

PUBLIC EMPLOYEES' RETIREMENT BOARD

100 N Park, Room 201

Helena MT 59601

Board Legislative Committee Minutes

Tuesday, March 26, 2013

Chairman Terrence Smith called the PERB Legislative Committee meeting to order at 1:05 p.m. on Tuesday, March 26, 2013. Board Members that participated in the meeting:

Committee Members:

Terrence Smith, Chair

Scott Moore

Darcy Halpin

Bob Bugni

Dianna Porter

Timm Twardoski

Staff:

Roxanne Minnehan, Executive Director

Melanie Symons, Chief Legal Counsel

Barbara Quinn, Fiscal Services Bureau Chief

Patricia Davis, Member Services Bureau Chief

Kate Talley, Legal Counsel

Jenny Weigand, Education Supervisor

Hollie Koehler, Internal Auditor

Joshua Crone, Executive Assistant

Public:

Mike O'Connor, MPERA

Tom Schneider, AFSCME, MPEA

Diane Fladmo, MEA-MFT

Doug Neil, MSFA

Jerry Williams, MPPA

OPEN MEETING

I. Roll Call

Roll call was taken. Member Bob Bugni was present. Chairman Terrence Smith and Members Dianna Porter, Darcy Halpin, Timm Twardoski and Scott Moore participated via telephone. Board member absent: Melissa Strecker.

II. Public / Member Comment

Jerry Williams, MPPA, asked how employees changing positions where the positions are covered under different retirement plans transfer retirement accounts between systems.

III. Approve Minutes – March 19, 2013

The minutes from the March 19, 2013 Legislative Committee meeting were presented.

Member Moore asked that the Board position on HB 454 on page nine be changed to “oppose.”

Motion: *Member Dianna Porter made a motion to approve the March 19, 2013 minutes as amended.*

Second: *Member Scott Moore*

No public comment.

Vote: *6/0*

IV. Executive Director Report

a. Legislative Action Items

HB 91

Sponsored by Representative Ryan Lynch (D), HB 91 has been passed by the Legislature and is on its way to becoming law.

HB 95

Sponsored by Representative Franke Wilmer (D), HB 95 is in the Senate State Administration Committee awaiting executive action.

HB 97

Sponsored by Representative Franke Wilmer (D), HB 97 was heard on March 25, 2013 by the Senate Finance and Claims Committee. Amendments will be added to the bill in executive session by Senator Keene and Senator Arthun. Senator Arthun’s amendment addresses 125 plan premiums for new hires. Senator Keene’s amendment amends the definition of compensation to exclude bonuses from pension considerations effective July 1, 2013.

Ms. Minnehan added the Senate Finance and Claims Committee will take action on HB 97 on March 27, 2013.

Public Comment: *Tom Schneider, AFSCME, MPEA, asked if Senator Arthun’s amendment just covers new employees or new contracts on the 125 plans.*

Melanie Symons, Chief Legal Counsel, replied the amendment refers to new employees.

Public Comment: *Mr. Schneider asked if it came out that way, then everybody who worked where the 125 is being proposed could carry their health insurance in, except new employees?*

Ms. Symons answered affirmatively; HB 97 proscribes exactly that.

Public Comment: *Doug Neil, MSFA, asked if that action fits under the title and the scope of the bill. Can he [Senator Arthun] do that?*

Ms. Symons replied the title was amended with the amendments.

Public Comment: *Mr. Williams asked if we know who actually requested the draft of the amendment to be placed on HB 97.*

Ms. Minnehan replied that it was Senator Arthun who made the request and Senator Walker will present to the Committee.

Mr. O'Connor stated Senator Keene requested the other amendment. He went to the counsel to see if he could amend the title.

Member Bugni stated he spoke with Senator Lewis on March 20, 2013 after SR 22 was heard. Senator Lewis was asked if he had to plan to fix SRS and GWPORS; the Board would like to see those plans be funded this session. Senator Lewis stated some bill titles could be changed and something could still be done to fund the systems.

