INFORMATIONAL ITEMS

PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION

BRIAN SCHWEITZER
GOVERNOR

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February 15, 2012

Phil Drake, Managing Editor
Montana Watchdog
900 N. Montana Ave, Ste. B6
Helena, MT 59601

RE: Request for Information from the Montana Public Employee Retirement Administration (MPERA)

Dear Mr. Drake:

Please find enclosed a CD containing the excel spreadsheet we have compiled in response to your request for retiree information. The spreadsheet is currently sorted alphabetically within each system and contains a disclaimer, as follows. Please do not reproduce the file without this information.

> This file contains information related to individuals who retired from July 1, 1995 through December 31, 2011 in the Public Employees' Retirement System-Defined Benefit Plan (PERS-DB), the Judges' Retirement System (JRS), the Highway Patrol Officers' Retirement System (HPORS), the Sheriffs' Retirement System (SRS), the Game Wardens' and Peace Officers' Retirement System (GWPORS), the Municipal Police Officers' Retirement System (MPORS) and the Firefighters Unified Retirement System (FURS).
>
> Column A contains the name of the retirement system from which the individual retired although associated service may have been transferred from another retirement system. Column B contains the retiree's name. Column C contains the name of the retiree's last employer only; previous employers are not identified. Column D contains an *estimate* of the combined dollar amount that the individual's employer(s) contributed throughout the individual's covered employment and Column E contains the associated months of service credit.
>
> The estimated total employer contribution for any two members with approximately the same amount of service in the same system may vary significantly due to differences in the pay earned by the individuals, differences in the time period in which the service was earned and differences in contribution rates in place during those periods of service. Employee and employer contribution rates have continually changed following legislative amendment to both employee and employer contribution rates during the

history of each system as summarized beginning on page 197 of our Annual Report (http://mpera.mt.gov/docs/2011CAFR.pdf).

The employer contribution for local government and school district members in PERS includes contributions from both the state and the local government employer or the school district. The employer contributions for JRS members prior to July 1, 1997 includes contributions from the state and district court filing fees but the state is the single source for employer contributions for JRS contributions after this date and for all HPORS employer contributions. The employer contribution for SRS members includes contributions from the state or the employing county. The employer contribution for GWPORS members includes contributions from the state agency or university. The employer contribution for MPORS and FURS members includes contributions from both the state and the local government employer.

Please let me know if you have any questions or concerns.

Sincerely,

Roxanne M. Minnehan

Roxanne M. Minnehan
Executive Director

c: Carl Graham, CEO Montana Policy Institute, 67 W. Kagy Blvd, Ste. B, Bozeman, MT 59715

Pensions&Investments

Montana Public Employees shifts options in 2 DC plans

Kevin Olsen
Published: February 24, 2012

Montana Public Employees' Retirement Board, Helena, shuffled investments options in its 457 and 401(a) plans, confirmed Patricia Davis, member services bureau chief.

The retirement board approved adding the **Vanguard** Balanced Index Fund to the $344.6 million 457 plan, replacing the Dodge & Cox Balanced Fund because of performance, Ms. Davis said in a telephone interview. Participants in the 457 plan had $13.2 million invested in the Dodge & Cox fund. Steve Gorski, spokesman for Dodge & Cox, said the company does not comment on client matters.

The board also added the **Alger** Capital Appreciation Z fund to its $75 million 401(a) plan, replacing American Funds' Growth Fund of America, which was removed for performance, Ms. Davis said. Participants in the 401(a) plan had $4.4 million invested in the Growth Fund of America. Maura Griffin, spokeswoman for American Funds, did not return a telephone call for comment by press time.

The 457 plan has 21 investment options; the 401(a) plan has 17, including a series of T. Rowe Price target-date funds under one investment option.

Original Story Link: http://www.pionline.com/article/20120224/daily/120229926

From Your Representative: Pension funds

Rep. Janna Taylor | Posted: Tuesday, February 21, 2012 9:00 am

The unfunded liability in Montana's pension funds is more than $3.5 billion. Yes, billion. The largest liability is in the teachers' and the public employee retirement systems. There is much to the story, although there is no threat to retirees in the near future.

I sponsored a bill, HB632 that would add money to these systems with new coal dollars. It would not have changed our coal trust at all. My bill was the only bill last session to improve our current liability.

Russell R. Wrigg, the president of the Association of Montana Retired Public Employees, wrote a guest column in several of the state-wide newspapers last month discussing my bill. He would like to see HB632 reintroduced next session.

The main reason that the funds are actuarily unsound is the downturn in the stock market. These funds depend on a return of 7-8 percent. We know that that hasn't happened recently and probably will not in the near future. Also, any gain or downturn is averaged over four years, so changes are slow.

While my bill would help the situation it is not a cure. The economy in the nation has to recover. Many people are angry at big corporation, but don't forget that retirement money is invested in Wall Street. Last I looked at the retirement portfolio, 20 percent was invested overseas including foreign currency. I don't agree with that choice. Just another way the people of America are not investing in America.

Other states have taken radical action with pension problems. Rhode Island has suspended cost-of-living increases, raised the retirement age and started a hybrid defined benefit/defined contribution plan.

Our current retirement plans are union negotiated and we are told they cannot be adjusted for current employees. All the changes we made last session, raising retirement age, increasing employee contributions, etc., can only apply to new hires.

Wisconsin's budget shortfalls resulted in major labour changes. The city of Vallejo, Calif., used bankruptcy to change pension plans. Once again, we need to be thankful that our constitution requires a balanced budget.

My bill did one other interesting thing. It capped some non-general fund allocations at current dollar amounts. There is a major problem with what we call "statutory appropriations" because they are not scrutinized every session. All spending needs to be reviewed and approved every two years.

Call me 849-6096 or email jannataylor@montana.comwith questions or comments. Never forget that I work for you.

- Montana Watchdog - http://montana.watchdog.org -

Commentary: Pension managers risk assets while liabilities increase

Posted By Phil Drake On February 20, 2012 @ 2:57 pm In Blog | 1 Comment

COMMENTARY By **FRANK KEEGAN**
State Budget Solutions [1]

Politicians are setting up taxpayers and government workers for an even bigger crash by forcing retirement funds into risky investments, chasing gains required to pay promised benefits.
That means trillions of dollars in higher taxes to provide no services or millions of betrayed public workers who will not get pension checks.
The public pension crisis just keeps getting bigger every year, as governors and legislators fail to deal with it, and fund managers have to go after higher and higher returns.

A recent Upjohn Institute "Analysis of Risk-Taking Behavior for Public Defined Benefit Pension Plans [2]" concludes: "An investment policy of increasing risk exposure on the asset side, while liabilities continue to increase with near certainty, can be a very poor gamble. Why would managers play this game?
"One motivation might be political decisions to make certain investments. Another could be transferring funding shortfalls as tax burdens to future generations. In addition, bargaining by unions could result in higher benefits, accounting incentives tend to guide behavior, and states may feel pressure because of fiscal constraints."
Politicians want to project higher return rates, because that means less money they have to put in every year. Assuming delusional rates of return on investments lets them "balance" annual budgets by borrowing from retirement funds. That hidden debt just gets bigger every year.

By the time it comes due, they will be safely out of office. All state and municipal politicians have been pushing this time bomb into the future for decades. Now the clock is ticking down. None of them want to be holding it when it detonates.

The idea is simple. If you double the rate of return over 30 years, you only have to invest a third of the money required to pay the benefit.

At 8 percent — which is the rate public pension plans use — you only have to invest 6 cents to pay $1 in benefits 30 years from now.

At 4 percent return, you have to invest 18 cents this year to pay $1 in benefits three decades from now.

Most lawmakers haven't even been investing the 6 cents. And what they did invest, pension fund managers recently lost after pocketing billions of dollars for themselves and their cronies.

In just four years through 2010, 222 state pension funds lost $1.46 for every dollar "contributed" by taxpayers through state governments and employees.

It all adds up to trillions of dollars [3] somebody must pay.

Sure, all investors are dealing with 30-year, 15 percent, risk-free bonds recently rolling over into 3 percent bonds. And the Federal Reserve Bank's ongoing policy of keeping interest rates artificially low makes it harder for pension fund managers to lie about how much they are going to gain.

Thirty years ago to guarantee $1 in benefits to be paid in 2011, you had to invest less than 2 cents. Right now to guarantee a $1 benefit in 2042, you must invest about 22 cents. Politicians do not want to do that.

So now they are shifting into riskier investments — which puts even more billions of dollars into insiders' pockets — to try to claim future returns politicians can use to justify paying even less into pension and retiree health-care funds.

It is a perfect circle of deceit, corruption and racking up debt somebody else will have to pay.

Actuaries, the people who do the detailed accounting on pensions, call it "moral hazard [4]."

The fiscal immorality is all on politicians, but all the hazard is on taxpayers present and future.

Pension managers are betting our money that there never, ever will be another market downturn, and overall economic growth and investment gains will be beyond any in history.

If they are wrong, we pay the price. Even the **Pew Center on the States'** "Widening Gap [5]" study, which showed a 26 percent increase in state and municipal retirement debt in just one year using official assumptions, admits the debt actually doubles when calculated realistically.

The Upjohn report cites as an example an average Ohio teacher. For that one teacher, the State Teacher Retirement System [6] will have only $518,000 in the bank to cover $1.3 million in pension checks, according to standard calculations used by everyone but governments.

STRS admits, "... long term, there is a shortfall in the funding .... If no changes are made, STRS Ohio will eventually be unable to pay pensions," and says "The current expected long-term actuarial rate of return of 8 (percent) ... cannot be raised; STRS Ohio cannot count on higher investment returns as a solution."

The board does not explain how they plan to get even 8 percent. But the Ohio Public Employees Retirement System [7] last week revealed one way it plans to get the big bucks: hedge funds.

Ohio's five state pension funds lost $31.4 billion, down 19.4 percent, from 2007 through 2010. And 2011 is not exactly shaping up to be the year they got it back, plus the 8 percent a year they continue to claim they will always get every year forever even when stark reality proves they never will.

Their solution is to double down on hedge funds, among the riskiest and most expensive investments anyone can make.

Even using delusional accounting, Ohio state pensions are only 66 percent funded, and politicians are not making full contributions, according to Pew. The retirement health-care fund is even worse at 31 percent funded and only 40 percent of the already low-ball annual contribution.

This supports the Upjohn finding that "managers take on more risk if the plan is underfunded and experienced poor investment returns in the previous three or five years. ..." and, "... higher union membership percentages and a higher percentage of employees covered by collective bargaining are associated with more risk."

Of course, none of that risk is on fund managers, politicians or government workers. It's all on taxpayers, the only people not invited to the table.

