



# WORK PLAN

## STATE ADMINISTRATION AND VETERANS' AFFAIRS INTERIM COMMITTEE

2021-2022 INTERIM

*Adopted August 25, 2021*  
*Updated November 4, 2021*

**Prepared by**  
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# STATE ADMINISTRATION AND VETERANS' AFFAIRS INTERIM COMMITTEE

2021-2022 INTERIM

## LEGISLATIVE MEMBERS

SENATORS	REPRESENTATIVES
Sen. Janet Ellis, Chair (D – Helena)	Rep. Marta Bertoglio, Vice Chair (R – Clancy)
Sen. Mike Cuffe (R – Eureka)	Rep. Julie Dooling (R – Helena)
Sen. Doug Kary (R – Billings)	Rep. Jessica Karjala (D – Billings)
Sen. Edie McClafferty (D – Butte)	Rep. Kelly Kortum (D – Bozeman)
	Rep. Wendy McKamey (R – Ulm)
	Rep. Marvin Weatherwax (D – Browning)

## STAFF MEMBERS

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## COMMITTEE WEBPAGE

<https://leg.mt.gov/committees/interim/sava/>

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# INTRODUCTION

## PURPOSE OF WORK PLAN

This work plan details the State Administration and Veterans' Affairs (SAVA) Committee's study and agency oversight duties for the interim, which runs from June 2021 through September 15, 2022. The adopted work plan reflects the Committee's priorities, as indicated by the amount of time the Committee decides to spend on each of its tasks. Staff uses the work plan to undertake research and arrange presentations related to the Committee's studies and other duties. Stakeholders and other members of the public use the work plan to track various study topics and other items of interest.

## COMMITTEE JURISDICTION

The State Administration and Veterans' Affairs (SAVA) Interim Committee is one of several interim committees established in MCA 5-5-202 and required to meet between legislative sessions. Interim committees are tasked with:

- 1) conducting interim studies as assigned;
- 2) reviewing and monitoring administrative rules, programs, and legislation for agencies with the committee's jurisdiction; and
- 3) proposing bills and resolutions that committee members believe should be presented to the next Legislature.

## AGENCY OVERSIGHT

SAVA Oversees these agencies:

- The Department of Administration (DOA) and the following administratively attached entities and boards, councils, and commissions:
  - Public Employees' Retirement Board
  - Teachers' Retirement Board
  - State Lottery Commission
  - 9-1-1 Advisory Council
  - Advisory Council on Workforce Development and Planning
  - Board of County Printing
  - Board of Examiners
  - Burial Preservation Board
  - Capitol Complex Advisory Council
  - Information Technology Board
  - Information Technology Managers Council
  - Montana Information Security Advisory Council
  - State Banking Board
  - State Employee Charitable Giving Campaign Advisory Council
  - State Employee Group Benefits Advisory Council
  - Employee Investment Advisory Council
  - *Note: The following entities within or attached to DOA are assigned to other interim committees:*
    - *Division of Banking and Financial Institutions (Economic Affairs)*
    - *Office of State Public Defender (Law and Justice)*
    - *Montana Tax Appeal Board (Revenue)*
    - *State Compensation Insurance Fund (Economic Affairs)*

- The Department of Military Affairs (DMA) and the following administratively attached entities:
  - Board of Veterans' Affairs
  - Montana Veterans' Affairs Division (MVAD)
- The Office of the Secretary of State (SOS) and the following administratively attached entities:
  - Office of Commissioner of Political Practices (COPP)
  - Board of State Canvassers

# AGENCY OVERSIGHT RESPONSIBILITIES

## ADMINISTRATIVE RULE REVIEW

SAVA's assigned legislative attorney reviews each of the assigned agencies' proposed new administrative rules or amendments to rules. As part of this rule-review process, legal staff notifies SAVA members of any concerns about an agency's compliance with the Montana Administrative Procedures Act (MAPA). The legal staff's notification to SAVA members is usually a memorandum.

