



STATE ADMINISTRATION AND VETERAN AFFAIRS INTERIM COMMITTEE

67th Montana Legislature

SENATE MEMBERS

Mike Cuffe
Janet Ellis
Douglas (Doug) Kary
Edith (Edie) McClafferty

HOUSE MEMBERS

Marta Bertoglio
Julie Dooling
Jessica Karjala
Kelly Kortum
Wendy McKamey
Marvin Weatherwax

COMMITTEE STAFF

K.V. Aldrich - Attorney
Alexis Newcomer - Secretary
Rebecca Power - Research Analyst

MINUTES LOG

March 24, 2022
Room 102
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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MEMBERS PRESENT:

Sen. Janet Ellis, Chair (D)
Rep. Marta Bertoglio, Vice Chair (R)
Sen. Mike Cuffe (R)
Rep. Julie Dooling (R)
Sen. Douglas (Doug) Kary (R)
Rep. Kelly Kortum (D)
Sen. Edith (Edie) McClafferty (D)
Rep. Marvin Weatherwax (D)

MEMBERS EXCUSED:

Rep. Jessica Karjala (D)
Rep. Wendy McKamey (R)

MEMBERS ABSENT:

STAFF PRESENT:

K.V. Aldrich, Attorney
Alexis Newcomer, Secretary

Rebecca Power, Research
Analyst

AGENDA [\(Attachment 1\)](#)

VISITORS' LIST [\(Attachment 2\)](#)

COMMITTEE ACTION

CALL TO ORDER/ROLL CALL

08:33:34 Sen. Janet Ellis-D called the meeting to order at 8:33 AM. The committee secretary took roll.

Introduction – Rebecca Power, Research Analyst

8:35:45 Ms. Power provided an introduction of the meeting.

Keith Brainard, Research Director, National Association of State Retirement Administrators (NASRA)-[\(Exhibit1\)](#)

8:38:52 Mr. Brainard presented.

Committee Questions & Discussion

08:57:59 Sen. Ellis requested Mr. Brainard provide an explanation of his organization.

08:58:21 Mr. Brainard provided an explanation of the National Association of State Retirement Administrators (NASRA).

Dan Doonan, Executive Director, National Institute on Retirement Security (NIRS)-[\(Exhibit 2\)](#)

8:59:08 Director Doonan presented.

Committee Questions & Discussion

09:18:57 Sen. Cuffe asked Director Doonan asked for clarification on life expectancy study.

09:19:58 Director Doonan provided clarification on the life expectancy results.

09:21:49 Sen. Cuffe asked Director Doonan asked for an explanation of the age 62 drop off.

09:22:50 Director Doonan provided an explanation for the age 62 drop off.

09:24:25 Sen. Cuffe asked for summarization of presentation information.

09:24:39 Director Doonan provided a summarization.

09:25:45 Sen. Ellis asked for a generalization of what year the data is from.

09:26:33 Director Doonan stated he would search for the year.

09:27:10 Sen. Ellis stated she assumed the mortality table would consider female vs. male teachers.

09:27:27 Director Doonan stated the study assumed female teachers and the table is from 2021.

Hank Kim, Executive Director & Counsel, National Conference on Public Employee Retirement Systems (NCPERS)- (Exhibit 3)

9:28:58 Director Kim presented.

Committee Questions & Discussion

09:47:56 Sen. Kary asked Kim why the information is only up to 2018.
09:48:13 Director Kim states the data used is publicly available from the federal government and is usually a few years behind.
09:48:47 Sen. Kary asked Director Kim if he agrees that the State of Montana is chronically underfunding.
09:49:39 Director Kim stated he would not dispute that the State of Montana has unfunded liabilities.
09:50:17 Sen. Kary asked Director Kim if the process should be done over many years.
09:50:32 Director Kim related the process to a 30-year mortgage.
09:52:26 Sen. Cuffe stated he appreciated the presentation. Sen. Cuffe stated that TSEP funding should be moved away from pensions.
09:55:34 Sen. Ellis asked Director Kim for a simplified explanation of personal income portion of the analysis.
09:55:57 Director Kim gave explanation of Gross Domestic Products.
09:57:33 Sen. Ellis asked for further clarification.
09:57:44 Director Kim explained use of personal income in the analysis.
09:58:45 Sen. Ellis asked about Montana specific data and if this includes all DB and DC plans.
09:59:21 Director Kim stated the source is the US Census Bureau and accounted for 99 pension plans.

