

# PERS AND TRS STATUTORY APPROPRIATIONS HISTORY

STATE ADMINISTRATION AND VETERANS' AFFAIRS INTERIM COMMITTEE  
PREPARED BY REBECCA C. POWER - JANUARY 2024

## BACKGROUND

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At the November 2023 State Administration and Veterans' Affairs (SAVA) Interim Committee meeting, members requested information on the history of general fund contributions to the Public Employees' Retirement System (PERS) and the Teachers' Retirement System (TRS).

## RECENT LEGISLATIVE HISTORY

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1997 is more or less considered the start of the modern pension era in Montana. In 1997, the financial markets were strong, and thus the pensions were more than fully funded, so the Legislature enacted a 1.5% Guaranteed Annual Benefit Adjustment (GABA) for the systems administered by MPERA. A 1.5% GABA for TRS was added during the 1999 session. In 2001, again in light of strong markets, the GABA was increased to 3.0% for both MPERA and TRS.

After the 2001 session, the financial markets took a sharp turn causing significant increases to the actuarial unfunded liabilities of the pension systems. By 2004, PERS did not amortize in any amount of time and TRS' amortization rate was over 70 years. The Legislature held a special session in December 2005 and approved a cash infusion of \$25M to PERS and \$100M to TRS.

In 2007, the Legislature decreased the GABA to 1.5% for new hires in the MPERA systems. They increased the employer contribution rate for TRS and added a \$50M cash infusion (to TRS). In 2011, the Legislature reduced benefits and increased contribution rates for new hires in PERS and adjusted some benefit provisions in TRS.

In 2013, the Legislature passed what are considered the major pension reform bills of recent history\*:

- [HB 377](#) - Applies to TRS; creates two membership tiers; changes employee and employer contributions; reduces GABA for new, current, and retired members; establishes \$25M supplemental funding; changes retirement and early retirement eligibility criteria; changes calculation for average final compensation; and changes eligibility for disability retirement; mandates yearly actuarial report to SAVA.
- [HB 454](#) - Applies to PERS-DB; changes employee and employer contributions; appropriates unallocated portion of coal severance tax collections and revises the allocation of interest income from the coal tax permanent fund; and reduces GABA for new, current, and retired members.
- *\*The provisions of both bills changing benefits for existing members were challenged in court and subsequently struck down.*

In 2017, the Legislature passed HB 648, eliminating the coal tax appropriation to PERS and replacing it with a general fund statutory appropriation.

## TREASURE STATE ENDOWMENT PROGRAM (TSEP)

Mentioned on the previous page, HB 454 (2013) added an appropriation from the coal severance taxes and interest income from the coal permanent fund to PERS. To facilitate this, two Treasure State Endowment sub trusts - the Treasure State Endowment (TSE) Fund and the Treasure State Endowment (TSE) Regional Water System Fund - were sunsetted four fiscal years earlier than originally planned, ending in FY16 rather than FY 20. As a result, the trust balances have not grown since FY 2016 and the interest income has remained relatively flat. In 2017, the Legislature passed HB 648 ending the appropriation from the coal severance taxes and interest income from the coal permanent fund and replacing it with a statutory appropriation directly from the general fund (no longer tied to coal revenues).

## STATUTORY APPROPRIATIONS TO PERS AND TRS: FY 2002-FY 2023

	PERS-DB	TRS
2002		
2003		
2004		
2005		
2006		
2007		
2008	\$652,741	\$13,492,375
2009	\$685,704	\$14,147,324
2010	\$899,513	\$17,241,610
2011	\$920,805	\$17,437,366
2012	\$932,690	\$16,843,766
2013	\$940,919	\$17,521,347
2014	\$36,696,610	\$42,855,576
2015	\$32,458,886	\$43,389,534
2016	\$30,848,405	\$43,902,606
2017	\$28,807,314	\$44,414,109
2018	\$32,354,637	\$45,005,672
2019	\$33,073,273	\$45,495,334
2020	\$35,102,627	\$45,948,388
2021	\$35,494,697	\$47,020,467
2022	\$35,873,500	\$47,999,500
2023	\$36,298,004	\$48,437,855