Frank Keegan [8] is editor of Statebudgetsolutions.org [1], a project of sunshinereview.org [9]. The State Budget Solutions Project is nonpartisan, positive, pro-reform, proactive and anchored in fundamental-systemic solutions. The goal is to successfully engage political journalists/bloggers, state officials and opinion leaders in a new way of thinking about state government and budgets, fundamental reforms, transparency and accountability.

frankkeegan@statebudgetsolutions.org [10]

Article printed from Montana Watchdog: **http://montana.watchdog.org**

URL to article: **http://montana.watchdog.org/2012/02/20/why-are-pension-managers-raising-asset-risks-while-liabilities-increase/**

URLs in this post:

[1] State Budget Solutions: **http://www.statebudgetsolutions.org/**
[2] Analysis of Risk-Taking Behavior for Public Defined Benefit Pension Plans: **http://research.upjohn.org/up_workingpapers/179/**
[3] trillions of dollars: **http://www.statebudgetsolutions.org/blog/detail/happy-new-year-suckers-pay-up-your-share-of-public-pension-crisis-now-424500**
[4] moral hazard: **http://www.franklincenterhq.org/1963/%E2%80%98moral-hazard%E2%80%99-key-to-state-municipal-pension-bankruptcy/**
[5] Widening Gap: **http://www.pewcenteronthestates.org/uploadedFiles/Pew_pensions_retiree_benefits.pdf**
[6] State Teacher Retirement System: **https://www.strsoh.org/**
[7] Ohio Public Employees Retirement System: **http://perspective.opers.org/investments/new-investment-plan-includes-%E2%80%98floating%E2%80%99-policy-target/**
[8] *Frank Keegan*: **http://watchdog.org/?s=keegan**
[9] *sunshinereview.org*: **http://sunshinereview.org/index.php/Public_pensions**
[10] *frankkeegan@statebudgetsolutions.org*: **mailto:frankkeegan@statebudgetsolutions.org**

TOP STORY

WEDNESDAY, FEBRUARY 15, 2012

Courts block efforts at public pension change

By Stephen C. Fehr, Stateline Staff Writer

iStockphoto

Two judges have ruled that their states cannot make existing employees contribute more to their retirement benefits.

A pair of recent court rulings could slow down state lawmakers' efforts to increase contributions from current employees to prop up troubled public pension plans.

Higher employee contributions were at the center of major public pension changes approved last year in Arizona and New Hampshire, which joined 10 states in boosting the share that current workers must chip in to their retirement plans through payroll deductions. The state government also pays in to the plans from taxpayer dollars, so an increase in worker contributions often means the state can reduce its cost of providing retirement benefits.

But district court judges in Arizona and New Hampshire said the higher contributions were unconstitutional because they broke the contract between employees and the state, which guarantees workers that they will not be asked to pay additional amounts after being hired unless they receive improved benefits in return. This legal precept traces to the U.S. Constitution, which bars lawmakers from diminishing or impairing a contract.

Contract clause

"The state has impaired its own contract," concluded Eileen Willett, a superior court judge in Maricopa County, Arizona, which includes Phoenix. "By paying a higher proportionate share for their pension benefits than they had been required to pay when hired, [state workers] are forced to pay additional consideration for a benefit which has remained the same."

A district court ruling in one state does not bind a court in another, but legal experts everywhere are following public pension decisions because of the issues raised by the rollback of retirement benefits in nearly every state in the last few years. The arguments used by the courts in Arizona and New Hampshire could apply to similar pending lawsuits filed by employees of other states.

In Florida, a group of public employee unions is challenging the legislature's decision to require workers to contribute 3 percent of their pay towards their retirement benefits for the first time. State troopers in Nebraska filed a lawsuit in federal court seeking to overturn the two-year, 46 percent increase in their pension contributions enacted by the legislature. New Jersey public employees are asking a federal judge to overturn the pension contribution increase lawmakers approved last year; a district court judge already tossed out increases approved for New Jersey's judges, saying the higher contributions are tantamount to a pay cut.

"Given the tenacity of the fights going on nationwide," says Robert Klausner, a Florida attorney who specializes in public pension law, "those who are looking for support of the contract theory will seize upon these cases as examples of overreaching by government."

Trying to regroup

States mulling contribution increases from current employees this year may decide to regroup in light of the Arizona and New Hampshire rulings. California Governor Jerry Brown has proposed higher contributions from state workers but legal and legislative analysts have warned him to drop the idea and instead focus on requiring newly hired workers to chip in a larger share.

Altering benefits for new hires is a safer legal path; nearly every state has increased contributions from this group since the recent wave of public pension changes began in 2009. The problem with focusing solely on new hires is that it does not bring in enough money — at least initially — to make a substantial dent in the escalating costs of providing retirement benefits. With the higher contributions from existing employees, New Hampshire was poised to save about $100 million over the next two years in retirement costs. Arizona would have saved $41 million this year had it not been for the court ruling there.

Whether out-of-pocket contributions can be increased for current employees depends largely on what the law and courts say in a given state. In some states, such as Illinois and New York, the constitution or statutes provide that an employee pension benefit plan, which courts say includes contributions, cannot be changed after the first day of work. In other states, statutes and case law say that pension benefits do not start until an employee retires. While some benefits are shielded from changes, many states, such as Minnesota, allow the pension system to raise or lower pension contributions depending on the benefits offered and the financial needs of the retirement system.

"Sometimes the statute is specific about the contribution rate and the courts say that rate is protected" from changes, says Amy Monahan, an associate professor at the University of Minnesota Law School who has studied public pension law. "Other pension systems don't specify a guaranteed contribution rate. They provide that contributions will be determined based on the plan's funding needs, as determined by actuaries. It is acknowledged that pension funding needs will vary."

Arizona is among the handful of states whose constitution is explicit: On the day they are hired, public employees enter into a contract with the state government for pension benefits that cannot be diminished or impaired. Under that contract, employees and the state split their pension contributions 50-50. The state legislature voted last year to raise the employee share to 53 percent. Judge Willett said the increased percentage breached the contract by forcing employees to take a pay cut to receive retirement benefits that have stayed the same.

New Hampshire's constitution does not specifically protect public pensions but it does include a provision — supported by case law — forbidding the state from impairing a contract. In rejecting the law passed by the legislature last year, Judge Richard McNamara of Merrimack County (Concord) Superior Court said that the 2 percent to 2.5 percent increase in employee contributions would substantially impair the contract "because it requires employees...to pay additional amounts — which may be an amount reserved for other expenses, like mortgages, housing and food — without receiving additional benefit."

Value of vesting

The ruling applies only to New Hampshire's vested employees — those with 10 or more years of state service. Those with fewer than 10 years of service will still be required to pay more towards their benefits. Lawmakers had sought the contribution increase for all state employees.

State officials in Arizona and New Hampshire have not announced whether they will appeal the rulings; lawmakers in both states also are discussing possible legislative remedies. Arizona legislators are considering adjustments to the state budget to make up for the absence of increased pension contributions from workers.

State Senator Jeb Bradley, the New Hampshire Republican who led the pension effort in the legislature, says layoffs of state workers are inevitable unless lawmakers can come up with a fix for the lawsuit. "Between the cost of employee health care and retirement benefits, it will be impossible to deliver the services people expect from the state," he says. "There has to be a willingness by employee labor groups to accept changes or the public is going to change it for them through diminished job openings." Policy makers in New Hampshire and other states, he adds, "have to stick to their guns to preserve the reliability of the retirement system. We're going to keep after it in New Hampshire and I suspect other states will."

One way to head off legal challenges, public pension analysts say, is to avoid legislation altogether by negotiating higher contributions with public employee unions. Vermont did that in 2010, requiring employees to work longer and pay more for benefits but giving them a fatter pension check in return. "A deal everyone makes doesn't end up at the courthouse," says Klausner. "It's certainly something I've recommended — consult with labor. Working out the deal yourself is probably the best solution."

— Contact Stephen Fehr at sfehr@pewtrusts.org

Comment on this story in the space below by registering with Stateline.org.

ISSUES AND TOPICS

Topics: pensions

COMMENTS (3)

Add a comment

Most Recent Comments

Pension Gaurantee

By Todd Clay on Feb 15, 2012 6:24:44 PM

Wouldn't it then fall to the Federal government's Pension Guarantee Board and ultimately the taxpayers to fund?

Report as Offensive

Reform DB plans prospectively, legally. Once a party to a contract, you are bound by its terms.
By Algernon Moncrief on Feb 15, 2012 1:35:27 PM

Frank, public pension obligations consume a small fraction of state and local government revenues. If state and local governments had made their actuarially required contributions over the last few decades our public DB plan unfunded liabilities would be quite manageable.

We live in a nation of laws - scaremongering does not change this fact. If a governmental entity does not benefit from the terms of a proposed contract it should not become a party to that contract. My ten-year old nephew understands this - how is it that this concept is so difficult for many elected officials in the United States to grasp?

By all means reform public DB plans, but understand that there are legal constraints in place. Pension reforms must be prospective in order to withstand court muster. States should stop wasting taxpayer resources on pension reform proposals that are prima facie unconstitutional. My conservative buddies vigorously defend the sanctity of the US Constitution and its Contract Clause.

Report as Offensive

Latest data show state pensions heading for a crash
By Frank Keegan on Feb 15, 2012 11:21:48 AM

No matter what judges rule, reality ultimately will win. State pension plans were in a gradual but inevitable downward spiral even before the Great Recession. Now that is locked into a death spiral. According to the latest U.S. Census survey of 222 state pension systems for Fiscal Years 2007 through 2010, state lost $4.33 for every dollar employees contributed. Instead of gaining 8 percent a year as promised, total cash and investment holdings declined almost 20 percent. Funds never will be able to recover, and managers are taking on more risk in futile efforts to meet goals. That is just setting taxpayers and workers up for a bigger crash. Meanwhile total earnings and contributions over that period were only $487 billion. Total payments were $645 billion. Total state pension obligations increased almost 22 percent. At the same time, politicians continued to short employees on required contributions to falsely "balance" budgets. These data prove the system passed a fiscal event horizon and must eventually run out of money. The pension shortfall is beyond any capacity of service cuts and tax increases to fund. What happens then? Accurate accounting of the deficit and immediate drastic reforms might save some public pension plans. Absent those steps this year, at least two generations of public workers are doomed by the bankruptcy of false promises and political deception.
http://www.statebudgetsolutions.org/blog/detail/chump-state-workers-just-keep-feeding-the-pension-thieves

Report as Offensive

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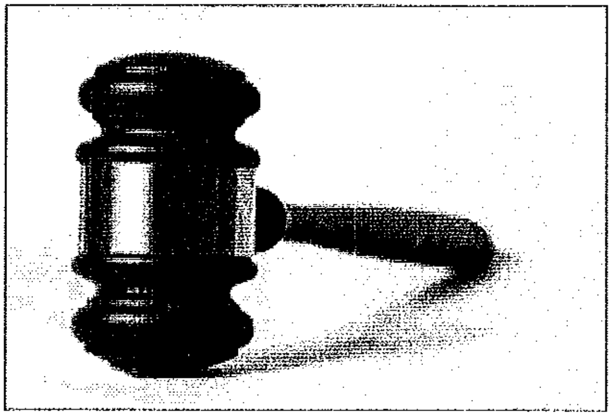
Arizona Capitol Times **http://azcapitoltimes.com**

Judge overturns Arizona pension law change

by The Associated Press

Published: February 6th, 2012



PHOENIX (AP) — A judge has struck down an Arizona law that increased the amount state employees must contribute toward their pensions as unconstitutional.

Maricopa County Superior Court Judge Eileen Willett wrote in a Friday ruling that a state law that went into effect on July 1 illegally changed the contract between the state and its employees. State law, she said, forbid laws "impairing the obligation of a contract."