BREAK (reconvene at 10:20:59)

HJ 8: Interim Study of MT's Public Pension Systems (continued)

Alex Brown, Research Manager, National Association of State Retirement Administrators (NASRA)- (Exhibit 4)

10:21:36 Mr. Brown presented.

Committee Questions & Discussion

10:47:58 Sen. Ellis requested access to study referred to in the presentation.
10:48:14 Mr. Brown obliged.
10:48:28 Rep. Garner asked Mr. Brown if there is an accepted definition of unfunded liability and where it comes from.
10:48:46 Mr. Brown provided the definition.
10:49:11 Rep. Garner asked Mr. Brown if there is a national point of reference for definitions.
10:49:37 Mr. Brown provided resources for definitions.
10:50:13 Sen. Ellis stated the challenges of layered amortization in the state of Montana and if the study explains the need for flexibility for employer contributions.
10:51:21 Mr. Brown explained study topics, such as contribution volatility.

Todd Green, President, Cavanaugh Macdonald Consulting, LLC ([Exhibit 5](#))

10:53:30 Mr. Green presented.

11:07:05 Sen. Cuffe asked if about specific data in the Level Dollar Amortization Method.

Committee Questions & Discussion

None.

Public Comment* on HJ 8

11:29:07 Sarah Piper, Montana Federation of Public Employees provided testimony.

11:32:40 Rep. Mary Ann Dunwell provided testimony.

Additional Committee Discussion, Potential Committee Action, & Instructions to Staff

11:40:12 Sen. Cuffe asked for clarification for the meeting schedule.

11:41:39 Director Schwinden offered knowledge on MT numbers

11:42:08 Sen. Cuffe requested Director Schwinden expound on correcting unfunded liabilities.

11:42:22 Director Schwinden explained the new tiers established due to legislation passed in 2013.

11:44:50 Sen. Cuffe asked Director Schwinden for clarification on the excess.

11:45:12 Director Schwinden clarified details of the excess.

11:45:32 Sen. Cuffe asked if Montana has an unfunded liability.

11:45:53 Director Schwinden confirmed

11:45:45 Sen. Cuffe asked about the 1.8-billion-dollar excess.

11:45:50 Director Schwinden confirmed this excess is to offset future gains and losses.

11:46:03 Sen. Kary asked Director Schwinden how carrying forward the excess will address gains.

11:46:21 Director Schwinden clarified.

11:46:33 Sen. Kary asked Director Schwinden if carrying forward would only have to do with losses.

11:46:50 Director Schwinden explained the gains would carry forward as well.

11:47:05 Sen. Kary when last time the State had “a very good year”

11:47:20 Director Schwinden referred to valuation report going back to 2008.

11:48:33 Sen. Kary asked Director Schwinden to explain if this helps with smoothing.

11:48:50 Director Schwinden explained smoothing.

11:48:58 Sen. Cuffe asked for clarification about legislation moving funding, specifically TSEP funding.

11:49:51 Director Schwinden provided an explanation of funds moved.

11:50:46 Shawn Graham, Executive Director Teachers’ Retirement System explained benefits and the discussion around benefit reductions.

11:52:27 Sen. Cuffe thanked Director Graham for the explanation.

11:52:39 Sen. Ellis asked for clarification if TRS comes from the State General Fund.

11:53:11 Director Graham explained.

11:53:25 Rep. Garner asked Director Schwinden asked for clarification how State policy is set.

11:54:36 Director Schwinden explained an experience study.

11:56:32 Rep. Garner asked Mr. Schwinden if there has been an effort where broader goals have been set.

11:57:28 Director Schwinden referred to Ms. Power to the historical context.

11:58:27 Rep. Bertoglio asked Director Schwinden if the legislature needs to provide flexibility and adaptability to follow a model practice.

11:59:06 Director Schwinden stated it is up to the legislature to maintain the current model or change.

