



State Administration and Veterans' Affairs

Interim Committee

66th Montana Legislature

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**SENATE MEMBERS**  
DEE BROWN  
JANET ELLIS  
DOUG KARY  
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**HOUSE MEMBERS**  
JACOB BACHMEIER  
JESSICA KARJALA  
FORREST MANDEVILLE  
WENDY MCKAMEY  
RAY SHAW  
MARVIN WEATHERWAX

**COMMITTEE STAFF**  
SHERI SCURR, Research Analyst  
K. VIRGINIA ALDRICH, Staff Attorney  
BRI NORDHAGEN, Secretary

## MINUTES LOG

October 29, 2020

8:00 a.m.

By Zoom video conference

Helena, Montana

Please note: This document is a Minutes Log and provides annotation 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 recording 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 the meeting activities. The time designation may be used to locate the referenced discussion on the audio or video recording of this meeting.

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

### **MEMBERS PRESENT:**

Rep. Wendy McKamey, Chair (R)  
Sen. Janet Ellis, Vice Chair (D)  
Sen. Dee Brown (R)  
Rep. Jessica Karjala (D)  
Sen. Douglas (Doug) Kary (R)  
Rep. Jacob Bachmeier (D)  
Rep. Forrest Mandeville (R)  
Rep. Ray Shaw (R)

### **MEMBERS EXCUSED:**

Sen. Edith (Edie) McClafferty (D)  
Rep. Marvin Weatherwax (D)

### **STAFF PRESENT:**

K.V. Aldrich, Attorney  
Bri Nordhagen, Secretary  
Sheri Scurr, Research Analyst  
Trevor Graff, Zoom Manager

## **AGENDA (Attachment 1)**

## **VISITORS' LIST (Attachment 2)**

### **COMMITTEE ACTIONS**

#### **The committee took the following actions:**

- **Asked the Legislative Auditor to provide copies of the Security and Maintenance of Montana Election Systems audit report to the new Secretary of State as soon as possible following the general election.**
- **Authorized for drafting all four bill proposals by the Montana Public Employees' Retirement Board as presented by the Montana Public Employee Retirement Administration (MPERA).**
- **Authorized for drafting the two bill proposals by the Teachers' Retirement Board.**

#### **Call to order, roll call, overview of agenda**

08:05:04 Chairwoman McKamey called the State Administration and Veterans' Affairs Interim Committee meeting to order. The committee secretary took roll.

#### **Election Security**

08:10:55 Amanda Sayler, Legislative Audit Division (LAD), began her presentation on the Security and Maintenance of Montana Election Systems slideshow. [\(Exhibit 1\)](#)

#### **Questions and discussion from the committee**

08:21:20 Rep. Mandeville asked Ms. Sayler about the counties that didn't take advantage of the National Guard security review of election systems and if her office checked with any counties on why they didn't take advantage/participate. Rep. Mandeville asked Ms. Sayler reactions if the security review were mandated.

08:23:03 Sen. Brown stated the committee needed to look at outlining security measures and clear direction from the Legislature which needs to be mandated in law.

08:24:43 Sen. Ellis stated she had spoken with the Lewis and Clark County Election Office about why they didn't participate and the county attorney submitted a letter saying the paperwork they were asked to sign was unconstitutional which could be a potential barrier to some counties. Sen. Ellis asked Ms. Sayler about the timing of the audit and if there were plans to present the audit report to whomever becomes the new Secretary of State (SOS).

08:30:50 Rep. Karjala and Rep. Weatherwax joined the meeting.

#### **Election Security, continued**

08:31:10 Dana Corson, Elections Director (SOS) gave his comments regarding the 19DP-06 audit handout. [\(Exhibit 2\)](#)

#### Questions and discussion from the committee

- 08:32:31 Chairwoman McKamey asked Mr. Corson if he had any recommendations for legislation and specific language.
- 08:34:22 Sen. Brown asked Mr. Corson how he saw the role of the Legislature going forward in relation to oversight or participation in implementing the audit recommendations to the SOS's office.
- 08:36:21 Rep. Karjala asked Mr. Corson what steps his office was taking to ensure election security in the upcoming election.

#### Public comment

- 08:39:08 Shantil Siaperas, Montana Association of Clerk and Recorders and Election Administrators

#### Questions and discussion from the committee

- 08:40:57 Chairwoman McKamey stated the committee didn't have enough time to adopt a committee bill on election security at this time and recommended that they not take it on.
- 08:41:26 Sen. Ellis stated it would be important to hear from election administrators before the committee put a requirement in statute. Sen. Ellis suggested a letter to Angus Maciver, Legislative Auditor, encouraging his office to get in touch with the next SOS administration on the audit to try to set up an appointment.