Interim committees may not prevent a rule or proposed amendment to a rule from being adopted, but a committee may object to the rule or amendment. If the majority of committee members object to the rule, the agency is notified, and the committee then addresses the rule at its next meeting. An objection may prevent a rule from being adopted for 6 months, during which time the agency may (but is not required to) withdraw or revise its proposed rule or rule change, or the committee may withdraw its objection.

## PROGRAM MONITORING

SAVA's program monitoring duties require specific attention to:

- Identifying issues likely to require future legislative attention.
- Identifying opportunities to improve existing laws governing the agency's operations.
- Determining whether citizen experience with the agency may be improved on through legislative action.

## REVIEW OF DRAFT LEGISLATION

Agency legislation is introduced before the start of the legislative session. Committee authorization allows legislative staff to begin drafting agency legislation prior to the session. Law requires interim committees review each assigned agency's bill draft proposals and vote on whether to authorize a bill draft request. If the Committee authorizes the bill draft request, a legislator must introduce and sponsor the bill. Interim committees generally receive agency bill proposals for review in late spring or early summer prior to the session.

## REQUIRED REPORTS

Law requires that certain agencies submit a report to SAVA either annually or biennially. These agencies and reports are submitted in compliance with section 5-11-210, MCA, which establishes a Legislative Services Division clearinghouse for these reports. A full list of reports is available on the SAVA webpage.

## HB 142 (2011) DUTIES

House Bill 142, passed during the 2011 session to eliminate unnecessary statutes, required that every interim each interim committee had to review the statutes requiring reports and establishing advisory councils to determine whether to eliminate the reporting requirement or the advisory council.

A 2017 revision by Senate Bill 8, by request of the Economic Affairs Interim Committee, amended this provision of law inserting the underlined text below so that these reporting and advisory council statutes are reviewed only upon the request of a committee member:

"5-5-215. Duties of interim committees. (1) Each interim committee shall:  
... (d) review, if requested by any member of the interim committee, statutorily established advisory councils ..."

## BALLOT INITIATIVES

The 2021 Legislature passed House Bill 651, which requires each interim committee to review ballot initiatives referred to them. The interim committee must meet, review the proposed initiative, and vote on whether to support or not support the placement of the initiative on the ballot. The committee's decision will then be printed on the forms used to gather signatures for the proposed initiative, so that citizens are aware of the committee's vote. The committee must conduct the review and make its decision within 14 days of Legislative Service's receipt of the final text of the proposed initiative and the ballot statements that have been approved by the attorney general. This new requirement may result in additional committee meetings to meet the 14-day deadline. A committee may meet remotely or by conference call to conduct the review in accordance with the committee's rules.

### COMMITTEE DECISION: AGENCY OVERSIGHT

The Committee plans a minimal level of involvement in most of its agency oversight responsibilities.

- **Administrative Rule Review:** Committee members will receive regular written summaries of proposed and adopted administrative rules prior to each meeting. Agendas will include time for committee questions and concerns.
- **Review of Draft Legislation:** The Committee will review proposed agency legislation.
- **Required Reports:** The Committee will hear required reports from agencies and will request written reports as needed.
- **HB 142 (2011) Duties:** The Committee did not allocate any time to HB 142.
- **Ballot Initiatives:** The Committee will hold Zoom meetings as needed to review to vote on proposed ballot initiatives.

# PENSION OVERSIGHT RESPONSIBILITIES

## SPECIAL STATUTORY DUTIES

The Committee also has specific duties with respect to the public employee retirement plans. Section 5-5-228, MCA states:

[The committee shall]:

- a) consider the actuarial and fiscal soundness of the state's public employee retirement systems, based on reports from the teachers' retirement board, the public employees' retirement board, and the board of investments, and study and evaluate the equity and benefit structure of the state's public employee retirement systems;
- b) establish principles of sound fiscal and public policy as guidelines;
- c) as necessary, develop legislation to keep the retirement systems consistent with sound policy principles; and
- d) publish, for legislators' use, information on the public employee retirement systems that the committee considers will be valuable to legislators when considering retirement legislation.