"When the plaintiffs were hired as teachers, they entered a contractual relationship with the State regarding the public retirement system of which they became members," Willett wrote. "Their retirement benefits were a valuable part of the consideration offered by their employers upon which the teachers relied when accepting employment."

The law increased the contributions state employees must make to their pension from 50 percent to 53 percent.

The Arizona Republic reports the change was made as a cost-cutting move intended to state $60 million a year.

Seven schoolteachers sued after the law took effect.

A spokesman for the Arizona State Retirement System said the organization will review the decisions and its options with the Attorney General's Office before deciding whether to appeal the decision.

Key Republican lawmakers have anticipated the ruling and have proposed rescinding the hike. That could be done through the budget, which lawmakers are still crafting, or via legislation.

House Bill 2264 would return to the previous funding system of a 50-50 split between the state and its workers.

It also would require the state to refund to public employees any contributions made this year in excess of 50 percent.

The bill passed the House Employment and Regulatory Affairs Committee, but it still needs a hearing before the House Appropriations Committee.

Complete URL: **http://azcapitoltimes.com/news/2012/02/06/judge-overturns-arizona-pension-law-change/**

THE INTERIM

March 2012

A monthly newsletter of the Montana Legislative Branch

In This Issue

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The Interim, along with up-to-date information about interim committees, is also available on the Legislative Branch website at leg.mt.gov.

Children & Families Panel Requests Bill Drafts on Childhood Hunger, Medicaid

The Children, Families, Health, and Human Services Interim Committee has authorized the drafting of two bills related to the House Joint Resolution 8 study of childhood hunger. The bill drafts were among four study-related ideas approved by the committee at a Jan. 23 meeting.

In November, members had narrowed a list of stakeholder suggestions down to eight topics for which they wanted additional information. After reviewing briefing papers on those topics in January, members agreed to:

- authorize the drafting of a bill to appropriate $20,000 to pay for the one-time start-up costs for new school breakfast programs and another $200,000 to reimburse schools for the reduced-price breakfasts that they serve to some low-income children;
- authorize the drafting of a bill to appropriate $50,000 in funds from the federal Temporary Assistance for Needy Families program for home food support programs;
- send a letter to the Office of Public Instruction to encourage it to take the lead in creating an online clearinghouse of nutrition education information that is available from both government and school programs and from private organizations; and
- send a letter to farmers' markets around the state to suggest that they accept Supplemental Nutrition Assistance Program, or SNAP, benefits. The mailing will include a how-to manual developed by several organizations that outlines the steps a farmer's market must take to accept the federally funded food-assistance benefits.

The committee will review and refine the bill drafts at a future meeting before deciding whether to introduce the legislation in the 2013 Legislature.

The committee also continued its Medicaid monitoring efforts by hearing from two panels of speakers. The first panel focused on ways to detect payment errors, as well as fraud or abuse. The second group of speakers discussed recent fluctuations in the rates the state Medicaid program pays to organizations and individuals that provide services.

Two representatives of Emdeon noted that the federal health care law will soon require states to do more to prevent erroneous Medicaid payments. Emdeon is a national company that manages billing and payment for health care providers and also analyzes information related to claims and payments. Speakers from the Montana Department of Public Health and Human Services and the Montana Department of Justice discussed how those agencies review claims for potential errors or fraud.

The committee heard about Medicaid provider rates from a panel of three speakers and several other people who spoke during the public comment period. Speakers emphasized that a decision not to implement a 2% rate increase scheduled for fiscal year 2011 has affected the financial stability of many providers. They said some providers are now using their reserves to pay for operating expenses. Speakers predicted that some providers may not be able to stay in business if rates are not increased in the future.

The governor withheld funds for the fiscal year 2011 rate increase at a time when it appeared the state general fund's ending fund balance would fall below the level required by law. That triggered a requirement for the governor to make spending reductions.

After hearing from providers, the committee authorized the drafting of a bill to use money from the anticipated budget surplus to make payments to providers equal to the 2% they would have received in fiscal year 2011.

The committee will begin the Senate Joint Resolution 30 study of childhood trauma at the March meeting.

Dr. Robert Anda, a co-principal investigator of the Adverse Childhood Experiences Study, will discuss the results of that study. Other speakers will focus on the incidence of childhood trauma in Montana, trauma prevention in schools and communities, promising practices in the field, and recommendations from practitioners.

The committee will meet March 19-20 in Room 137 of the state Capitol in Helena. The meeting time, agenda, and materials will be posted on the committee's website, http://leg.mt.gov/cfhhs, as they become available.

Districting and Apportionment Commission Reviews Initial Plans

The five-member Districting and Apportionment Commission met Feb. 17 to review proposed plans for new House legislative districts in the state. Four plans were drawn by legislative staff at the request of the commission. A fifth plan was offered by Commissioners Joe Lamson and Pat Smith. The commissioners agreed to take all five plans to the public for comment before adopting a plan later this year. The plans are available on the commission's website at http://leg.mt.gov/districting.

The commissioners also adopted a schedule of public hearings this spring in municipalities around the state. The hearings will allow the public to comment on the proposed maps, including what maps or aspects of maps the public likes or dislikes.

The first hearing is in Missoula on March 13 at 7 p.m. in Room 101 of the University of Montana School of Law. The commission will hold a hearing March 14 at 1 p.m. in Pablo at the Tribal Council Chambers in the Tribal Complex. A second hearing will take place that evening in Kalispell at 7 p.m. in Ballroom B of the Red Lion Hotel.

Other March hearings include Butte on March 27 and Helena on March 28.

More information about the hearings, including a document suggesting ways to provide comment to the commission, is on the commission's website.

The commission also encourages comments by mail, email, or fax. All comments become part of the commission's permanent public record and are sent to each commissioner. Send written comments to Districting and Apportionment Commission, Legislative Services Division, PO Box 201706, Helena, MT 59620-1706; by email to districting@mt.gov; or by fax to 406-444-3036.

For more information on the Districting and Apportionment Commission visit http://leg.mt.gov/districting or contact Rachel Weiss, commission staff, at 406-444-5367 or rweiss@mt.gov.

Economic Affairs Committee Looks at Workplace Safety

Unsafe travel conditions and winter storm warnings didn't stop the Economic Affairs Interim Committee from meeting Jan. 19-20, although a few speakers opted for telephonic presentations, including the first use of Skype in any interim committee.

State and federal inspectors, including representatives from the federal Mine Safety and Health Administration and the Occupational Safety and Health Administration, said that Montana's ranking among the worst states for workplace injury and illness has eased slightly, although in 2010, the state had the third worst workplace safety record. (In 2009 Montana had the worst state fatality record.)

Ross Yeager, from the Denver OSHA office, said his office, which is responsible for overseeing private-sector employers and responding to complaints, is focusing on grain elevators and construction sites. OSHA typically inspects companies on a high-hazard list that have not been inspected since 2000.

Curt Petty, from MSHA's Helena office, said that injuries and deaths in state mines has fallen in the last 3 years, except at the Stillwater mines where MHSA focuses much of its attention. He said that his office cooperates with the Safety and Health Bureau in the Department of Labor and Industry, which works with many of the 300 mining properties in Montana.

Bryan Page, of the Safety and Health Bureau, said that an OSHA grant helps with training requested by state employers. Thom Danenhower, with WorkSafeMT, a nonprofit organization for public- and private-sector efforts to improve workplace safety, said the group's emphasis on good policies, training, and in-house communication are aimed at reducing as much as $400 million in Montana's workers' compensation costs.

The committee also heard from:

- Harold Blattie, of the Montana Association of Counties, and firefighter and insurance representatives on funding needs for rural volunteer firefighters' workers' compensation insurance. Sen. Tom Facey asked for a subcommittee to discuss funding options. The subcommittee will meet March 23 at 1 p.m. in Room 137 of the state Capitol.
- Representatives of employers who self-insure for workers' compensation and the private workers' compensation insurers regarding implementation of major workers' compensation reforms in House Bill 334. They noted that not enough time had passed to assess impacts since most of the bill went into effect last July. Lance Zanto, Department of Administration, commented on the impacts of the legislation on state agencies insured through Montana State Fund. Materials that he provided, plus a response from Montana State Fund and an analysis by the Legislative Fiscal Division, are on the committee website (see below).
- Representatives of four licensing boards before the committee for a HB 525 sunset review. The committee endorsed retention of the four boards: the Board of Public Accountants, the Board of Outfitters, the Board of Nursing, and the Board of Optometry. The committee voted to retain the Board of Dentistry after hearing that dentists, dental hygienists, and denturists had not resolved their disputes with how the Board of Dentistry is organized and representation for each profession on the board.
- Two panelists and a Department of Labor and Industry attorney regarding unlicensed practice and restraint of trade. They discussed concerns with how boards operate and the concerns of people who work in fields somewhat similar to a licensed profession.
- Michelle Barstad, executive director of the Montana Facility Finance Authority. She provided information on loans made to medical facilities and other eligible entities through MFFA.

The committee will meet April 20 in Helena, starting at 9 a.m. in Room 137 of the Capitol. The draft agenda is available at http://leg.mt.gov/eaic. For more information, contact Pat Murdo, committee staff, at 406-444-3594 or pmurdo@mt.gov.

Education & Local Government Committee Considers Education Topics in March

The Education and Local Government Interim Committee plans to meet in Helena March 22-23, beginning at 9 a.m. in Room 102 of the Capitol. Items on the agenda include:

- a discussion of educational opportunities for military children and an interstate compact intended to enhance those opportunities;
- updates from the working group reviewing the exemption for subdivisions for rent or lease;
- a presentation from the Montana Library Association on the role of libraries in educating Montana's students;
- a discussion with representatives of the Montana School Boards Association's Indian School Boards caucus;
- continuation of K-12 finance training;
- review of the Legislature's and education community's Shared Policy Goals and Accountability Measures developed for K-20;
- an update on the condition of the Teachers' Retirement System; and
- additional topics included on the committee's work plan.

For more information, visit the committee's website at http://leg.mt.gov/elgic or contact Leanne Kurtz, ELG staff, at 406 444-3593 or lekurtz@mt.gov.

State Parks, Eminent Domain on EQC March Agenda

In March, the Environmental Quality Council will explore options for managing Montana's state parks as well as the historic sites of Virginia and Nevada cities. The EQC is meeting in Helena, March 7-8 in Room 172 of the Capitol.

This interim, under the direction of House Joint Resolution 32, the EQC has been studying ways to improve the management, recognition, and coordination of state parks, outdoor recreation, and heritage resource programs.

The conversation has included looking at alternatives for administering the programs. Potential options range from moving state parks out of the Department of Fish, Wildlife, and Parks to another agency or leaving the state parks program where it is, but giving it a governing body that's separate from the current Fish, Wildlife, and Parks Commission.

As for Virginia and Nevada cities, administrative alternatives could include redefining the statutory mission of the state-owned historical sites and the Montana Heritage Preservation and Development Commission that oversees them or converting the state-owned portions of Virginia and Nevada cities into a state park.

In January, the EQC asked state agencies to weigh in on the pros and cons of the various scenarios. Rather than make any particular recommendation at that time, the EQC asked staff to estimate the cost of moving state parks to another agency, including the Department of Natural Resources and Conservation, the Department of Commerce, or the Montana Historical Society, as well as the cost of creating a separate state parks commission. The EQC also asked to review the current sources of revenue available to state parks and other possible funding options.