#### **Motion**

- 08:42:23 Sen. Ellis made a motion the State Administration and Veterans' Affairs Committee send a letter to Angus Maciver, Legislative Auditor, that the Legislative Audit Division offer to present the findings of the audit report to the new Secretary of State's Administration in the first quarter of 2021.

#### Questions and discussion from the committee

- 08:43:13 Sen. Brown stated the LAD would do this without a letter, but if the committee felt better sending a letter it was fine with her.
- 08:43:34 Rep. Mandeville stated agreement with Sen. Brown in that the two individuals running for the new SOS position should be very aware of the audit report so the letter might not be necessary.
- 08:45:05 Sen. Ellis stated the letter was to ensure the SOS's office went through all the recommendations so they understood why the security position should be independent.
- 08:46:28 Chairwoman McKamey stated she could appreciate where Sen. Ellis was coming from in sending the letter.
- 08:47:15 Sen. Brown suggested the committee recommend the Legislative Auditor provide this audit to the newly elected SOS, so they weren't sideswiped by legislation put in by legislators who were trying to do some things suggested in the audit.

#### **Motion**

- 08:48:16 Sen. Brown made a substitute motion for the Legislative Auditor to provide a copy of the latest audit on elections to the newly elected Secretary of State.

#### Questions and discussion from the committee

- 08:48:45 Rep. Mandeville stated he would be in favor of this and would like to see the auditor also include the current SOS's response.
- 08:49:05 Sen. Kary stated the auditor should also give that as soon as possible after the election sometime in November.
- 08:49:34 Ms. Scurr asked for clarification regarding the comments made by Sen. Kary and Rep. Mandeville and if they should be added as language to the previous motion made by Sen. Brown.
- 08:50:01 Chairwoman McKamey asked Sen. Brown to restate her motion.

#### **Motion**

- 08:50:01 Sen. Brown restated her substitute motion that the audit be supplied to the newly elected SOS right after the election so they know about possible bills that will be brought forth from legislators addressing some of the issues.

#### **Vote**

- 08:50:39 The substitute motion passed on a voice vote.

#### **Pensions – oversight duties and background**

- 08:51:45 Ms. Scurr, Legislative Research Analyst, began her review of the Montana's Public Pension Plans Constitutional and Statutory Roles handout. **(Exhibit 3)**

#### Questions and discussion from the committee

- 09:12:58 Rep. Mandeville asked Ms. Scurr if Article 8, Section 15, of the Montana Constitution was a constitutional initiative. Rep. Mandeville asked Ms. Scurr if she recalled what percentage of votes was in favor of the initiative.
- 09:15:05 Sen. Brown stated the importance of putting a sunset on any pension bill.

#### **Pensions – oversight duties and background, continued**

- 09:23:17 Ms. Scurr began her review of the following handouts, the "Montana's Public Employee Retirement Systems and Legislative Policy Principles" **(Exhibit 4)**, "A Legislator's Guide to Montana's Public Employee Retirement Systems" **(Exhibit 5)**, and the green sheets entitled "Public Employee Retirement Systems – Summary of Actuarial Valuation and Investment Data" **(Exhibit 6)**.

#### Questions and discussion from the committee

- 09:31:51 Sen. Ellis asked Ms. Scurr if she could review supplemental retirement plans and how many pension systems offered them.

#### **Pensions – oversight duties and background, continued**

- 09:34:12 Ms. Scurr continued her review on the Montana's Public Employee Retirement Systems slideshow.

#### Questions and discussion from the committee

09:53:47 Sen. Ellis asked Ms. Scurr if general fund contributions are not considered employer contributions.

09:56:29 Chairwoman McKamey asked Ms. Scurr if the contributions were backfilled.

**Pensions – oversight duties and background, continued**

09:57:00 Ms. Scurr continued her presentation.

Questions and discussion from the committee

10:10:40 Sen. Brown asked Ms. Scurr to review what the state contributions were in millions. Sen. Brown asked Ms. Scurr through the appropriations process, how many millions was paid to the board of investments for investing the funds. Sen. Brown asked Ms. Scurr if her answer was particular to teachers' retirement.

**Pensions – oversight duties and background, continued**

10:15:45 Ms. Scurr continued her presentation.