## SPECIAL REPORTS

The two major pension bills that passed the 2013 Session, House Bill 377 and House Bill 454 respectively, require the Teachers' Retirement Board and the Public Employees' Retirement Board to each make a special report to SAVA and the Legislative Finance Committee (LFC).

The reporting provision included in both bills states:

"As soon as possible after the completion of each annual actuarial valuation for the [teachers' retirement system or retirement systems administered by the public employees' retirement board], the board shall have its actuary present a detailed actuarial report to the legislative finance committee, provided for in 5-12-201, and the state administration and veterans' affairs interim committee, provided for in 5-5-228. The actuarial report must provide a trend analysis of the system's actual and projected progress toward 100% funding."

### COMMITTEE DECISION: PENSION OVERSIGHT

- **Special Statutory Duties:** The Committee will roll their pension oversight responsibilities into their work on HJ 8. Details are on page 9.
- **Special Reports:** The Committee will hold joint meetings with the Legislative Finance Committee on December 16, 2021 and December 8, 2022 to hear the required reports from the Teachers' Retirement Board and the Public Employees' Retirement Board.



# INTERIM STUDIES

## STUDY PROCESS

The 2021 Legislature approved 28 interim study resolutions, and the Legislative Council assigned those study requests to the various interim committees on May 24. SAVA was assigned two interim studies – HJ 8 and SJ 35.

An interim study typically involves information gathering, issue identification, and recommendations.



The first phase of the study is carried out over the first few meetings of the interim, when the Committee:

- reviews staff research papers and other informational materials on study topics;
- hears presentations by people with experience and expertise on various aspects of the study topics; and
- takes public comment from interested parties, who may offer specific study-related suggestions.

In the second phase, the Committee spends a meeting or two narrowing the focus of the study. Members identify topics or questions they'd like to analyze further. This phase helps members concentrate on the issues they consider to be of the greatest importance and obtain any additional information needed to make final recommendations.

During the final stage, members review and decide on options for action. Potential solutions, including legislation, are usually reviewed and refined at multiple meetings before the Committee takes final action.

## HJ 8: INTERIM STUDY OF PUBLIC EMPLOYEE PENSIONS

### SUMMARY

- Primary Sponsor: Rep. Frank Garner (R – HD 7)
- Interim Study Ranking: 2

### ISSUES LISTED IN STUDY RESOLUTION

- Montana's nine defined benefit public employee retirement systems cover more than 52,000 active and 43,000 retired state, local government, and school district employees and involve more than \$11.7 billion in investment assets and nearly \$18 billion in liabilities.
- The financial stability of these plans depends on ensuring that contributions plus investment income are consistent and sufficient to pay all present and future benefit obligations.
- If contributions are not adjusted to compensate for long-term market losses, the financial health of the plans can be seriously compromised.
- The legislature sets contribution rates for each of these plans. Currently, these contributions are statutorily fixed, and legislation is required to adjust the rates.

- The annual required contribution (ARC) rates are currently determined based on recommendations from the retirement board actuaries who apply actuarial assumptions and the funding and amortization policies adopted by the boards.
- Each retirement system is unique and involve different employers, employees, and funding sources. These differences should be taken into account when determining benefit and funding policies.
- A comprehensive and long-term strategic plan to ensure each system's long-term financial stability should be developed with the input of all stakeholders.
- The study resolution states that actuarial analysis independent of the retirement boards should be contracted for if funding is made available. The 2021 Legislature did not earmark funds for this.

## TASKS LISTED IN STUDY RESOLUTION

1. Study the financial stability of Montana's defined benefit public employee retirement systems.
2. Use the assistance of independent certified professional actuaries if funding is made available by the Legislature for the actuarial services. *(Note: funding was not made available for this component of the study)*
3. Investigate the actuarial impact on funded ratios and amortization schedules of alternative funding sources for and the relative health or weakness of these unique systems.
4. Review and study the governance structure of the public employee retirement systems.
5. Examine legislative education, oversight, and goals concerning the public employee retirement systems, including decision benchmarks or indicators for future action.
6. Develop recommendations for a long-term strategic approach to setting contribution rates that will ensure the financial strength and resilience of the retirement systems while recognizing the responsibility placed on the taxpayers and citizens of this state.