Council members also wanted more information on the contracts and revenue for Virginia and Nevada cities.

On March 7, the EQC will review this information and decide whether to proceed with any proposal. All of the administrative alternatives discussed thus far would require legislation.

The EQC will also continue the discussion of eminent domain by reviewing information about "public uses" in Montana and the entities granted the authority to condemn private property in Montana for a public use. The information focuses on specific public uses and Montana court cases that deal with the power of condemnation. EQC staff will be seeking direction from EQC members on the underlying policy issue of "public use" and who can exercise eminent domain for a public use.

Staff will provide any updates on the status of legal challenges to House Bill 198, which the Legislature passed to clarify that regulated utilities have the power of eminent domain for public uses to provide service to the customers of its regulated service. In May 2011, several landowners in Pondera and Teton counties filed a lawsuit contending that HB 198 is unconstitutional. In January 2012, District Judge Nels Swandal ruled that HB 198 is constitutional.

On March 8, the EQC continues its HB 142 activities by reviewing four statutorily-established advisory councils that are attached to the Department of Environmental Quality, including the Water and Wastewater Operators' Advisory Council, the Air Pollution Control Advisory Council, the Water Pollution Control Advisory Council, and the Small Business Compliance Assistance Advisory Council. HB 142 requires interim committees to review advisory councils and all statutorily-required agency reports and make recommendations to the next Legislature as to whether the councils and reports should be continued.

Background papers on each of the above advisory councils, as well as the HJR 32 administrative cost estimates, the March agenda, and all other meeting materials can be found on the council's website at http://leg.mt.gov/eqc.

Questions can be directed to staffers Joe Kolman (406-444-3747, jkolman@mt.gov) or Hope Stockwell (406-444-9280, hstockwell@mt.gov).

Legislative Audit Committee Reviews 17 Audits

The Legislative Audit Committee met Feb. 8 in Helena to review 17 recent audits of state agencies and programs. Audit findings are described below.

A performance audit of the Montana Mine Inspection Program found that the state duplicates federal regulation of mines, and is not effective. The audit also found that changes in mine safety training programs should be considered to improve financial sustainability and cost-effectiveness. *(Mine Safety Inspections and Training Programs11P-10)*

An information systems audit on the security of laptop data found that laptops now comprise almost 25 percent of all computers used in state government, and current controls do not ensure an adequate level of security for all data within four state departments reviewed. *(Improving Controls over Security of Laptop Data 11DP-12)*

Financial audits determined the following retirement systems are not actuarial sound:

- Public Employees' Retirement System-Defined Benefit Retirement Plan *(Public Employees' Retirement Board 10-08B)*

- Sheriffs' Retirement System *(Public Employees' Retirement Board 10-08B)*
- Game Wardens' and Peace Officers' Retirement System *(Public Employees' Retirement Board 10-08B)*
- Highway Patrol Officers' Retirement System *(Public Employees' Retirement Board 10-08B)*
- Teachers' Retirement System *(Teachers' Retirement System 10-09B).*

A financial-compliance audit found that the Montana Department of Commerce delayed charging disbursements of approximately $2 million without an immediate corresponding charge to an appropriation, which is contrary to requirements of the Montana Constitution and state law. Auditors made five recommendations to the department related to the controls over grants, payment and contract approvals, and subrecipient monitoring. *(Department of Commerce 11-16)*

A financial-compliance audit of the Montana Arts Council found an error in accounting, resulting in the 2010-2011 grant expenditures being inaccurate on the council's financial schedules. Two recommendations were made regarding internal controls over financial reporting and noncompliance with state laws. *(Montana Arts Council 11-24)*

Auditors issued an unqualified opinion on the financial statements of the Montana Guaranteed Student Loan program, but did make three recommendations regarding noncompliance with the Montana Constitution and state law, an accounting error, and financial statement preparation controls. *(Montana Guaranteed Student Loan Program 11-06A)*

An unqualified opinion was issued on the financial statements of Montana University System Workers' Compensation Program, but the audit contained recommendations for strengthening internal controls regarding premium revenue. *(Montana University System Workers' Compensation Program 11C-04)*—Audit performed by Junkermier, Clark, Campanella, Stevens, PC

The financial audit of the Board of Investments contains no recommendations and one disclosure issue related to the board's investment of endowment funds on behalf of the Montana University System. *(Board of Investments 10-04B)*

Three recommendations were made in the financial-compliance audit of the Montana Department of Livestock. The recommendations included areas where the department can improve accounting controls related to recording brand transactions, coding revenue transactions, and accruing federal moneys; can enhance compliance with state accounting policy related to the Board of Horse Racing simulcast revenue recognition; and can improve the timeliness of deposits to comply with the state law and state accounting policy. *(Department of Livestock 11-22)*

The financial audits of the following programs produced unqualified opinions with no recommendations, meaning users can rely on the information presented in the financial statements for the time period audited.

- *Montana Water Pollution Control and Drinking Water State Revolving Fund Programs (11-25A)*
- *Montana State Fund (10-05B)*
- *Montana State University (11-11A)*
- *University of Montana (11-10A)*

The financial-compliance audits of the following entities contain no recommendations, meaning that for the time period audited, the agency's financial operations have been conducted properly, the financial reports are presented fairly, and no instances of noncompliance were identified.

- *Montana Board of Housing (11-07)*
- *Legislative Branch (11C-09)*—Audit performed by Junkermier, Clark, Campanella, Stevens, PC
- *Consumer Counsel (11C-10)*—Audit performed by Junkermier, Clark, Campanella, Stevens, PC

The Legislative Audit Committee is planning to meet next in early June.

The Legislative Audit Division provides independent and objective evaluations of the stewardship, performance and cost of government policies, and programs and operations. The division is responsible for conducting financial, performance, and information system audits of state agencies and programs, including the university system. To search for a specific audit, use the identifier listed above in parentheses. For more information, call the division at 406-444-3122 or visit http://leg.mt.gov/audit.

To report improper acts committed by state agencies, departments, or employees, call the division fraud hotline at 800-222-4446 or 444-4446 in Helena.

Legislative Council to Meet in March

The Legislative Council is meeting in Helena, March 7 at 9 a.m. in Room 102 of the Capitol. The Security Subcommittee will meet at noon on March 7, in Room 102. The Rules Subcommittee will meet on March 8 at 9 a.m. in Room 137.

Security Subcommittee

Sen. Carol Williams
Sen. Jim Peterson
Rep. Chuck Hunter
Rep. Jesse O'Hara

Rules Subcommittee

Sen. Jim Peterson
Sen. Mitch Tropila
Rep. MacDonald
Rep. Jesse O'Hara

For more information and to view agendas, minutes, and meeting materials, visit the Legislative Council's website at http://leg.mt.gov/legcouncil, or contact Susan Byorth Fox at 406-444-3066 or sfox@mt.gov.

Finance Committee to Review Public Pension Finances, Performance Measures

The Legislative Finance Committee is scheduled to meet in Helena, March 8-9 in Room 102 of the Capitol. The agenda includes updates on year-to-date revenues and expenditures, continuing education on school funding, the statutory appropriations report, and an overview of the statewide information technology strategic plan. There will also be an update on the recent pay plan adjustments, including potential budget implications for the 2015 biennium.

As part of its work plan, the committee will discuss financial issues related to pensions, including:

- return on investment analysis and discussion;
- Teachers Retirement System update from David Senn;
- Public Employees Retirement System update from Roxanne Minnehan;
- follow up on the "Green Sheets" from Megan Moore, Legislative Services Division
- legal analysis of contract rights from David Niss, LSD.

The committee will also review performance measurements, including updates on:

- Medicaid trends;
- Medicaid caseload growth, including Healthy Montana Kids;
- death penalty costs;
- motor vehicles insurance verification system; and
- Montana Digital Academy.

The agenda and meeting material are available at http://leg.mt.gov/lfc.

SCEG Subcommittees Make Recommendations

The Select Committee on Efficiency in Government met Feb. 6 and 7 on the Montana State University campus in Bozeman. The committee discussed ways to implement or enhance government efficiency and effectiveness in three public policy areas: health care, including Medicaid; technology; and natural resources.

At the Subcommittee on Natural Resources meeting, Richard Opper, director, Department of Environmental Quality, discussed DEQ's online services and IT plans for the future, and Jack Schunke, of Morrison-Maierle, described how DEQ's online resources intersect with Morrison-Maierle. Legislative staff reported on file transfer services and moving large amounts of information and on a "natural resource stakeholder" outreach proposal. The subcommittee developed recommendations for the full committee for focusing the natural resources portion of the larger study.

Blake Bjornson, MSU student body president, welcomed the full committee to MSU. A panel of Gallatin-area officials discussed efficiencies at state-local government intersections. The panel included Sean Becker, Bozeman city commission and mayor; Earl Mathers, county administrator, Gallatin County; Kirk Miller, superintendent, Bozeman School District; and Jeff Rupp, Gallatin County Human Resource Development Council.

A second panel discussed "State Government Efficiency: What's Working, What Needs Improvement", from the business perspective. This panel included Chris Naumann, executive director, Downtown Business Partnership; Stuart Leidner, executive director, Prospera Business Network; Jan Brown, executive director, Yellowstone Business Partnership; and Daryl Schleim, executive director, Bozeman Chamber of Commerce.

On Feb. 7, the Technology Subcommittee met to continue its discussion of possibly gaining efficiencies through technology. Dick Clark, chief information officer, Department of Administration, gave an update on the partnership between the state ITSD and the university system. Tammy LaVigne, deputy CIO, Al Parisian, CIO at the Montana State Fund, and Barbara Smith, Legislative Fiscal Division, briefed members on the status of the State Data Center. Smith also reported on technology matters involving boards/commissions, the Montana State Fund, private business, and a follow-up on electronic storage return on investment and on statutory changes.

The subcommittee also discussed the Montana Information Technology Act (MITA) audit and the Statewide Strategic Plan for Information Technology.

Waded Cruzado, president of MSU, welcomed the committee members and guests. A panel discussed "Innovative Natural Resource Technology". The panel included Evan Barrett, economic development director, Governor's Office; Steven Corrick, communications director, Algae Aquaculture Technology; Mark Reinsel, president, Apex Engineering, PLLC; and Becky Mahurin, director of Technology Transfer, MSU.

The Natural Resources Subcommittee, the Technology Subcommittee, and the Health Care/Medicaid Subcommittee each reported to the full committee.

As a result of the Health Care Subcommittee's report, the committee directed staff to prepare five draft bills to:

- create a four-year tort reform and wellness pilot project for Medicaid enrollees and certain Medicaid providers in selected counties;
- eliminate the requirement for unit billing for certain Medicaid mental health services;
- revise the Medicaid application and eligibility determination process;
- impose a penalty on people who receive assets that were improperly transferred by a person who applies for Medicaid coverage of long-term care costs; and
- revise rules related to the 72-hour presumptive eligibility program for mental health crisis stabilization services.

The committee also directed staff to prepare letters requesting the Department of Public Health and Human Services to create a stakeholder group to start planning for the expansion of the Medicaid program under the federal health care law, and to work with mental health providers toward an outcome-based system of services and develop a method that can measure what will be accomplished in three specific areas.