Questions and discussion from the committee

10:25:46 Rep. Mandeville asked Ms. Scurr if local governments ever use their general fund moneys to back employer contributions to the fund, or do they depend on the state to do it. Rep. Mandeville asked Ms. Scurr if the local governments ever must backfill or is their match all taken care of through their payroll lines. Rep. Mandeville asked Ms. Scurr if they can separate out the employer contributions.

**Pensions – oversight duties and background, continued**

10:30:12 Ms. Scurr continued her presentation.

Questions and discussion from the committee

10:35:26 Sen. Brown stated that due to the new GASB rulings at the national level, now on a financial balance sheet counties and cities must show the liability of their pension systems.

**Pensions – oversight duties and background, continued**

10:35:30 Ms. Scurr continued her presentation.

**BREAK** (Reconvened at 11:04:25)

10:48:54

**Annual actuarial valuations (June 30, 2020)**

11:04:51 Bill Holahan, Chief Legal Counsel, Montana Public Employee Retirement Administration (MPERA), began his review of the Montana Public Employees' Retirement Board Valuation Results slideshow. ([Exhibit 7](#))

Questions and discussion from the committee

- 11:24:47 Sen. Ellis asked Mr. Holahan about the inactive members and if they couldn't take their employer amount but they could take their employee amount. Sen. Ellis asked Mr. Holahan about the 4-year smoothing period and why there were only 3 years presented on slide 4.
- 11:27:02 Rep. Shaw asked Mr. Holahan if the workforce was aging, would there come a time where people don't have the funds.
- 11:28:36 Sen. Brown asked Mr. Holahan about the 4 percent increase in the last year of liabilities. Sen. Brown stated she would like to see a page showing the assumed rate of return for the last 10 years at 6%, 6 ¼%, 6 ½%.
- 11:32:06 Chairwoman McKamey asked Mr. Holahan what the percentage of retirees living in Montana was.

#### Public comment

- 11:32:50 none

#### **Board benefit & funding policies, position on stress testing and layered amortization**

- 11:33:44 Mr. Holahan continued his presentation starting on the last slide.
- 11:41:11 Mr. Holahan reviewed the "Public Employees' Retirement Board - Bill Draft Requests for SAVA's Consideration" ([Exhibit 8](#)) and the "Montana Public Employees' Retirement Board - Table of General Revision Legislation for 2021" ([Exhibit 9](#)) handouts.

#### Questions and discussion from the committee

- 11:57:46 Sen. Ellis asked Mr. Holahan if he knew what the actual number was for each of the first three proposals regarding the year amortizations.
- 11:59:29 Sen. Brown asked Mr. Holahan what prompted so many bill draft requests this time and what the plan was for bill number three.
- 12:02:43 Rep. Karjala asked Mr. Holahan if he knew how much had been tagged or earmarked for appropriation and how much of that funding would be available for the pension legislation.
- 12:03:57 Sen. Brown asked Ms. Scurr if she could call over to the state lottery division to see if they had numbers to provide on the Highway Patrol Officers' Retirement System funding bill. Sen. Brown asked Mr. Holahan if people had figured out how to carry these bills as they couldn't all be carried by committee members.
- 12:05:40 Rep. Shaw asked Mr. Holahan what amount of funding was going into the game wardens' wages and retirement.

#### Public comment

- 12:07:18 Jessie Luther, Association of Montana Troopers
- 12:09:37 Diane Fladmo, Montana Federation of Public Employees

#### **Motion**

- 12:10:42 Sen. Brown made a motion that the committee authorize for drafting MPERA's bill proposals.

Questions and discussion from the committee

12:11:08 none

**Vote**

12:11:20 The passed unanimously on a voice vote.

**Agency bill draft proposals and required reports**

12:11:49 Shawn Graham, Executive Director, Teachers' Retirement System (TRS), began his review of the TRS Montana Teachers' Retirement System Valuation Results handout. [\(Exhibit 10\)](#)

Questions and discussion from the committee

12:22:11 Sen. Kary asked Mr. Graham about slide #4, why the investment loss for 2022 was increased to \$68.8 million.

12:25:38 Sen. Ellis asked Mr. Graham about slide #9 and if they had looked at calculations for what needed to happen to keep the values amortizing at the same rate.

12:28:53 Sen. Brown commented on recent market losses and stated that the retirement board should be anticipating the need for funding and that incremental fixes now are better than waiting.

12:31:25 Chairwoman McKamey agreed with Sen. Brown and stated it was better to go about legislation in increments.