## SJ 35: INTERIM STUDY OF DPHHS PROCUREMENT PRACTICES

### SUMMARY

- Primary Sponsor: Sen. Chris Friedel (R – SD 26)
- Interim Study Ranking: 24

## ISSUES LISTED IN STUDY RESOLUTION

- The Montana Procurement Act is designed to ensure fair and equitable treatment of all vendors and maximize the buying power of public funds.
- Legislative audits of the Department of Public Health and Human Services (DPHHS) have found instances where the department has failed to follow the Montana Procurement Act or other contracting requirements.
- The Montana Procurement Act allows some exceptions to standard procurement practices, including exemptions for the procurement of human services.

## TASKS LISTED IN STUDY RESOLUTION

1. Identify the circumstances under which the Department of Public Health and Human Services deviates from the Montana Procurement Act and how frequently those circumstances occur.
2. Identify the policies and procedures that the agency uses when determining whether it must follow the standard procurement practices of how it otherwise determines whether to seek bids or proposals for services.
3. Review the statutes and administrative rules related to state agency procurement, including the federal laws and regulations governing public assistance programs, the procurement procedures for federally funded programs administered by the Department of Public Health and Human Services, and the state statutes and administrative rules specific to the provision of human services.

4. Determine whether practical obstacles, including the emergency needs of clients served by the agency, affect the Department's procurement procedures.
5. Obtain an accounting of the amount of money the Department has paid to vendors who were selected outside of the standard procurement process.

### COMMITTEE DECISION: INTERIM STUDIES

- **HJ 8:** The Committee will devote a significant amount of their time to HJ 8, combining the work with their special pension oversight statutory duties. Details are on pages 11 and 14.
- **SJ 35:** The Committee will devote a moderate amount of their time to SJ 35. Details are on pages 11 and 14.

# APPENDIX A: ADOPTED WORK PLAN

ADOPTED AUGUST 25, 2021; UPDATED NOVEMBER 4, 2021

ASSIGNED STUDIES	
HJ 8 – Interim Study of Montana's Public Employee Retirement Systems	<p><u>Level of Involvement</u></p> <ul style="list-style-type: none"><li>Significant</li></ul> <p><u>Research Staff Time</u></p> <ul style="list-style-type: none"><li>0.69 FTE (1987.2 hours/248.4 days)</li></ul> <p><u>Activities:</u></p> <ul style="list-style-type: none"><li>Pensions 101 presentation from LSD and pension staff</li><li>Panel discussions with representatives from pension boards and agencies</li><li>Stakeholder engagement</li><li>Actuarial valuations presentations – MPERA and TRS</li><li>Experience study presentations – MPERA and TRS</li><li>Presentation(s) from national pensions expert(s)</li><li>Review of legislator education on public pensions</li><li>Staff research and analysis of other state pension systems and comparison with Montana systems</li><li>Staff research and analysis of alternate pension systems and alternate amortization policies</li><li>Staff research and analysis of best practices recommendations from other states and national organizations</li></ul> <p><u>Deliverables:</u></p> <ul style="list-style-type: none"><li>Updated pension guide for legislators</li><li>Updated pension history document</li><li>Updated green sheets</li><li>Analysis based on research, stakeholder comments, expert testimony, and committee concerns</li><li>Issues briefs (topics TBD by committee)</li><li>Legislation for 2023 Session (<i>if any</i>)</li></ul> <p><i>Note: All regular statutory duties related to pension oversight are embedded within the planned activities, deliverables, and staff time for HJ 8.</i></p>
SJ 35 – Interim Study of DPHHS Procurement Procedures	<p><u>Level of Involvement:</u></p> <ul style="list-style-type: none"><li>Moderate</li></ul> <p><u>Research Staff Time:</u></p> <ul style="list-style-type: none"><li>0.19 FTE (547.2 hours/68.4 days)</li></ul> <p><u>Activities:</u></p> <ul style="list-style-type: none"><li>Presentations from DPHHS, DOA/State Procurement, LAD, and other experts</li><li>Stakeholder engagement</li><li>Staff review and analysis of relevant laws and rules</li></ul> <p><u>Deliverables:</u></p> <ul style="list-style-type: none"><li>Summary paper</li><li>Analysis based on research, stakeholder comments, presentations and testimony, and committee concerns</li><li>Legislation for 2023 Session (<i>if any</i>)</li></ul>

