bill would have eliminated a statute that requires a Department of Administration Information Technology report be presented to SAVA even though the report is already available upon request and is also reported to the Legislative Finance Committee;
- by consensus agreed that the following study issues should be a top priority for SAVA's work plan this interim:
 - the funding status of the public employee retirement plans; and
 - the replacement of aging voting systems, especially for disabled electors.
- by consensus agreed that the following issues should be included in SAVA's work plan as second-tier study issues this interim:
 - campaign finance contribution limits, with the understanding that there is pending case in the 9th Circuit Court;
 - special district election statutes with respect to statutory inconsistencies in how irrigation districts, water and sewer districts, and potentially other districts are conducted;
 - municipal and county election statutes with respect to when a primary election may be cancelled and with respect to whether the election must be held as a partisan or nonpartisan election;
 - the following veterans affairs issues:
 - suicide prevention training focused on veterans needs, including an examination of whether there has been progress in the last 10 years in reducing the veteran suicide rate in Montana; and
 - benefit claims for veterans with respect to ensuring that qualified, trained, and certified Veteran Service Officers are helping veterans prepare and submit their

- claims to the U.S. Department of Veterans' Affairs; and
- the state pay plan with respect to monitoring recent changes in the classification and broadband pay plan statutes and also with respect to how to address the low pay for state prison correctional officers; and
- by consensus agreed that the above list of study issues be fleshed out in a study plan proposal by staff for SAVA to review and formally vote on at the committee's next meeting.

CALL TO ORDER AND ROLL CALL

00:00:02 Sen. Dee Brown called the meeting to order at 8:59 a.m. The secretary called roll. Sen. Doug Kary was excused. ([Attachment 3](#))

WELCOME AND INTRODUCTIONS

00:01:24 The committee members introduced themselves.

INTERIM COMMITTEE RULES AND PROCEDURES

00:07:35 Sheri Scurr, Committee Researcher ([Exhibit 1](#))

Committee Questions

00:15:47 Sen. Brown asked about the process of agency bill drafts and the possibility of any future revisions to the Guidelines for Interim Committees.

Proxy Voting

00:18:18 The committee members discussed the issue of proxy voting for interim committees.

Motion

00:19:38 Rep. Wendy McKamey moved that the committee not allow proxy voting.

Vote

00:19:54 The motion passed unanimously by voice vote.

ELECTION OF OFFICERS

00:20:20 Rep. Denise Hayman nominated Sen. Sue Malek as presiding officer.

00:20:59 The nomination passed unanimously by voice vote.

00:21:15 Rep. Forrest Mandeville nominated Sen. Kary as vice presiding officer.

00:22:00 The nomination passed unanimously by voice vote.

00:23:33 Sen. Malek gave opening remarks.

DUTIES OF THE STATE ADMINISTRATION AND VETERANS' AFFAIRS COMMITTEE

00:24:33 Ms. Scurr ([Exhibit 2](#))

Committee Questions of Ms. Scurr

00:43:14 Sen. Brown commented that receiving agency reports with hot links is valuable.

00:45:31 She asked about the rulemaking process by the agencies.
Sen. Brown encouraged the committee to review agency rulemaking.

INTRODUCTIONS AND OVERVIEWS OF ASSIGNED AGENCIES

00:46:28 Ms. Scurr provided background information on the overviews of the assigned agencies.

Office of the Secretary of State - Corey Stapleton, Secretary of State

00:48:45 Ms. Scurr (**Exhibit 3**)

00:49:43 Mr. Stapleton provided an update of the Office of the Secretary of State.

Committee Questions of Mr. Stapleton

00:56:37 Rep. McKamey asked about the \$6 million in the Secretary of State's budget.

00:57:06 Sen. Brown asked about the issue of the formation of and the number of LLCs in the state and the use of the "Mercedes" tax to form LLCs.

00:59:19 Sen. Brown asked about changes in the voting systems in Montana.