Chairman Smith asked Mr. O'Connor to more deeply explain the intent of the amendments to HB 97.

Mr. O'Connor explained Senator Keene's issue is with Workers' Compensation; every year they have provided a bonus to employees and Senator Keene dislikes that as part of a compensation package. The Senator is trying to eliminate those bonuses from compensation for retirement purposes.

Public Comment: *Mr. Schneider stated quite frankly, the bill only addresses new employees and he wants to get back at Laurence, so I don't know why he's going through this whole process.*

Member Porter asked Mr. Schneider who Senator Keene is trying to get back at.

Public Comment: *Mr. Schneider clarified Laurence Hubbard is the President/CEO of the Montana State Fund and earns a very good salary. Senator Keene wants to put a cap on earnings.*

Member Halpin asked whether Mr. Schneider is opposed to HB 97.

Public Comment: *Mr. Schneider explained he has been against HB 97 since the time it was brought up in committee. Basically, the only place I am familiar with the use of bonuses is really the State Fund. There have been some little bonuses here and there in different agencies, but this is the only one that stands out.*

Member Moore questions how you can have two people work side by side yet treat them differently, such as in the case of the 125 plan. I am opposed to HB 97.

Motion: *Member Darcy Halpin made a motion to support HB 97 as introduced; but, not the amendments added by Senators Arthun and Keene.*

Second: *Member Scott Moore*
No Public Comment.
Vote: *6/0*

HB 105

Sponsored by Representative Tom Steenberg (D), HB 105 has been passed by the Legislature and is awaiting the signature of the Governor.

HB 122

Sponsored by Representative Bryce Bennett (D), HB 122 is currently in the Senate State Administration Committee awaiting executive action.

HB 329

Sponsored by Representative Randy Brodehl (R), HB 329 is currently in the Senate State Administration Committee awaiting executive action.

HB 336

Sponsored by Representative Steve Gibson (R), HB 336 has passed the House and was heard on March 26, 2013 by the Senate Finance and Claims Committee; it awaits executive action.

Public Comment: *Mr. Schneider stated that executive action was taken. Senator John Sesso made a motion to pass the bill. The bill failed to pass and is still sitting in committee.*

Public Comment: *Doug Neil added that based on Senator Lewis' question in committee about reducing GABA for current and future retirees, is what the rest of us in public safety pension systems were worried about when Highway Patrol offered this up on their own. While Highway Patrol is offering this up reducing the GABA for their new employees, the legislature will want to do this for all other public safety groups. We go back to HB 97, where they willy-nilly changed the title of a bill. It's awful scary, if we're going to change all the titles and change the intent.*

HB 454

Sponsored by Representative Bill McChesney (D), HB 454 barely resembles the Governor's bill. It has been amended several times. There is a lot of political behind-the-scenes going on with this bill. It requires a second reading on the floor as amended. It will then need third reading on the House floor by Thursday, March 27, 2013.

Chairman Smith stated pages 16 through 17 of HB 454 angered him. HB 454 ignores DC plan participants who were equally decimated by what happened over the previous decade. Throwing all the additional contributions to the DB plan and excluding the DC plan is a problem. The DC plan still has approximately \$14 million in unfunded liability. Those contributions should be going toward the plan choice rate, not toward the DB plan, which is ultimately the beneficiary of the plan choice rate, but the plan choice rate is at least something that is on the backs of the DB plan participants. We are not representing the DC plan participants if we do not bring this up.

Public Comment: *Mr. Schneider stated we should keep our mouths shut until this bill goes through the House and goes to the Senate. Then we can start working on what we are going to do. If this bill dies tomorrow, we have nothing left except a referendum that will set up a statewide defined contribution plan for all new employees.*

Public Comment: *Diane Fladmo, MEA-MFT, stated we know this not a perfect bill. I spoke with Representative Cook about the amendments; he seems very willing to work with most folks and I know he will help explain what the case is. If we raise too much fear out there, we will give folks a reason not to pass this bill and we will be left with a referendum turning everybody over into a DC and that's frightening.*

Member Twardoski stated he agrees with Mr. Schneider. HB 454 is similar to HB 13; we just want to get it through the House so we can get it over to Senate and work on it. We should revisit last week's vote and see about supporting HB 454, yet opposing the amendments. The Board's vote would have been different had some people understood what we were voting on.