LUNCH (reconvene at 13:07:45)

HJ 8: Interim Study of MT's Public Pension Systems (continued)

Introduction – Rebecca Power, Research Analyst

13:08:14 Ms. Power provided an introduction.

Case Study: Montana University System Retirement Program (MUS-RP) ([Exhibit 6](#))

13:09:07 Shawn Graham, Executive Director Teachers' Retirement System presented

13:23:33 Rep. Dooling asked Director Graham for an explanation of dollar figures of inactive members and vested terminated members.

13:23:55 Director Graham stated he would find the dollar figure and explained vested terminated members.

13:25:01 Sen. Kary asked Director Graham who the head of the OR plan is.

13:25:14 Director Graham stated he unsure who was the head and that may fall under Amy Berry.

13:25:41 Sen. Cuffe asked if this is a real unfunded liability.

13:25:57 Director Graham confirmed.

13:26:23 Sen. Ellis requested Graham stay until the end of the panel.

Amy Berry, Associate Director of Benefits, Office of the Commissioner of Higher Education (OCHE/MUS)

13:26:36 Ms. Berry presented.

Committee Questions & Discussion

13:28:49 Sen. Kary asked Ms. Berry asked who is responsible for the plan.

13:29:20 Ms. Berry explained origin.

13:29:54 Sen. Kary asked Ms. Berry what the plan for payment is.

13:30:02 Ms. Berry explained a bill brought by Director Graham yearly.

13:30:24 Sen. Kary asked if the total has been paid down.

13:30:38 Ms. Berry stated there has been monthly payments to TRS.

13:31:01 Sen. Kary asked Ms. Berry if there is anything preventing MUS from paying more than 4.72%

13:31:11 Ms. Berry explained the question of where does increased funding come from.

13:31:25 Sen. Kary asked Ms. Berry if the MUS has requested in their budget that allows addressing the liability.

13:31:41 Ms. Berry stated she would need to come back with the answer.

13:32:30 Sen. Ellis stated that in statute the money would be paid back by July 1st, 2033 and is not required to come from the MUS budget.

13:34:01 Ms. Berry confirmed that MUS pays a portion to TRS and deferred to Director Graham.

13:34:49 Director Graham explained mechanism to increase the rate.

13:36:54 Sen. Ellis asked Director Graham if the 2007 raise was adequate.

13:37:09 Director Graham stated the rate was projected to be adequate at the time.

13:38:31 Sen. Ellis asked for an explanation how the TRS amortization rate will be affected if the amount is paid.

13:39:22 Director Graham referred to Senate Bill 46 and the fiscal note.

13:40:09 Sen. Kary referred to the MCA to confirm Director Graham's statements. Sen. Kary stated that the legislative body was not addressed for a contribution increase until 2011.

13:41:33 Director Graham explained there has been a bill almost every session to address the contribution rate.

13:42:40 Sen. Kary stated he thought it was odd that in 2011 there was a request for an increase 0.05 in the contribution rate.

13:42:58 Director Graham explained the 0.05 rate would be for multiple years.

13:44:22 Sen. Kary stated the Board of Regents is responsible in reference to the agreement.

13:44:36 Sen. Ellis asked if there hasn't been an increased amount if there could be a lawsuit from TRS if the legislature does not come up with money and if MUS is liable for the full amount.

13:46:32 Director Graham stated the contribution does not stop July 1st, 2033.

Public Comment* on HJ 8

13:48:23 Helen Thigpen, Executive Director of Government Relations MUS provided testimony.

13:49:24 Sarah Piper, MFPE provided testimony.

Additional Committee Discussion, Potential Committee Action, & Instructions to Staff

None

Update re. Transition from Montana Votes to ElectMT

Dana Corson, SOS Elections Director & Stuart Fuller, SOS Elections Manager

13:52:55 Mr. Fuller presented.

Committee Questions & Discussion

13:55:59 Sen. Ellis asked Mr. Fuller for confirmation of definition of parallel testing.

13:56:23 Mr. Fuller confirmed the goal and definition of parallel testing.

13:59:00 Sen. Ellis asked Mr. Fuller about the cost of delaying ElectMT.

13:59:19 Mr. Fuller explained the extension of the contract for ElectMT.