01:01:29 Rep. Mandeville asked for comments on the Secretary of State's decision not to participate in President Trump's request regarding collection of Montana's voting information.

01:03:02 Sen. Malek asked if Mr. Stapleton has ever worked an election in his county and how does he see his office's relationship with the county officials who run elections.

01:06:52 Sen. Malek discussed the 3-month training period for volunteers who work elections and encouraged the Secretary of State's staff who are involved with elections to participate in that training.

Office of the Commissioner of Political Practices - Jeff Mangan, Commissioner

01:10:51 Mr. Mangan provided opening remarks (**Exhibit 4**) and gave an update on the Office of the Commissioner of Political Practices caseload (**Exhibit 5**).

01:14:44 Ms. Scurr said that the overview of the Office of the Commissioner of Political Practices is found in the members meeting packet. (**Exhibit 6**)

Committee Questions of Mr. Mangan

01:15:18 Sen. Brown commented on the job that Mr. Mangan is doing and said she appreciates the education component of the Office of the Commissioner of Political Practices.

01:16:07 Rep. Hayman asked about any legislation that Mr. Mangan might be supporting next session.

01:17:32 Sen. Malek asked about the ongoing litigation and if the Commissioner felt that the current caseload is manageable.

01:19:44 Sen. Malek asked about the process taken by the Commissioner when a complaint is filed.

Department of Administration - John Lewis, Director

01:22:20 Ms. Scurr (**Exhibit 7**)

01:22:37 Mr. Lewis gave an overview of the Department of Administration.

Committee Questions of Mr. Lewis

- 01:27:51 Rep. Hayman asked about the state's commitment to providing health insurance to all Montanans.
- 01:31:20 Sen. Brown asked if the Department is making sure that the recommendations from the Legislative Audit for Montana's health clinics are being carried through.
- 01:33:06 Sen. Brown asked if Mr. Lewis and the governor have discussed cutting costs or eliminating any FTEs.
- 01:34:44 Sen. Malek asked who would be responsible for the management of the Medicaid expansion if the contract with Blue Cross Blue Shield ends due to budget cuts.
- 01:35:59 Sen. Malek asked for comments from Mr. Lewis regarding transparency in pay.
- 01:36:46 Mr. Lewis referred Sen. Malek's question to Bonnie Shoemaker, Department of Administration.
- 01:37:38 Bonnie Shoemaker discussed the website where salary information of all state employees is posted.
- 01:38:20 Sen. Malek and Ms. Shoemaker discussed access to information on the website pertaining to salary history, pay rate, etc., of all state employees.
- 01:41:03 Ms. Scurr noted that the Children and Families Health and Human Services Committee monitors the Medicaid issues, and if committee members have questions, to go to CFHHS website.

Montana Public Employees' Retirement Administration - Dore Schwinden, Executive Director

- 01:42:24 Ms. Scurr (**Exhibit 8**)
- 01:44:25 Mr. Schwinden presented the Montana Public Employees' Retirement Administration's Experience Study Results. (**Exhibit 9**)

Committee Questions of Mr. Schwinden

- 02:01:00 Rep. Hayman asked for clarification of the Impact of Recommendations found on page 20 of the MPERA's Experience Study Results.
- 02:01:40 Rep. Hayman asked about the way pension systems are assessed.
- 02:02:21 Rep. Hayman asked how a reduction in the workforce affects pension funding.
- 02:03:53 Rep. Mandeville asked about amortization and the "does not amortize" statement.
- 02:04:53 Sen. Brown discussed the historical price inflation and wage inflation.
- 02:07:20 Sen. Brown asked about the percentage of net expense.
- 02:07:51 Sen. Malek asked about the numbers on page 20 in terms of the amortization period and if the numbers will change as a result of the actuarial valuation in November, 2018.

Teachers' Retirement System - Shawn Graham, Executive Director

- 02:10:26 Ms. Scurr (**Exhibit 10**)
- 02:12:55 Mr. Graham presented an overview of Teacher's Retirement System (**Exhibit 11**).