Finally, the committee adopted a preliminary recommendation to the next Legislature that the 2014-15 biennial appropriation for utilization review of Medicaid services be limited to only those services for which a review is required under federal law.

The Technology Subcommittee's report resulted in full Committee requests for additional information on:

- the cost-benefit analysis of the Northern Tier Network and the migration of the university system into the state data centers;
- support for continued migration of state agencies to the state data centers, including MPERA, TRS, State Fund, and the Department of Justice;
- the Statewide IT Strategic Plan;
- lists of state statutes and administrative rules that:
  - » require a "wet" signature;
  - » require a piece of paper to be submitted or retained as the official record; and
  - » limit or require on-site storage of records for local governments;
- multi-state purchasing solutions and the state's experience with the current GIS multi-state procurement; and
- the state's IT plan to provide adequate bandwidth for a stable, predictable, and affordable statewide network, including middle-mile connectivity.

The Natural Resources Subcommittee's report resulted in several recommendations that mirrored recommendations from the Technology Subcommittee and in requests from the full committee for additional information on the funding mechanism for "file transfer services" through ITSD's proprietary rates; and on natural resources and "cloud" computing, electronic signatures, and submission of information through electronic means.

The Subcommittee on Natural Resources is scheduled to meet March 1, at 8 a.m. in Room 102 of the state Capitol in Helena. The full committee will meet at 9:45 a.m., also in Room 102. Details about the subcommittee's and committee's meetings are available at http://leg.mt.gov/sceg.

For more information, contact Dave Bohyer, lead staff, at dbohyer@mt.gov or 406-444-3592.

State Admin Committee to Study Office of Commissioner of Political Practices

The State Administration and Veterans' Affairs Interim Committee met Jan. 27 in Helena. Following the resignation of the commissioner of political practices, the committee discussed the vacancy. David Niss, staff attorney, described the statutory weaknesses of the laws governing the commissioner's office. The committee decided to study how ethics offices are structured in other states and will hear a preliminary report at the April meeting.

The Department of Administration reported on agency accomplishments, including the completion of emergency planning, a web-based leasing database to track all state building leases, and efforts to increase e-government services. Paula Stoll, administrator, State Human Resources Division, discussed the state broadband pay plan.

Representatives the Legislative Audit Division summarized three recent audits: *Improving Montana's Office Supply Acquisition Process* and Department of Military Affairs financial and performance audits.

The committee continued work on two studies adopted at the beginning of the interim. The first study deals with anonymous election material and the authority of the commissioner of political practices. The committee received a briefing on relevant state laws and recent attempts to amend these laws.

The second study is looking at combining school board, municipal, and primary elections. Committee staff described Montana's election laws and dates and summarized recent legislation enacted in other states to consolidate elections. The committee discussed whether to discontinue this study and focus on the study of ethics offices in other states. The committee did not make a decision on the matter.

The committee adopted the 2010 Principles and Guidelines for Public Employee Retirement Systems with two changes. It added a guideline to require an independent review of the Board of Investments' rate of return on investment every five years. Language was added to Guideline T regarding local government enrollment of firefighters in the Firefighters' Unified Retirement System to reflect that the guideline is current practice and that the Legislature should "continue to authorize" the practice.

Other retirement system items included an update on the Teachers' Retirement System's outreach efforts and the TRS year-end report. David Niss discussed a memorandum on the constitutionality of changing current retirement benefits. Amy Carlson, legislative fiscal analyst, briefed the committee on Legislative Finance Committee work related to pensions. The two committees will meet jointly in June.

As part of the House Bill 142 review of advisory councils and required reports, the committee heard from representatives of the Department of Administration on the Capitol Complex Advisory Council and the 9-1-1 Advisory Council and on the required report on business and industrial development corporations.

The committee will meet April 19 in Helena. For more information, contact Megan Moore, committee staff, at 406-444-4496 or memoore@mt.gov. The committee website is found at http://leg.mt.gov/sava.

Water Panel to Evaluate Bill Drafts on Water Supplies

The Water Policy Interim Committee takes its first crack in March at evaluating five proposals that mainly deal with water supplies in subdivisions.

The committee is meeting in Helena, March 6, starting at 9 a.m. in Room 172 of the Capitol.

As it has the last two interims, the committee this interim is studying wells that pump less than 35 gallons per minute and yield less than 10 acre-feet of water a year. Thousands of these wells exist around the state for various uses including domestic, stock, and irrigation. Some argue that the cumulative effect of exempt withdrawals may be impairing senior water rights.

Several interested parties floated ideas earlier this year that the committee wanted to see in bill draft form.

The discussion drafts include:

- Establishing by law that the water used by exempt wells in certain counties must be offset with mitigation water. (LC8000)
- Requiring that larger, denser subdivisions install public water systems, which would most likely also require a water use permit. (LC8001)
- Reducing the volume allowed under the exemption. (LC8002)
- Lowering the exemption limit on volume for wells drilled in unconfined aquifers, which are more likely to be connected to surface water used by senior water right holders. (LC8003)
- Limiting new subdivisions to an exemption of 35 gallons a minute and 10 acre-feet a year using one or more wells. Appropriations of more water would be subject to permitting. (LC8004)

Also at the meeting will be updates on the state water plan, the Ground Water Investigation Program, and the Renewable Resource Grant and Loan Program.

For more information visit http://leg.mt.gov/water or contact Joe Kolman, committee staff, at 406-444-3747 or jkolman@mt.gov.

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To Buy or Not to Buy: Examining the Food Choices of SNAP Recipients

By Sue O'Connell
Legislative Research Analyst

For every eight Montanans who go into a grocery store, seven buy whatever they want and can afford. The eighth shopper can do the same — but his or her purchases are getting more scrutiny these days.

The eighth shopper is using Supplemental Nutrition Assistance Program (SNAP) benefits. That's the federal program formerly known as Food Stamps. It provides monthly benefits to low-income people to help them buy food.

In January 2012, the number of SNAP recipients in Montana totaled 127,111 people, or nearly one in eight of the state's residents.

The question being raised in Montana and elsewhere in the country is whether the program should limit the types of foods recipients may buy with their federal benefits.

Right now, they can buy any food item that's not a hot food prepared to be eaten on the premises, such as a cooked hot dog eaten at one of the tables in a supermarket deli. Alcohol and tobacco are not considered foods for SNAP purposes.

Almost all other items in a grocery or convenience store meet the definition of food under the federal SNAP law. The fact that SNAP recipients can buy soda pop, candy bars, chips, and other less-than-nutritious foods has some people shaking their heads.

They contend it doesn't make much sense for a government program to pay for foods that might be contributing to the nation's obesity problem and the chronic diseases — such as diabetes, heart disease, and high blood pressure — that often go hand in hand with weight problems.

On the other side of the coin, many people say that the food choices made by SNAP recipients shouldn't be singled out for criticism. They note that the recipients may be paying for some of these foods with their own dollars, because the monthly SNAP benefits rarely cover a household's full food budget. They also say that SNAP recipients should have the same rights as other shoppers to make decisions about what they eat.

The debate appears to have gained momentum in the past couple of years, as more Americans have turned to the SNAP program during tough economic times. Preliminary data for November 2011 show that nearly 46.3 million Americans were receiving SNAP benefits. The program provided $6.2 billion in assistance that month alone.[1]

The Children, Families, Health, and Human Services Interim Committee has found itself in the middle of what has become a national discussion over the use of SNAP benefits. As the committee worked on a study of childhood hunger over the summer and fall, some committee members raised the question of whether the state should take steps to restrict SNAP purchases. Members of the public and the Legislature also weighed in on the topic.

Rep. Tom Burnett specifically asked the committee to take action in January this year. Thirty-six legislators signed on to his letter suggesting that the committee direct the Montana Department of Public Health and Human Services to ask the federal government for permission to prohibit the use of SNAP benefits for food items that are high in high-fructose corn syrup, cholesterol, sodium, and fat. As an alternative, Rep. Burnett suggested that the state could prepare a list of allowable foods, similar to the list used by the Special Supplemental Nutrition Program for Women, Infants, and Children.

The committee did not forward the request to DPHHS, in part because past federal action indicated the idea wasn't likely to win federal approval.

Other states have made similar requests to the U.S. Department of Agriculture, which runs SNAP and other food-assistance programs. So far, the USDA's answer has been "no." And that answer has come from both Republican and Democratic administrations.

However, a growing number of states are voicing the idea that it's time to change SNAP guidelines to promote better health.

Tipping the Scales in the Debate

Supporters of limiting SNAP purchases say the program may be playing a role in the increasing number of Americans who are considered obese. They also stress that the chronic diseases associated with being overweight or obese are running up the country's health care bill.

People are considered to be underweight, overweight, obese, or at a healthy weight based on their body mass index, or BMI. This number is determined by using a person's height

[1] "Supplemental Nutrition Assistance Program: Data as of February 1, 2012," *U.S. Department of Agriculture Food and Nutrition Service* [online], available at http://www.fns.usda.gov/pd/34SNAPmonthly.htm, accessed Feb. 14, 2012.

and weight. The table below shows the various weight categories, based on BMI, for an adult who is 5 feet, 9 inches tall.

Height	Weight Range	BMI	BMI
5'9"	124 lbs. or less	Below 18.5	Underweight
	125 lbs.-168 lbs.	18.5-24.9	Healthy Weight
	169 lbs.-202 lbs.	25-29.9	Overweight
	203 lbs. or more	30 or Higher	Obese

About one-third of U.S. adults are obese, while about 17% of children meet that definition.[2]

It wasn't always that way. In a survey conducted between 1976 and 1980, 15% of adults were obese. By 2007-2008, that number had risen to 34.3%.[3]

However, the number of Americans who are overweight has remained fairly steady over the decades, at about 33%.

People who are above a healthy weight are at higher risk for a number of health problems, many of which are ongoing and require continued medical care. These chronic diseases may lead to acute health problems that require even higher levels of care. Heart disease, for example, may lead to a heart attack. A person with high blood pressure is at higher risk of suffering a stroke. And diabetes may eventually result in blindness, nerve damage, kidney damage, or foot sores and infections leading to amputation.

The CDC says that chronic diseases cause seven out of 10 deaths in the United States and account for about 75% of health care costs each year.[4]

Pointing to those and similar statistics, proponents of limiting SNAP purchases say a tax-funded program that helps so many Americans buy food should have guidelines in place that make it harder for participants to buy unhealthy foods.

States Try, Try Again But Don't Succeed

The idea of limiting SNAP purchases has surfaced in at least 11 state legislatures in the past year, in the form of at least 16 pieces of legislation. Four involved resolutions asking Congress or the USDA to give states more flexibility in determining the parameters of their SNAP programs, including food purchases. Seven bills directed the state human services agency to seek a waiver of the federal requirements. Most of the bills died — bearing out the prediction of a 2011 Arizona State University study that said proposals to limit SNAP purchases had a "weak" chance of political success.[5]

That study rated the political feasibility of each of its recommendations based on "state and federal administrative support, as well as potential acceptability to advocates and stakeholders."[6]

The ASU report noted that the idea of limiting food purchases has received a lot of attention. However, it said the idea has also drawn fire from food and beverage industry groups, organizations that work to end hunger, and the USDA itself.