Ms. Symons explained that the Board must look at its duties as Board members and as fiduciaries to the members.

Member Bugni suggested that a vote be taken on HB 454 now in the spirit of legitimacy; Members Halpin and Porter's terms will be ending prior to the next meeting of the Legislative Committee. A vote taken today assures that the vote is legitimate.

Motion: *Member Timm Twardoski made a motion to support HB 454 with reservations about the GABA and any other potential amendments.*

Second: *Member Darcy Halpin*

No Public Comment.

Vote: *5/1, Chairman Smith voted Nay*

SB 376

Sponsored by Senator Larry Jent (D), SB 376 was heard on March 21, 2013 by House State Administration Committee and is awaiting executive action.

SR 22

Sponsored by Senator Ron Arthun (R), SR 22 was heard on March 20, 2013 by Senate State Administration Committee and is awaiting executive action.

LC 2059

Sponsored by Senator Dee Brown (R), LC 2059 is a statutory referendum on pension reform, new hires to DC plan, not TRS or PERS. The transmittal deadline is April 5, 2013; it requires a simple majority vote; it goes directly before the voters.

HB 338

Sponsored by Representative Keith Regier (R), HB 338 has been tabled in committee.

SB 333

Sponsored by Senator Ron Arthun (R), SB 333 is sitting in committee where it will most likely expire.

d. Other Legislative Discussion Items

Ms. Minnehan reported the Lunch & Learns held March 20 through March 22, 2013 had an average of 30 attendees each.

e. Board Position on Reviewed Bills

1. HB 53** – Revise SAVVA statutory duties – *No Position*
2. HB 80* – Authorizing peace officer status for corrections criminal investigators – *Neutral*
3. HB 158 – Require agencies to present proposed rules to interim committees – *Oppose*
4. HB 175* – Include dispatchers in the SRS – *Support*
5. HB 234* – Revise definition of compensation in MPORS & FURS – *Support with amendment*
6. HB 282* – Constitutional amendment regarding public employee retirement systems – *Neutral*
7. HB 311* – Revise what educational and retirement savings is exempt from civil judgment – *Support*
8. HB 329 – Prohibit state employees from being lobbyists – *Oppose*
9. HB 336 – Generally revise HPORS laws – *Neutral*
10. HB 338* – Provide funding for pension debts, all new hires to DC plan – *Oppose*
11. HB 382* – Provide coal tax funding for actuarially unsound retirement systems – *Support*
12. HB 454 – Public funding for the PERS-DBRP – *Support as introduced; reservations with amendments*
13. HB 461 – Increase pension for certain volunteer firefighters – Relief Assns – *Neutral*
14. HB 476* – Add cost of living adjustment for volunteer firefighters – *Oppose*
15. HB 482* – Generally revise laws related to the BOI to create a state bank – *Oppose*
16. HB 532 – Revise income tax using a flat tax rate and a tie to federal taxable income – *Neutral*, unless impacts IRS qualification
17. SB 82* – Require PERS new hires to be in DC plan – *Oppose*
18. SB 193* – Increase game warden pay with increased nonresident wildlife conservation fee – *Neutral*
19. SB 227* – Eliminate pension eligibility for legislators – *Oppose*
20. SB 261* – Require legislator election each term concerning participation on PERS – *Oppose*
21. SB 333 – Establish cash balance benefit tier in TRS & PERS for new hires – *Oppose*
22. SB 353* – Establish qualifications for PERB/TRB – *Oppose*

23. SB 376 – Executive budget proposal to include actuarial funding for pension systems – *Neutral*

*Dead – tabled and/or missed deadline for General Bill Transmittal

**Passed

ADJOURNMENT:

There being no further business before the Legislative Committee, Chairman Terrence Smith adjourned the meeting at approximately 2:33 p.m.