Committee Questions of Mr. Graham

- 02:18:41 Sen. Brown asked about the funding status for TRS if the TRS board adopts the

assumptions or the proposed adopted assumptions of the MPERA board at 2.75% for price inflation, the wage inflation at 3.5%, and the investment return from 7.75% to 7.65% assumption change.

02:21:33 Sen. Brown asked about legislation in the 2019 Legislature to address the situation.

02:22:37 Rep. Hayman asked looking at the demographics, which had a bigger impact on funding status, an increase in the number of people participating in the retirement system or people living longer.

Montana Board of Investments - David Ewer, Executive Director

02:25:50 Ms. Scurr (**Exhibit 12**)

02:26:58 Mr. Ewer gave a presentation on investment returns for the pension plans as of June 30, 2017. (**Exhibit 13**)

Committee Questions

02:47:16 Sen. Brown asked Mr. Ewer to explain the rate of the net cash need.

02:47:40 Mr. Ewer deferred the question to Mr. Cullen.

02:47:47 Joe Cullen, Chief Investment Officer, Board of Investments, said that the number depends upon the period.

02:49:30 Sen. Brown asked Mr. Cullen to provide to the committee the net cash need numbers for the last five years and the rates for the Teacher's Retirement System, the Public Employees' Retirement System, and the Sheriffs' Retirement System.

02:50:27 Sen. Malek commented on the concern of the federal reserve that the stock market is being overvalued.

02:51:40 **Lunch Break** (reconvened at 1:00 p.m.)

Department of Military Affairs - Major General Matt Quinn

04:01:18 Ms. Scurr (**Exhibit 14**)

04:02:47 Major General Quinn gave an overview of the Department of Military Affairs.

Committee Questions of Major General Quinn

04:07:48 Rep. Hayman asked about a plan developed by Delia Bruno (Disaster and Emergency Services Division) to facilitate better contact with the rural fire departments and local emergency services.

04:10:18 Rep. McKamey asked if it would be possible for some of the SAVA committee members to be observers of an emergency disaster exercise.

04:13:43 Sen. Brown asked about any involvement of the Department of Military personnel with the forest fires this summer.

04:14:26 Sen. Smith asked about dropout rates in the Youth Challenge Program.

04:18:17 Sen. Malek asked about the number of National Guard members in war zones and what kind of support is available for returning National Guard members from the war zones.

04:22:17 Sen. Malek asked about the suicide problem within the National Guard.

Board of Veterans' Affairs - Joe Foster, Administrator

04:26:26 Ms. Scurr (**Exhibit 15**)

04:27:23 Mr. Foster distributed and discussed the following brochures: State of Montana, Montana Veterans Affairs (**Exhibit 16**), State of Montana, Veterans Cemetery Program (**Exhibit 17**), and Veteran Transportation Services (**Exhibit 18**).

Committee Questions of Mr. Foster

04:40:55 Sen. Smith asked about Miles City not being on the list of veterans nursing homes.

04:44:35 Sen. Smith asked about the Veteran Transportation Services.

04:46:28 Rep. McKamey asked about rogue organizations that veterans turn to for filing of benefits, is there a way to bring these rogue organizations into the fold, and what are the statistics of veterans seeking services in the state of Montana.

OVERVIEW OF THE STATE ADMINISTRATION AND VETERANS' AFFAIRS AGENCY RULE REVIEW DUTIES - Ginger Aldrich, Staff Attorney

04:56:37 Ms. Aldrich gave a presentation on the Montana Administrative Procedure Act (MAPA) (**Exhibit 19**), a memo regarding an Overview of Rulemaking and Administrative Rule Activity (**Exhibit 20**), and the Rule Review Report (**Exhibit 21**).

Committee Questions of Ms. Aldrich

05:14:48 Rep. Hayman asked who would be requesting information from the Secretary of State regarding rules.