A coalition opposing legislative efforts to restrict SNAP purchases says such restrictions could increase the stigma associated with being a SNAP recipient and keep people from signing up for assistance. "This business of being treated differently is a big piece for us," said Ellen Vollinger, legal director for the Food Research and Action Center in Washington. "It's a big step backward, to the age of paper coupons."[7]

The USDA has turned down two states that have sought exceptions to the SNAP law.

In 2004, under President George W. Bush, the USDA turned down a proposal by the state of Minnesota to prohibit SNAP purchases of candy and soft drinks that are taxed under state law. The USDA said the waiver would change the definition of "food" contained in the federal law. Thus the state's pro-

[2] "U.S. Obesity Trends," *Centers for Disease Control and Prevention* [on-line], available at www.cdc.gov/obesity/data/trends.HTML, accessed Feb. 14, 2012.

[3] Cynthia L. Ogden and Margaret D. Carroll, "Prevalence of Overweight, Obesity, and Extreme Obesity Among Adults: United States, Trends 1960-62 Through 2007-08," *National Center for Health Statistics*, June 2010, p. 5.

[4] "Rising Health Care Costs are Unsustainable," *Centers for Disease Control and Prevention* [on-line], available at www.cdc.gov/workplacehealthpromotion/businesscase/reasons/rising.html, accessed Feb. 14, 2012.

[5] Punam Ohri-Vachaspati, et al., "Policy Considerations for Improving the Supplemental Nutrition Assistance Program Program: Making a Case for Decreasing the Burden of Obesity," *Arizona State University School of Nutrition & Health Promotion*, Dec. 14, 2011, p. 21.

[6] Ibid, p. 8.

[7] Richard Fausset, "Food stamp bills seek to restrict junk food," *Los Angeles Times*, Jan. 29, 2012.

posal could not be approved because it was in direct conflict with the law.[8]

And just last August, under President Barack Obama, the USDA rejected New York City's request to prohibit SNAP recipients from using their benefits to buy soda and other drinks with a high sugar content. Mayor Michael Bloomberg had requested the waiver as a way to reduce obesity and poor nutrition. The USDA denied the waiver because of the difficulty in determining which beverages may or may not be purchased with SNAP benefits and in determining how effective the ban would be on reducing obesity.[9]

The decision was consistent with the position paper the USDA issued in March 2007 that listed the following as the "serious problems" facing proposals to limit food purchases based on nutritional value:

- No clear standards exist for defining foods as healthy or unhealthy.
- Placing restrictions on food would increase the complexity and costs of the SNAP program because the government would have to identify which food products don't meet nutritional standards, grocery stores with computerized scanning systems would have to change the systems, and employees at the checkout counter may have to enforce the requirements.
- Restrictions may not change the purchases made by SNAP recipients, because they can use their own money to buy foods and beverages.
- No evidence exists that SNAP participation contributes to poor diet quality or obesity.[10]

The USDA paper also took issue with claims that SNAP beneficiaries buy unhealthy foods more frequently than do other shoppers. It included a USDA analysis of national data showing that SNAP recipients are no more likely to consume soft drinks than are higher-income individuals. Recipients also were less likely to eat sweets and salty snacks. The table below is reprinted from the position paper.

Food Category	SNAP Participants Consuming at Least Once a Day	Persons Above 130% of Poverty Consuming at Least Once a Day
Soft Drinks	61%	59.2%
Salty Snacks	61.6%	72.1%
Salty Snacks	29.6%	36.5%

Food Fight Likely Not Finished

The current USDA position gives states little room to make changes to their SNAP program. But the pressure remains to review and possibly revamp the kinds of foods that SNAP will pay for. The pressure is coming not just from legislators, but from other state officials, from academic researchers, and from public interest groups.

- In February 2011, Texas Comptroller of Public Accounts Susan Combs, a Republican, issued a report on the costs of obesity and strategies to curb the problem in Texas. The report included 15 recommendations that ranged from increased physical education classes in schools to local government policies promoting walking and bicycling — and asking the Texas congressional delegation to change SNAP to limit unhealthy food choices.[11]
- The Physicians Committee for Responsible Medicine, which advocates for preventive medicine and clinical research, has suggested that the federal government should limit SNAP purchases to a simple set of healthful foods that fit within the categories of whole grains, legumes, vegetables, and fruits.[12]
- In September 2010, the executive director of the Center for Science in the Public Interest co-authored an editorial in the American Journal of Public Health that questioned the value of using tax dollars to pay for soft drinks. While noting that other public food programs have nutritional guidelines for purchases, the editorial acknowledged that limiting SNAP purchases was likely to "draw intense opposition."[13]

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[8] "Waiver Response Outline," *U.S. Department of Agriculture*, May 2004.

[9] Patrick McGeehan, "U.S. Rejects Mayor's Plan to Ban Use of Food Stamps to Buy Soda," *New York Times*, Aug. 19, 2011.

[10] "Implications of Restricting the Use of Food Stamp Benefits," *U.S. Department of Agriculture Food and Nutrition Service*, March 1, 2007.

[11] "Gaining Costs, Losing Time: The Obesity Crisis in Texas," *Texas Comptroller of Public Accounts*, Feb. 4, 2011.

[12] "A Proposal for Improved Healthfulness in the Supplemental Nutrition Assistance Program," *Physicians Committee for Responsible Medicine* [on-line], available from www.pcrm.org/health/reports/improve-supplemental-nutrition-assistance-program, accessed Feb. 6, 2012.

[13] Jonathan D. Shenkin and Michael F. Jacobson, "Using the Food Stamp Program and Other Methods to Promote Healthy Diets for Low-Income Consumers," *American Journal of Public Health*, September 2010, Vol. 100, No. 9, pp. 1562-1564.

The Capitol Area Food Bank of Texas was one advocacy group that disputed part of the Texas Comptroller's report and recommendations. It said independent data hasn't yet confirmed that SNAP recipients are more likely to make worse food choices than other grocery shoppers. The food bank supported, instead, the idea of giving SNAP benefits greater purchasing power if they are spent on fresh healthy food, noting: "Often it is access to affordable healthy food in low-income neighborhoods and/or the cost of healthier foods relative to other foods such as fast food, that dictates what can be purchased."[14]

Most reports and studies of SNAP include restrictions on food purchases as just one recommendation among many for making changes to the program. Suggestions also include providing incentives for healthy purchases — an idea favored by the USDA.

Supporting the Carrot, Not the Stick

In fact, the USDA recently funded a pilot project to test the idea of providing incentives. Selected SNAP recipients in Hampden County, Massachusetts, are receiving an additional 30 cents in SNAP benefits for every SNAP dollar that they spend on fruits and vegetables. The incentive payments are capped at $60 per month per household.

The pilot project began in November 2011 and will run through the end of this year. As part of the pilot, the agencies involved must collect and analyze information to:

- determine whether the program increased fruit and vegetable consumption and had other effects on food choices;
- look at the effects the program had on recipients and retailers; and
- determine the costs and benefits of the program.[15]

The idea of offering Montana public assistance recipients an incentive for healthier lifestyles also surfaced during the 2011 Legislature. Rep. Burnett introduced House Bill 605, which would have set up a sweepstakes program for participating adults who received benefits under SNAP, Medicaid, or the Temporary Assistance for Needy Families program. Participants would have been eligible for prizes of $500 to $5,000 if they met certain criteria for body mass index, blood pressure, and cholesterol. They also would have had to test negative for alcohol, nicotine, and illegal drugs.

The bill was tabled in the House Appropriations Committee a week after it was heard.

Other ideas for improving access to healthy food for SNAP recipients include increasing the use of SNAP benefits at farmers' markets, matching SNAP benefits spent at a farmer's market with state or local funds, and increasing the ability of grocery stores to offer healthy foods by providing grants or tax incentives for remodeling.

In January, the Children, Families, Health, and Human Services Committee agreed to encourage more Montana farmers' markets to accept SNAP benefits. Projects elsewhere in the country are testing other incentives, in hopes of offering SNAP recipients a wider range of healthy food choices.

A Continuing Conversation?

SNAP benefits are funded 100% by the federal government, and federal law controls the program. States have virtually no ability to change the scope of SNAP on their own. They can control some of the peripheral issues related to the SNAP program, such as matching SNAP benefits spent at farmers markets. However, substantive changes must come from the federal government. To date, the USDA has shown little interest in allowing states to make those changes individually.

But the pressure from states is clearly on, given the recent wave of state-level legislation. Should that pressure keep up, Congress may begin looking at both the carrot of incentives and the stick of restrictions.

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[14] Texas Comptroller Obesity Report recommendation including limiting 'bad' food purchases with SNAP," *Capital Area Food Bank of Texas* [on-line], available from http://www.hungerisunacceptable.com/blog/2011/02/14/texas-comptroller-obesity-report-recommendation-includes-limiting-%e2%80%9cbad%e2%80%9d-food-purchases-with-snap, accessed Feb. 6, 2012.

[15] "Healthy Incentives Pilot (HIP) Evaluation," *USDA Food and Nutrition Service* [on-line], available from www.fns.usda.gov/snap/hip/evaluation.htm, accessed Feb. 15, 2012.

Calendar of Legislative Events

All interim committee meetings are held in the Capitol in Helena unless otherwise noted.

March						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
				1 Select Committ-tee on Efficiency in Government - Natural Resources Subcommittee, Rm, 102, 8 a.m. Select Committee on Efficiency in Government, Rm 102, 9:45 a.m.	2	3
4	5	6 Water Policy Committee, Rm 172, 9 a.m.	7 Environmental Quality Council, Rm 172, 1 p.m. Legislative Council, Rm 102, 9 a.m. Legislative Council - Security Subcommittee, Rm 102, 12 p.m.	8 Environmental Quality Council, Rm 172, 9 a.m. Legislative Council - Rules Subcommittee, Rm 137, 9 a.m. Legislative Finance Committee, Rm 102, time TBA	9 Legislative Finance Committee, Rm 102, time TBA	10
11	12	13 Districting & Apportionment Commission, University of Montana School of Law, Rm 101, 7 p.m.	14 Districting & Apportionment Commission, Pablo, Tribal Complex, Tribal Council Chambers, 1 p.m. Districting & Apportionment Commission, Kalispell, Red Lion Hotel, Ballroom B, 7 p.m.	15	16	17
18	19 Children & Families Committee, Rm 137, time TBA	20 Children & Families Committee, Rm 137, time TBA	21	22 Education & Local Government Committee, Rm 102, 9 a.m.	23 Economic Affairs Committee - Subcommittee on Rural Volunteer Firefighter Work Comp, Rm 137, time TBA Education & Local Government Committee, Rm 102, 9 a.m.	24
25	26	27 Districting & Apportionment Commission, Butte, room & time TBA	28 Districting & Apportionment Commission, Helena, room & time TBA	29	30	31