14:00:24 Sen. Cuffe commented that the transition to ElectMT has been handled well and he appreciates the report.

Rina Moore, Cascade County Clerk & Recorder

14:01:09 Ms. Moore presented.

Committee Questions & Discussion

- 14:03:03 Sen. Ellis asked Mr. Fuller what counties have been chosen for testing.
- 14:03:35 Mr. Fuller provided a list of counties.
- 14:04:35 Ms. Moore noted that only 9 counties have worked on this program in the last two and a half years and the counties that are testing have not been involved in the development.
- 14:05:32 Ellis thanked both Mr. Fuller and Ms. Moore for attending the meeting and the diligence on this new system.

Public Comment* on Transition from Montana Votes to ElectMT

- 14:06:14 Robert Filipovich, Helena provided testimony.

Eligibility Criteria for Disabled Veteran License Plates

Overview – Rebecca Power, Research Analyst & Roger Hagan, American Legion

- 14:09:04 Ms. Power provided an introduction and explained handouts. ([Exhibit 7](#))
- 14:16:38 Roger Hagan, Montana Department of American Legion presented.

Public Comment* on Eligibility Criteria for DV License Plates

- 14:21:03 Duane Ladd provided testimony.
- 14:22:17 Bill Garberg, Vets for Vets provided testimony.

Committee Questions & Discussion

- 14:24:04 Sen. Kary asked Mr. Hagan to explain his preferred option.
- 14:24:17 Mr. Hagan clarified.
- 14:25:04 Sen. Ellis asked Mr. Hagan for clarification on a signifier on license plate and if this would be a re-design that would need to be issued to qualified recipients.
- 14:25:39 Mr. Hagan confirmed
- 14:26:46 Sen. Ellis asked Mr. Hagan if DV license plates have room for a sticker.
- 14:27:11 Mr. Hagan stated he was unsure on limitations on license plate design.
- 14:27:33 Sen. Ellis asked Mr. Hagan if there would need to be two different types of plates.
- 14:28:21 Mr. Hagan stated this would not disturb current operations, the fee waiver would be the same and that there would be a new license plate design.
- 14:29:29 Sen. Ellis invited Mr. Ladd to ask a question.
- 14:29:42 Mr. Ladd stated system is going well and should not be changed.
- 14:31:04 Sen. Kary asked Mr. Hagan if the plates would be an extreme cost for regular plates with distinction.
- 14:32:13 Mr. Hagan stated that is an administrative matter.
- 14:33:36 Sen. Kary thanked the veterans in audience for service.
- 14:33:49 Rep. Bertoglio asked Mr. Hagan if he knew the cost and how the VA comes to disability percentage decision.
- 14:34:29 Mr. Hagan answered.
- 14:35:18 Ms. Power described options outside of 2 plates.
- 14:37:25 Sen. Ellis invited Mr. Ladd to provide comment.

14:37:43 Mr. Ladd provided comment on qualifications for DV license plates.
14:38:23 Sen. Cuffe asked why disabled parking would be removed from DV license plates.

BREAK (reconvene at 15:56:40)

Updating the Montana Veterans Long Term Care Needs Study ([Exhibit 8](#))

14:56:47 Ms. Power provided an introduction.

Overview – Roger Hagan, American Legion ([Exhibit 9](#))

14:57:14 Mr. Hagan presented his testimony on the Montana Veterans Long Term Care Needs Study.

Committee Questions & Discussion

15:02:04 Sen. Ellis asked Mr. Hagan if there was a study proposed for 2010.
15:02:35 Mr. Hagan stated a study was not proposed.
15:03:12 Ellis asked Mr. Hagan if the study cost \$50,000.
15:03:25 Mr. Hagan confirmed.
15:03:46 Sen. Ellis asked Mr. Hagan if he had a figure for expansion for veterans' cemeteries.
15:04:17 Mr. Hagan stated he has not considered a figure for veterans' cemeteries expansion.