OVERVIEW OF SAVA'S WORK PLAN OPTIONS - Sheri Scurr

05:15:50 Ms. Scurr (see Exhibit 2) (**Exhibit 22**)

05:26:08 There was a discussion about the scheduled meetings listed on the Interim Calendar and whether or not to have 2-day meetings.

REPORT ON NCSL CONFERENCE: THE FUTURE OF ELECTIONS: TECHNOLOGY POLICY AND FUNDING - JUNE 14-16

05:29:14 Ms. Scurr discussed her participation at the NCSL Conference held on June 14-16, 2017. (**Exhibit 23**)

05:40:54 Rep. McKamey commented on the Ranked Choice Voting process, security and integrity of the vote, paper versus machines, and the National Voter System.

05:47:51 Sen. Brown commented on the aging voting equipment.

PUBLIC COMMENT

05:54:59 Regina Plettenberg, Election Administrator, Ravalli County, and President, Montana Association of Clerk and Recorders, commented on the concerns of cybersecurity, security of the voter database, certification of the tabulators, and the aging of the AutoMark machines.

05:58:28 Roger Hagan, National American Legion Vice Chairman of the Legislative Council, commented on veterans' issues and the possibility of adding suicide and transportation as a study for the committee.

06:00:34 Al Smith, Montana Trial Lawyers Association, commented on the issues regarding the Commissioner of Political Practices, such as campaign

06:02:57 contribution limits.
Sen. Brown asked Mr. Smith if he knows when the decision might be coming from the court.

06:04:42 **Break** (reconvened at 3:11 p.m.)

COMMITTEE WORK SESSION

Decision Point 1: How does SAVA wish to handle its rule review duties

06:12:24 Rep. Mandeville thought that the process of rule review worked well last interim.

06:12:35 Ms. Scurr discussed that a vote is not necessary if the committee has consensus.

06:13:45 Sen. Malek said that the committee will continue to handle rule review as it has done in the past.

Decision Point 2: How would the committee prefer to receive statutorily required reports

06:14:31 The committee discussed how the required reports will be presented to the SAVA committee.

06:18:56 Sen. Malek said that the committee will receive the required reports, along with the meeting materials that are sent to committee members electronically.

Decision Point 3: Does any committee member wish to review a statute that requires a report to SAVA

06:19:39 The committee discussed the importance of the committee receiving reports from boards and advisory councils as required by statute.

06:24:32 Sen. Malek discussed reviving a bill from last session (SB 19) and designating it as a committee bill for the 2019 Session.

Decision Point 4: What issues should SAVA adopt as its study priorities this interim

06:25:28 The committee members discussed looking at pension plans, campaign finance laws and contribution limits, special district and local election issues, the aging AutoMark machines and funding for its replacement, and the broadband pay plan.

Decision Point 5: How would the committee like to allocate its time

06:55:15 Sen. Malek asked Ms. Scurr draft the study plan based on the committee's discussion.

06:55:25 Ms. Scurr discussed classifying tier one and tier two options and said that she will bring a proposal to the next meeting for a vote.

06:56:28 Rep. Hayman asked if that fleshes out a realistic agenda for the committee.

06:56:44 Rep. McKamey commented that Sen. Brown was interested in pursuing a report from the Board of Investments regarding their activities for the past five years.

Decision Point 6: What should be the committee's work plan/meeting schedule

06:58:41 There was a discussion regarding meeting dates. The committee approved the September 14 and the November 14 dates, changing the May 18, 2018, meeting date to May 17, 2018, and setting the November 2018 meeting date after the Legislative Council decides when the Legislative Orientation will occur.

WRAP UP AND ADJOURNMENT

07:04:11 Ms. Scurr asked the committee for their input on receiving meeting materials electronically. The consensus of the committee was that meeting documents would be sent to committee members electronically.

07:04:39 Sen. Malek adjourned the meeting at 4:04 p.m. The committee will hold its second meeting on September 14, 2017.

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