**Agency bill draft proposals and required reports**

12:32:25 Mr. Graham continued his review of the slideshow and the TRS Policy 1-0600-001 Funding and Benefits handout. [\(Exhibit 11\)](#)

Questions and discussion from the committee

12:36:02 Sen. Brown asked Mr. Graham about the board's funding policy and the part about funding proposals would be presented to the legislature if the amortization schedule is not projected to improve and who decides the projection. Sen. Brown asked Mr. Graham if they could agree it could be predicted there was a trend downward and away from that high first part of smoothing. Sen. Brown asked Mr. Graham how often the actuary decides the projection.

12:39:06 Sen. Ellis asked Mr. Graham about the next dates for the Experience Study.

**Agency bill draft proposals and required reports**

12:40:07 Mr. Graham reviewed the Report to the Education Interim Committee: Reemployment of TRS Retirees under section 19-20-732, MCA handout, which is the same report required to be made to the State Administration and Veterans' Affairs Interim Committee. [\(Exhibit 12\)](#)

Questions and discussion from the committee

12:45:00 Sen. Kary asked Mr. Graham if the maximum a retiree could be reemployed was three years in a lifetime. Sen. Kary asked Mr. Graham about the compensation amounts shown in the report.

**Agency bill draft proposals and required reports**

12:46:28 Mr. Graham began his review of the Teachers' Retirement Board – Bill Draft Requests for SAVA's Consideration for 2021 Session handout. [\(Exhibit 13\)](#)

**Questions and discussion from the committee**

12:49:30 Rep. Mandeville asked Mr. Graham if funds from sports wagering could be used to fund the bill increasing the Montana University System's supplemental contribution rate.

12:49:51 Sen. Ellis asked Mr. Graham to talk more about the retirement system for the university system, how that gets funded and worked into pensions.

**Public comment**

12:53:48 Diane Fladmo, Montana Federation of Public Employees

**Motion**

12:54:45 Sen. Brown made a motion for the State Administration and Veterans' Affairs Interim Committee to authorized for drafting the bill proposals from the TRS.

**Questions and discussion from the committee**

12:55:04 none

**Vote**

12:55:16 The motion passed unanimously on a voice vote.

**LUNCH** (Reconvened at 1:36:19)

12:57:49

**General public comment** – on anything under the committee's jurisdiction

13:37:05 None

**Pension fund investments – Montana Board of Investments**

13:37:37 Dan Villa, Executive Director, Montana Board of Investments, began his review of the Pension Fund Investments handout, pension fund investments, benchmarks and performance reviews. [\(Exhibit 14\)](#)

**Questions and discussion from the committee**

13:56:12 Sen. Kary asked Dir. Villa how much was charged by the Board of Investments to handle the pensions this last year. Sen. Kary asked Dir. Villa about the Cares Act funding.

14:07:46 Sen. Ellis asked what the acronym "CYTD" was regarding the RVK piece and what the inception date was.



### **Stress test studies and LFC subcommittee activities**

- 14:06:59 Ms. Scurr began her review of the green sheets previously mentioned, as well as the “Pension Stress Test Studies – Summary of PERS Report” ([Exhibit 15](#)) and “Public Employees’ Retirement System of the State of Montana” ([Exhibit 16](#)) and handouts.
- 14:52:17 Rep. Hamilton began his review of the “Pensions & Local Government Subcommittee Findings & Recommendations” ([Exhibit 17](#)) and “Cheiron – Montana Legislative Fiscal Division” ([Exhibit 18](#)) handouts.

### **Questions and discussion from the committee**

- 15:20:37 Chairwoman McKamey stated that with everything changing continuously there needed to be metrics for determining the fiscal health of the pension plans and that the 30-year amortization metric was important.

### **Stress test studies and LFC subcommittee activities**

- 15:24:44 Rep. Hamilton continued his presentation.

### **BREAK** (Reconvened at 15:48:15)

15:32:35

### **Rule review**

- 15:49:07 Ginger Aldrich, staff attorney (LSD), began her review of the Department of Administration – Next Generation 9-1-1- Technology Standards and Baseline Principles memo handout. ([Exhibit 19](#))

### **Questions and discussion from the committee**

- 15:52:54 Sen. Ellis asked Ms. Aldrich if the October 20<sup>th</sup> hearing happened as scheduled.