Public Comment* on Updating the Montana Veterans Long Term Care Needs Study

15:05:25 Joe McKenney, Great Falls provided testimony.
15:07:48 Bill Garberg, Vets for Vets provided testimony.
15:09:33 Kelly Ackerman offered to be an informational witness.
15:10:03 Dennis Burns, VFW Post 4669 provided testimony.
15:11:50 Duane Ladd provided testimony.
15:12:54 Barbara Smith offered to be an admin informational witness.
15:13:21 Shannon Wilson, VFW Post 4669 provided testimony.
15:14:09 Joe Fletcher, VFW provided testimony.
15:16:18 Kenneth Weinheimer, DAV Dept Commander provided testimony
15:18:19 Frank Tuss, VFW Post 4669 provided testimony.
15:20:17 Bill White, American Legion provided testimony.

Additional Committee Discussion, Potential Committee Action, & Instructions to Staff

15:22:33 Sen. Ellis asked Ms. Smith if in-home care gets factored in studies.
15:23:32 Ms. Smith confirmed in-home care is considered.

Rule Review

Introduction – Ginger Aldrich, Staff Attorney ([Exhibit 10](#))

15:24:50 Ms. Aldrich provided an introduction and explained rule memos.

Public Comment* on Rule Review Matters

None

Potential Committee Action & Instructions to Staff

15:29:15 Sen. Ellis provided an update on a SAVA bill approved in the last session and rules are being drafted.

MARA Update

Nick VanBrown, LFD Analyst & Sam Schaefer, LFD Analyst[\(Exhibit 11\)](#)

15:29:59 Mr. Schaefer presented.

Committee Questions & Discussion

15:43:45 Sen. Cuffe asked for an explanation of the MARA acronym.
15:43:55 Mr. Schaefer explained.
15:44:04 Sen. McClafferty asked for confirmation that there will be 10 scenarios explored.
15:44:31 Mr. Schaefer explained he did not have the exact number of scenarios and explained how the scenarios are explored.
15:46:59 Sen. Ellis asked Mr. Schaefer about the role of the SAVA committee in MARA.
15:47:18 Mr. Schaefer stated SAVA committee involvement would be input.
15:49:31 Sen. Ellis asked if there will be the ability to look at pensions as a unit.
15:50:02 Mr. Schaefer stated modules will allow users to look at specific pieces.
15:50:31 Sen. Ellis asked Mr. Schaefer how to submit input for MARA.
15:50:40 Mr. Schaefer provided information on submitting input.
15:51:05 Sen. Kary provided input on MARA to Mr. Schaefer.

Public Comment* on MARA Update

Additional Committee Discussion, Potential Committee Action, & Instructions to Staff

Public Comment* on Any Topic under the Committee's Jurisdiction

None

Meeting Wrap Up

Next Meeting – Wednesday, May 25 & Thursday, May 26, 2022

15:53:37 Ms. Power provided an update on the next meetings on 5/25-5/26.
15:55:43 Sen. Ellis stated interest in a study of veteran care cost of living adjustments.
15:56:02 Sen. McClafferty stated support for the study and asked how the federal government comes up with studies.
15:57:00 Sen. Kary asked about the committee meeting schedule.
15:57:49 Sen. Cuffe asked about a joint LFC and SAVA committee meeting.
15:58:59 Rep. Kortum asked when it is appropriate to start talking about a 10-year study and a potential legislation timeline.
15:59:21 Sen. Ellis stated decisions made on committee bills must be made by September.
15:59:42 Rep. Kortum reiterated the bill process.
16:00:51 Ms. Power confirmed the committee bill process and requested Ms. Aldrich to expound on details.
16:00:16 Ms. Aldrich confirmed the process of bill drafting.

16:00:48 Rep. Dooling asked Ms. Aldrich if that is the committee bill process and if the bill can be brought as individual members.
16:01:00 Ms. Aldrich confirmed.
16:01:34 Sen. Ellis asked if this bill should start in the House due to appropriations. Sen. Ellis asked Sen. Cuffe if he is a holdover senator.
16:01:54 Sen. Cuffe confirmed he is a senator without an opponent.
16:02:48 Ms. Aldrich stated that with the appropriations that a representative would need to introduce a bill draft.
16:03:05 Sen. Kary asked if information on veterans would be available in census reports.
16:03:31 Sen. Ellis directed staff to find out.

ADJOURNMENT

16:04:40 Sen. Ellis adjourned the meeting at 16:04:40.