<div> <div>STATUTORY DUTIES</div> </div>	
<div>Pension Oversight</div>	<div>Note: All regular statutory duties related to pension oversight are embedded within the planned activities, deliverables, and staff time for HJ 8.</div>
<div>Agency Oversight – Required Reports</div>	<div> <div>Level of Involvement:</div> <ul style="list-style-type: none"> <li>Minimal</li> </ul> </div> <div> <div>Research Staff Time:</div> <ul style="list-style-type: none"> <li>0.02 FTE (57.6 hours/7.2 days)</li> </ul> </div> <div> <div>Activities:</div> <ul style="list-style-type: none"> <li>Report presentations from agencies at August 2022 meeting with time for committee questions</li> <li>Follow-up at October 2022 meeting as needed</li> </ul> </div> <div> <div>Deliverables:</div> <ul style="list-style-type: none"> <li>Written reports from agencies <i>(as requested)</i></li> </ul> </div>

ADDITIONAL ACTIVITIES	
Member & Emerging Issues	<p><u>Level of Involvement:</u></p> <ul style="list-style-type: none"> <li>Minimal</li> </ul> <p><u>Research Staff Time:</u></p> <ul style="list-style-type: none"> <li>0.05 FTE (144 hours/18 days)</li> </ul> <p><u>Topics:</u></p> <ul style="list-style-type: none"> <li>Review Initial Ballot Initiative Submission Timeline</li> <li>Occupational Licensure for Military Spouses</li> <li>Eligibility for Disabled Veteran License Plates</li> <li>Other Topics TBD</li> </ul> <p><u>Deliverables:</u></p> <ul style="list-style-type: none"> <li>TBD</li> </ul>
Litigation Updates	<p><u>Level of Involvement:</u></p> <ul style="list-style-type: none"> <li>Minimal</li> </ul> <p><u>Legal Staff Time:</u></p> <ul style="list-style-type: none"> <li>0.02 FTE (57.6 hours/7.2 days)</li> </ul> <p><u>Activities:</u></p> <ul style="list-style-type: none"> <li>Staff memo prior to each regularly scheduled SAVA meeting</li> </ul> <p><u>Deliverables:</u></p> <ul style="list-style-type: none"> <li>Staff memos</li> </ul>