### **Agency and \*public comment**

- 15:54:45 None

### **Committee discussion and *potential action***

- 15:55:29 None

### **Committee discussion and *work session***

- 15:55:69 Ms. Scurr began her review of the SAVA, October 29, 2020 - Decision Points handout. ([Exhibit 20](#))
- 16:00:32 Rep. Bachmeier gave feedback on the Legislators Guide handout that stated he was from Missoula, Montana when he was from Havre, Montana.
- 16:01:01 Sen. Ellis stated on pages 52 and 53 of the Legislator's Guide it discussed the SAVA recommendations that had been adopted in the past and showed what the NCSL recommends were.
- 16:01:40 Chairwoman McKamey discussed the pension policy principles on pages 52-53 in the Legislator's Guide and whether it was the committee's pleasure to revise the current principles, endorse the board principles or adjust the board principles.

16:02:55 Sen. Kary stated the principles needed to be honed down as they were very general and suggested putting in the 30-year amortization under #2 with the pension funding.

16:03:55 Sen. Ellis stated she liked how #1 was revised with pensions being a base of financial security and retirement.

16:04:42 Sen. Kary discussed item #2 and stated pension funding was an obligation of the State of Montana and would need to be fully funded.

16:05:35 Chairwoman McKamey stated the pension funding should be a contemporary obligation and should stand alone.

16:05:59 Rep. Bachmeier asked if when the session state administration committees meet for the first time will the staffers go over these principles and explain what they mean in more detail.

16:07:17 Chairwoman McKamey stated the importance of state legislators to develop a firm understanding of the green sheets.

16:08:08 Rep. Bachmeier stated he felt an importance that at the beginning of session these principles would be elaborated on.

16:08:13 Chairwoman McKamey stated there was something to be said about having terms more general as the more specific things get, the more they bind what could happen possibly tying up some hands.

16:11:56 Sen. Kary stated the language could be changed to “acceptable, however striving to have it fully funded” for 19-2-409.

16:12:29 Sen. Ellis suggested keeping the language broad as there may be various amortization rates that might be appropriate.

16:16:46 Chairwoman McKamey stated there was a definition of what “actuarially sound” was contrary to what the committee initially thought.

16:17:29 Sen. Ellis asked Ms. Scurr about section 19-2-409, MCA, and if it would affect all MPERA’s pensions but not TRS.

### **Motion**

16:19:30 Sen. Ellis made a motion the State Administration and Veterans’ Affairs Committee adopt what SAVA had adopted in prior years to be the principles for pensions.

16:19:45 Sen. Kary called the question.

### **Committee discussion**

16:19:50 None

### **Vote**

16:19:56 The motion passed unanimously on a voice vote.

16:22:36 Sen. Ellis stated the committee should withdraw the committee's previous action and take public comment first. Chairwoman McKamey determined that the committee's previous motion and vote would be redone after public comment and agency and stakeholder comment.

### **Public comment**

16:23:30 Diane Fladmo, Montana Federation of Public Employees

**Motion**

16:24:22 Sen. Ellis made a motion the State Administration and Veterans' Affairs Committee adopt what SAVA had adopted in prior years to be the principles for pensions.

**Vote**

16:24:47 The motion passed unanimously on a voice vote.

**Questions and discussion by the committee**

16:25:10 Sen. Ellis asked Ms. Scurr if she would like for the committee to get comments to her by a certain date.

16:27:48 Ms. Scurr reviewed the Legislative Council's bill draft regarding statutes that required agency reports to the legislature.

16:31:10 Sen. Ellis asked for confirmation on whether a cleanup bill was done for conservation districts that was not mentioned in the list needing a sponsor.

16:32:32 Sen. Kary stated he would be willing to carry LC59, LC60 or both.

16:21:53 Sen. Ellis suggested Sen. Kary carry LC59, proposed herself to do LC58, and suggested either Rep. Karjala, Sen. McClafferty or Rep. Weatherwax to carry LC60.

16:34:03 Sen. McClafferty offered to carry LC60.

16:34:15 Rep. Mandeville asked for clarification regarding assigning bills to be carried by people who have not won re-election by virtue of not having an opponent.

16:35:10 Sen. McClafferty stated if she wasn't re-elected that Sen. Ellis would carry the bill.

16:35:37 Rep. Karjala stated she would be willing to carry the conservation districts bill.

16:36:16 Ms. Scurr asked if LC349 was Madam Chair McKamey's bill.

16:36:38 Rep. Karjala asked if the committee wanted to pick a backup person to carry the conservation districts bill.

16:36:49 Rep. Mandeville suggested Rep. Weatherwax should be the backup for the conservation districts bill.

16:38:07 Sen. Kary asked for a motion to adjourn.

**ADJOURNMENT**

16:39:56 Chairwoman McKamey adjourned the State Administration and Veterans' Affairs Interim Committee at 4:39 pm.