April						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
1	2	3 State-Tribal Relations Committee, Crow Agency, room & time TBA	4 State-Tribal Relations Committee, Crow Agency, room & time TBA	5 State-Tribal Relations Committee, Crow Agency, room & time TBA	6 State-Tribal Relations Committee, Crow Agency, room & time TBA	7
8	9	10	11	12 Districting & Apportionment Commission, Lewistown, room & time TBA	13 Districting & Apportionment Commission, Bozeman, room & time TBA	14
15	16	17	18 Districting & Apportionment Commission, Great Falls, room & time TBA	19 Districting & Apportionment Commission, Browning, room & time TBA Law & Justice Committee, room & time TBA State Administration & Veterans' Affairs, room & time TBA	20 Economic Affairs Committee, Rm 137, 9 a.m. Law & Justice Committee, room & time TBA	21
22	23	24	25	26 Revenue & Transportation Committee, Rm 137, time TBA	27 Revenue & Transportation Committee, Rm 137, time TBA	28
29	30					

Public Employee Retirement Administration
Operational Summary Report
January FY2012

Defined Benefit Active Member Summary

	FY2012 Monthly	FY2012 Accum	FY2011 Monthly	FY2011 Accum
Requests for Retirement Estimates				
Retirement	208	832	241	1,337
Disability	7	37	4	47
Requests to Purchase Additional Service				
Refunded	16	49	25	157
Military	4	18	12	50
1 for 5	49	185	47	292
Work Compensation Absences	0	8	1	3
Legislative Cost Statements	0	1	0	1
Service	6	17	4	27
Co-Ordination	4	19	11	52
General Questions	0	4	9	16
TRS - Active/Refund cost statements	19	20	7	47
Retroactive	14	45	33	219
Peace Corp/Federal Volunteer Service	0	0	0	0
Out of State	1	13	6	18
Total	113	379	155	882
Invalidated Cost Statements	15	112	10	41
Information on Potential Benefits (Divorce)			0	1
Deleted Cost Statements	14	66	13	39
"Personal Statement of Account" Inquiries	2		4	52

	FY2012 Monthly
Family Law Orders	
Information Requests	9
New Drafts	4
Reviewed	4
Replies	0
Approved	3

Refund Information

System	FY 2012 Monthly Total	FY 2012 Accum Total	FY 2011 Monthly Total	FY 2011 Accum Total
PERS	174	1,376	216	1,741
JRS	0	0	0	0
GWPORS	13	78	9	84
HPORS	0	3	0	3
SRS	10	72	5	73
MPORS	4	25	2	20
MPORS DROP	0	2	1	2
FURS	1	8	1	5
	202	1,564	234	1,928

Public Employee Retirement Administration
Operational Summary Report
January FY2012

Defined Benefit Retired Member Summary

Monthly Benefits Information FY2012

System	Estimated Benefits	Finalized Benefits	New Set-ups	Deceased Retirees Taken off
PERS	196	115	207	64
JRS				1
GWPORS	3	1	3	
HPORS		1		
SRS	7	1	7	
MPORS		1		
VFCA		6	6	3
FURS	7	3	9	
	213	128	232	68

Monthly Benefits Information FY2011

System	Estimated Benefits	Finalized Benefits	New Set-ups	Deceased Retirees Taken off
PERS	268	71	274	56
JRS	3	0	3	1
GWPORS	1	2	2	0
HPORS	3	0	3	0
SRS	14	0	14	0
MPORS	0	0	1	2
VFCA	0	8	8	1
FURS	5	1	5	2
	294	82	310	62

Accumulative Retiree Information

System	Beginning Balance	Added Retirees	Deceased Retirees	FY 2012 Ending Balance	FY 2011 Ending Balance
PERS	18123	871	361	18,633	18123
JRS	58	0	2	56	58
GWPORS	145	13	0	158	145
HPORS	302	3	1	304	302
SRS	441	23	4	460	441
MPORS	676	10	6	680	676
VFCA	1183	64	17	1,230	1183
FURS	552	16	2	566	552
	21,480	1,000	393	22,087	21,480

Public Employee Retirement Administration
Operational Summary Report
January FY2012

Defined Benefit Financial Summary

	FY 2012 Monthly	FY 2011 Monthly
Revenue Collected		
Member Contributions	$7,851,249	$8,067,247
Employer Contributions	8,277,983	8,354,439
Late Fees	0	0
Membership Fees	2	10
Retirement Incentive Program	0	23,864
State Contributions (SD/Local Gov't)	34,769	40,448
State Contributions	0	0
Plan Choice-DC	187,723	181,453
Plan Choice-ORP	37,067	37,973
HPORS Supplemental	0	0
State Contribution HPORS	97,366	99,227
Investment Income	7,891,899	21,296,948
	$24,378,058	$38,101,609
Benefit Payments		
PERS	$17,837,639	$16,313,346
JRS	162,328	161,779
GWRS	224,008	211,370
HPRS	541,944	521,893
SRS	749,602	682,477
MPORS	1,267,451	1,220,935
VOL FIRE	167,895	158,083
FURS	1,211,096	1,091,819
	$22,161,963	$20,361,702
Income Tax Withholding		
Federal Tax		
Retiree	$1,763,589	$1,573,885
Refunds	167,775	147,929
	$1,931,364	$1,721,814
State Tax	$675,673	$636,180
Insurance Premium Withholding	$1,859,984	$1,865,833
Lump Sum Withdrawals		
PERS	$812,376	$646,085
GWRS	86,100	115,471
HPRS	0	3,430
SRS	103,953	89,044
MPORS	40,246	66,124
DROP	0	0
FURS	30,905	0
	$1,073,580	$920,154

FY 2011 PERB Budget Estimate

Authorized Budget	
Total Projected Benefits thru 06/30/12	$304,050,800
1.5% of Total Projected Benefits thru 6/30/12	$4,560,762
FY2011 Budget	$5,744,892
Less Intangibles & Valuation	($1,509,854)
Amount Under Cap	$325,724
1.5% of Benefits thru 01/31/2012	$2,799,153
Budget Expended thru 01/31/2012	$1,968,310
Amount Under Cap	$830,843

Public Employee Retirement Administration
Operational Summary Report
January FY2012

Defined Contribution Retirement Plan Summary

Transfers to ORP	FY 2012 Monthly Total	FY 2011 Monthly Total
Employee	4,227	4,925
Employee Interest	157	196
Employer	2,751	3,205
Employer Interest	102	128
	$7,237	$8,454

	FY 2012 Monthly	FY 2011 Monthly
Revenue Collected		
Member Contributions	$463,555	$478,850
Employer Contributions	280,037	282,121
DC Education Contributions	2,844	2,749
ORP Education Contributions	563	512
Member Contr - Trans from DB	29,626	9,662
Member Int - Trans from DB	1,281	276
Employer Contr - Trans from DB	17,902	5,867
Employer Int - Trans from DB	777	168
Forefeiture of NonVested EE	96,034	17,559
12b(1) Fees	0	16,323
Returned Fees	48,273	12,864
DC Disability Contributions	21,333	20,620
	$962,225	$847,571

	FY 2012 Monthly	FY 2011 Monthly
DC Disability Benefit Payments	$1,546	$1,517
DC Distributions	$1,145,337	$974,440
DC Administrative Expenses (Yr to date)	$42,264	$37,952
DCED Administrative Expenses (Yr to date)	$21,720	$20,219

Public Employee Retirement Administration
Operational Summary Report
January FY2012

457 Plan Summary

	FY2012 Monthly	FY2012 Accum	FY2011 Monthly	FY2011 Accum
457 Deferred Compensation Plan				
Financial Hardships				
Requests for Applications			5	16
Returned Applications			0	7
Approved Hardship Withdrawals			0	6
Denied Hardship Withdrawals			0	1
New Employers				
Requests for Information	1		0	0
Presentations			0	0
New Employers Joining Plan			0	1
Salary Deferral Agreements				
New Deferrals	45	168	27	191
Changes (increases or decreases)	100	610	126	613
Restarts	22	72	11	53
Stops	50	189	54	199
Contributions				
State	$1,534,427	$9,049,903	$1,576,820	$9,239,150
MSU	42,750	272,988	79,960	311,472
U of M (bi-weekly - 5103)	22,680	136,485	26,232	167,229
U of M (Monthly - 9103)	35,197	283,657	39,912	270,933
Great Falls Transit	11,092	82,825	10,470	83,062
MSU Billings	13,585	129,123	11,535	98,150
MSU Northern	2,905	55,510	2,980	28,060
Big Sky Water & Sewer	5,837	40,744	5,085	39,171
Dawson Community College	1,950	11,850	1,850	11,750
Billings School District	2,720	28,855	3,788	25,735
MSU - CoT/Great Falls	1,500	11,100	1,400	11,200
Carter County	900	5,700	700	4,900
Lewis & Clark County	40,908	222,279	27,217	186,415
Town of Sheridan	600	4,200	600	3,700
North Valley Public Library	0	30	0	800
Town of Whitehall	710	4,978	686	4,862
Town of Sidney	300	4,100	1,000	7,000
City of Colstrip	3,300	25,910	3,120	24,320
Big Sky Resort Area District	0	2,192	0	871
East Helena School District	2,369	12,683	1,669	8,983
Colstrip Park and Recreation Dist	480	3,780	660	5,930
School District 3 - Wolfpoint	1,315	9,022	1,248	6,986
Gallatin Airport Authority	1,990	13,930	540	3,510
School District 12 - Baker	1,850	12,325	0	0
Sanders County	3,240	3,240	0	0
City of Hardin	2,031	2,031	0	0
School District 44 Geraldine	150	750	0	0
TOTAL	$1,734,766	$10,430,190	$1,797,471	$10,544,189
Authorized Distributions				
Roll-outs	6	40	11	57
Full	25	84	7	71
Partial	27	131	22	108
Periodic Payments	7	59	12	85
Survivor Benefits	0	10	2	11
Minimum Distributions	2	8	0	3
Service Purchases	2	49	1	34
QDROs	1	5	1	2
Roll-ins	0	1	0	0

Public Employee Retirement Administration
Operational Summary Report
January FY2012

Education Workshops Summary

Defined Benefit/Defined Contribuionts General Presentations

	FY2012 Monthly	FY2012 Accum	FY2011 Monthly	FY2011 Accum
PERS New Hire Plan Choice Workshops (MPERA only)				
Attendees/In Person		76	5	28
Attendees/Webinar	5	226	60	95
Number of Sessions	2	29	3	7
New Hire Orientations - PDC/DPHHS				
Attendees		52	0	0
Number of Sessions		2	0	0
PDC - Pre-Retirement				
Attendees		30	0	30
Number of Sessions		1	0	1
Steps To Retirement				
Attendees/In Person	27	54	0	11
Attendees/Webinar	23	674	115	472
Number of Sessions	4	28	4	10
Benefit Fairs				
Attendees		73	0	3
Number of Sessions		17	0	9
Employer Training				
Attendees	4	63	0	4
Number of Sessions	2	5	0	2
Association Meetings				
Attendees		79	0	79
Number of Sessions		7	0	7
Special Meetings/Classes				
Attendees/In Person		50	0	0
Attendees/Webinar		36	0	0
Number of Sessions		10		0

457 Plan Individual Counseling Sessions (GWRS)

	FY2012 Monthly	FY2012 Accum	FY2011 Monthly	FY2011 Accum
In-person/Telephonic				
Pre-Retirement/Distributions	120	1986	113	888
Account Reviews	133	2846	150	1152
Allocation Changes	149	1851	100	729
Enrollment Sessions	24	360	14	218
Total:	426	7043	377	2987
457 Plan GWRS On-Site Office Visits				
Total	21	185	5	65
457 New Employer Enrollment Workshop	4	23	0	1

DISABILITY RETIREE CONVERSIONS TO SERVICE RETIREMENT

PERS
As of March 08, 2012, there were two (2) disability retiree conversions.