# APPENDIX B: WORK PLAN MEETING CHART

ADOPTED AUGUST 25, 2021; UPDATED NOVEMBER 4, 2021

	Aug. 25, 2021	Nov. 4, 2021	Dec. 16, 2021	Mar. 24, 2022	May 25-26, 2022	Aug. 10-11, 2022	Dec. 8, 2022
ASSIGNED STUDIES							
HJ 8 – Interim Study of Montana’s Public Employee Retirement Systems	<ul style="list-style-type: none"><li>*Overview of issues and action items in HJ 8</li><li>*Pensions 101 presentation from LSD, TRS, MPERA staff</li><li>*Stakeholder comments</li></ul>	<ul style="list-style-type: none"><li>*Pension Oversight presentations from LSD, LAD, LFD, TRS, MPERA</li><li>*Draft Green Sheets</li><li>*Stakeholder comments</li><li>*Committee directions to staff on research and preparations for December &amp; March meetings</li></ul>	<ul style="list-style-type: none"><li>*Pension Systems &amp; Amortization Policy Presentations</li><li>*Stakeholder comments</li><li>*Review LSD staff papers/research</li><li>*Joint meeting with Legislative Finance Committee – Annual Actuarial Presentation</li><li>*Final Green Sheets</li></ul>	<ul style="list-style-type: none"><li>*Presentation from national expert(s)</li><li>*Other presentations TBD</li><li>*Stakeholder comments</li><li>*Review LSD staff papers/research</li><li>*Begin to narrow focus</li><li>*Select topics for study report</li></ul>	<ul style="list-style-type: none"><li>*Experience Study presentations from MPERA &amp; TRS</li><li>*Other presentations TBD</li><li>*Stakeholder comments</li><li>*Begin to develop recommendations</li><li>*Review initial draft of study report</li><li>*Begin to develop draft legislation <i>(if needed)</i></li></ul>	<ul style="list-style-type: none"><li>*Adopt any recommendations</li><li>*Finalize and adopt study report and other publications</li><li>*Finalize legislation and assign sponsors <i>(if needed)</i></li></ul>	<ul style="list-style-type: none"><li>*Joint meeting with Legislative Finance Committee – Annual Actuarial Presentation</li></ul>
SJ 35 – Interim Study of DPHHS Procurement Practices	<ul style="list-style-type: none"><li>*Overview of issues and action items in SJ 35</li><li>*Presentations from DOA, LAD, DPHHS</li></ul>	<ul style="list-style-type: none"><li>*Stakeholder comments</li><li>*Review LSD staff papers/research</li><li>*Decide on next steps for study</li><li>*Narrow focus and begin to develop recommendations</li><li>*Select topics for study report</li><li>*Begin to develop draft legislation <i>(if needed)</i></li></ul>		<ul style="list-style-type: none"><li>*Update from DPHHS</li></ul>			

	Aug. 25, 2021	Nov. 4, 2021	Dec. 16, 2021	Mar. 24, 2022	May 25-26, 2022	Aug. 10-11, 2022	Dec. 8, 2022
<b>STATUTORY DUTIES</b>							
<b>Pension Oversight</b>			*Joint meeting with Legislative Finance Committee – Annual Actuarial Presentation				*Joint meeting with Legislative Finance Committee – Annual Actuarial Presentation
<b>Agency Oversight – Required Reports</b>						*Receive report presentations from agencies	
<b>Agency Oversight – Bill Draft Authorization</b>						*Review of agency legislative proposals *Determine whether to request drafts on behalf of agencies	
<b>Ballot Initiative Review</b>	*Overview of review process	<i>*Zoom or conference call meetings will be held as needed to review ballot initiatives as they are assigned for SAVVA review</i>					
<b>Administrative Rule Review</b>	*Rule memos possible (dependent on agency proposals) *Agenda time for committee questions and potential action	*Rule memos possible (dependent on agency proposals) *Agenda time for committee questions and potential action	*Rule memos possible (dependent on agency proposals) *Agenda time for committee questions and potential action	*Rule memos possible (dependent on agency proposals) *Agenda time for committee questions and potential action	*Rule memos possible (dependent on agency proposals) *Agenda time for committee questions and potential action	*Rule memos possible (dependent on agency proposals) *Agenda time for committee questions and potential action	
<b>ADDITIONAL ACTIVITIES</b>							
<b>Member &amp; Emerging Issues</b>		*Occupational Licensure for Military Spouses	*Based on member requests	*Eligibility Criteria for Disabled Veteran License Plates	*Possible revisions to Ballot Initiative submission timeline	*Based on member requests	
<b>Litigation Updates</b>	*Litigation update memo from Legal staff	*Litigation update memo from Legal staff	*Litigation update memo from Legal staff	*Litigation update memo from Legal staff	*Litigation update memo from Legal staff	*Litigation update memo from Legal staff	



# APPENDIX C: UPDATED MEETING SCHEDULE

UPDATED NOVEMBER 4, 2021

- Thursday, June 24, 2021
- Wednesday, August 25, 2021
- Thursday, November 4, 2021
- Thursday, December 16, 2021 (*Includes Joint Meeting with Legislative Finance Committee*)
- Thursday, March 24, 2022
- Wednesday, May 25 – Thursday, May 26, 2022
- Wednesday, August 10 – Thursday, August 11, 2022
- Thursday, December 8, 2022 (*Joint Meeting with Legislative Finance Committee*)