DISABILITY RETIREE CONVERSIONS TO SERVICE RETIREMENT

	PERS	JRS	GWPOR	HPORS	SRS	MPORS	FURS	TOTAL
July 2010	2							2
August	2					1		3
September	7							7
October	2		1					3
November	1				1			2
December	3				1		1	5
January	3							3
February	3				2			5
March	3							3
April	1							1
May	6				1			7
June	3							3
FY 2011	36	0	1	0	5	1	1	44
July 2011	4				1	1		6
August	4							4
September	4			1	1		1	7
October	3							3
November	2							2
December	2							2
January	3							3
February	4							4
March	2							2
April								0
May								0
June								0
FY 2012	28	0	0	1	2	1	1	33

March 2012 MPERA Webinar Calendar				
Monday	Tuesday	Wednesday	Thursday	Friday
			1 Managing Market Volatility - 7:00 pm	2 General Q & A Session- - 12:00 pm
5 Retirement Planning - Baby Boomers- 12:00 pm Steps to Retirement - 8:10 am Steps to Retirement - 7:00 pm	6 Building an Investment Strategy for your Defined Contribution and Deferred Comp. 457(b) Plans - 12:00 pm	7	8 Avoiding ID Theft - 12:00 pm Sheriffs Retirement System - Steps to Retirement - 7:00 pm	9 Increasing Contributions to your 457(b) Plan - 12:00 pm
12 New Member Plan Election - 12:00 pm	13 Retirement Planning - Millenial's - 12:00 pm	14 Financial Wellness - 12:00 pm	15 Supplement your Retirement - Def. Comp. 457(b) Plan - 7:00 pm	16 5 Ways to Improve your Finances - 12:00 pm
19 Steps to Retirement - 12:00 pm PERS School District Employer Review - 2:00 pm	20 Building a budget Blueprint - 12:00 pm	21	22 Avoiding ID Theft - 12:00 pm Tax Benefits of participating in your 457(b) Plan - 7:00 pm	23 Increasing Contributions to your 457)b) Plan - 12:00 pm PERS State/Local Govt. Employer Review - 2:00 pm
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Click on the webinar you wish to attend about 5 to 10 minutes before the scheduled start time to enter the workshop and sign in as a guest. You do not need a password.

Presented by MPERA

(PERS) New Employee - Plan Election - It's never too early to plan your future. This seminar will provide you with an overview of the retirement plan options available to you. Plan for your future today!

(PERS) Defined Benefit - Steps to Retirement - Are you a (PERS) Defined Benefit member who is ready to retire within the next 5 years? If so, attend our Steps to Retirement presentation to get information you need to make fully informed decisions about; preparing for retirement, retirement eligibility, purchasing service credit, and the retirement process.

(GWPORS)-Steps to Retirement - Are you a Game Wardens and Peace Officers Retirement System member who is ready to retire within the next 5 years? If so, attend our GWPORS-Steps to Retirement presentation to get information you need to make fully informed decisions about; preparing for retirement, retirement eligibility, purchasing service credit, and the retirement process.

(SRS) Steps to Retirement - Are you a Sheriffs Retirement System member who is ready to retire within the next 5 years? If so, attend our SRS-Steps to Retirement presentation to get information you need to make fully informed decisions about; preparing for retirement, retirement eligibility, purchasing service credit, and the retirement process.

Presented by Great -West Retirement Services

Retirement Planning- Action Plan for Baby Boomers - This seminar is an action plan for "baby boomers" that are ready for some financial freedom during retirement. It will provide you with the "steps to prepare" for retirement. This seminar will cover topics such as; retirement planning, social security benefits and much more.

Building an Investment Strategy for your Defined Contribution and Deferred Compensation 457(b) plans - Are you ready to manage your account and build on those investments? This seminar will provide you with the tools to take charge and manage your account for your future! The tools explored are; creating a retirement savings goal, allocating investments among the asset classes, diversifying investment options within each asset class and reviewing your portfolio periodically. Manage your account for your future!

Managing Market Volatility - Market volatility is a fear that all investors feel as Wall Street fluctuates. If you are a participant in the Deferred Compensation 457(b) plan or the Defined Contribution plan, this seminar is for you. The seminar will help you develop a plan to manage risk.

Retirement Planning- Action Plan for Millennial's - Congrats, you got the position you were seeking, the next step is planning for retirement! Why now, you ask? Every 3000 miles or 3 months you change the oil in your car, why? We plan to change our oil to avoid the cost of a new engine, so why not plan to retire comfortably? It's never too early to start planning and this seminar will provide you the tools to build your retirement.

Increasing Contributions to Your Deferred Compensation 457(b) Account - Are you ready to increase your contribution and manage your account for the future? This seminar explores the vital steps towards building your Deferred Compensation 457(b) plan and taking the first step in developing your account for your future!

Exploring Your Distribution Options for Your Defined Contribution and Deferred Compensation 457(b) Accounts - Exploring the possibility of withdrawing your account? Whether you are moving on to a new position or severing employment, these decisions are important and require some planning. Within this seminar, you will discover; options available, tax consequences and benefits of maintaining your money in a tax-deferred investment.

Tax benefits of participating in a Deferred Compensation 457(b) plan? - Exploring the possibility of joining a deferred compensation plan and supplementing your pension? This seminar will analyze the tax benefits of participation, including before-tax contributions, tax-deferred growth and the saver's tax credit.

Retirement Planning- Action Plan for Women - With all of the gains women have made - especially in the workplace - it might seem like a step backward to ask whether saving for retirement is different for women than for men. But what are the facts? Are women at a disadvantage when it comes to planning and saving for retirement? And how do their relationships affect their retirement planning? Are you an equal partner in your financial decisions?

Supplementing your Retirement: the State of Montana's Deferred Compensation 457(b) Plan - Many of us envision retirement as a reward for years of dedication and hard work, but did you know that experts predict you will need to replace at least 77%-94% of your pre-retirement income? The state of Montana Deferred Compensation 457(b) plan can help you reach your retirement goal. It's easy. You can enroll for as little as $10/month and your contributions are made pre-tax through payroll deductions. Plan for your future today!

Presented by Rocky Mountain Credit Union –Karleen Hansen

Financial Check Up: How's Your Financial Wellness? - How finances affect your mental and physical health/ the ways finances affect your job and ideas on how to become financially fit.

Don't be a Victim - Fighting Back Against Identity Theft - What is identity theft? How does it happen? Deter Detect, Defend and where to go for help.

Building a Budget Blueprint: Benefits and consequences of a budgeting worksheet and tips to decrease spending

<u>5 Ways to Improve your Finances:</u> Best use of your savings and checking accounts with budgeting made easy. Learn how to manage your credit cards by reducing loan payments and consolidating your debt.

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(PERS) Defined Benefit - Steps to Retirement - Are you a (PERS) Defined Benefit member who is ready to retire within the next 5 years? If so, attend our Steps to Retirement presentation to get information you need to make fully informed decisions about; preparing for retirement, retirement eligibility, purchasing service credit, and the retirement process.

(GWPORS)-Steps to Retirement - Are you a Game Wardens and Peace Officers Retirement System member who is ready to retire within the next 5 years? If so, attend our GWPORS-Steps to Retirement presentation to get information you need to make fully informed decisions about; preparing for retirement, retirement eligibility, purchasing service credit, and the retirement process.

(SRS) Steps to Retirement - Are you a Sheriffs Retirement System member who is ready to retire within the next 5 years? If so, attend our SRS-Steps to Retirement presentation to get information you need to make fully informed decisions about; preparing for retirement, retirement eligibility, purchasing service credit, and the retirement process.

Presented by Great -West Retirement Services

Retirement Planning- Action Plan for Baby Boomers - This seminar is an action plan for "baby boomers" that are ready for some financial freedom during retirement. It will provide you with the "steps to prepare" for retirement. This seminar will cover topics such as; retirement planning, social security benefits and much more.

Building an Investment Strategy for your Defined Contribution and Deferred Compensation 457(b) plans - Are you ready to manage your account and build on those investments? This seminar will provide you with the tools to take charge and manage your account for your future! The tools explored are; creating a retirement savings goal, allocating investments among the asset classes, diversifying investment options within each asset class and reviewing your portfolio periodically. Manage your account for your future!

Managing Market Volatility - Market volatility is a fear that all investors feel as Wall Street fluctuates. If you are a participant in the Deferred Compensation 457(b) plan or the Defined Contribution plan, this seminar is for you. The seminar will help you develop a plan to manage risk.

Retirement Planning- Action Plan for Millennial's - Congrats, you got the position you were seeking, the next step is planning for retirement! Why now, you ask? Every 3000 miles or 3 months you change the oil in your car, why? We plan to change our oil to avoid the cost of a new engine, so why not plan to retire comfortably? It's never too early to start planning and this seminar will provide you the tools to build your retirement.

Increasing Contributions to Your Deferred Compensation 457(b) Account - Are you ready to increase your contribution and manage your account for the future? This seminar explores the vital steps towards building your Deferred Compensation 457(b) plan and taking the first step in developing your account for your future!

Exploring Your Distribution Options for Your Defined Contribution and Deferred Compensation 457(b) Accounts - Exploring the possibility of withdrawing your account? Whether you are moving on to a new position or severing employment, these decisions are important and require some planning. Within this seminar, you will discover; options available, tax consequences and benefits of maintaining your money in a tax-deferred investment.

Tax benefits of participating in a Deferred Compensation 457(b) plan? - Exploring the possibility of joining a deferred compensation plan and supplementing your pension? This seminar will analyze the tax benefits of participation, including before-tax contributions, tax-deferred growth and the saver's tax credit.

Retirement Planning- Action Plan for Women - With all of the gains women have made - especially in the workplace - it might seem like a step backward to ask whether saving for retirement is different for women than for men. But what are the facts? Are women at a disadvantage when it comes to planning and saving for retirement? And how do their relationships affect their retirement planning? Are you an equal partner in your financial decisions?

Supplementing your Retirement: the State of Montana's Deferred Compensation 457(b) Plan - Many of us envision retirement as a reward for years of dedication and hard work, but did you know that experts predict you will need to replace at least 77%-94% of your pre-retirement income? The state of Montana Deferred Compensation 457(b) plan can help you reach your retirement goal. It's easy. You can enroll for as little as $10/month and your contributions are made pre-tax through payroll deductions. Plan for your future today!

Presented by Rocky Mountain Credit Union –Karleen Hansen

Financial Check Up: How's Your Financial Wellness? - How finances affect your mental and physical health/ the ways finances affect your job and ideas on how to become financially fit.

Don't be a Victim - Fighting Back Against Identity Theft - What is identity theft? How does it happen? Deter Detect, Defend and where to go for help.

Building a Budget Blueprint: Benefits and consequences of a budgeting worksheet and tips to decrease spending

5 Ways to Improve your Finances: Best use of your savings and checking accounts with budgeting made easy. Learn how to manage your credit cards by reducing loan payments and consolidating your debt.