

**Public Employees' Retirement Board
April 10, 2014**

Topic: Board Conceptual Legislation – Assigning Priority

Legislative Committee Recommendation

At its January meeting, the Legislative Committee prioritized proposed legislation as follows:

1. GWPRS/SRS Funding
2. PERS-DCRP Disability Fund Allocation
3. MUS-RP and DCRP Additional Employer Contributions
4. GABA-related Triggers
5. Disability Earnings Cap
6. Transfer Dispatchers from PERS to SRS

The Committee did not address prioritization at its March meeting.

Staff recommends the following order of priority:

1. GWPORS/SRS Funding
2. Federal Tax Qualification
3. General Revisions

Thereafter, Board discretion.

Board Motion:

Uphold Staff Recommendation

Other.

Moved by

Seconded by

Vote

**Public Employees' Retirement Board
April 10, 2014**

Topic: Board Conceptual Legislation – GWPORS & SRS Funding

Board Legislative Committee Recommendation

Approve conceptual legislation for submission to the Office of Budget Programming and Planning that will address the unfunded actuarial liability in the Game Wardens' and Peace Officers' Retirement System and the Sheriffs' Retirement System.

Board Motion:

Uphold Staff Recommendation

Other.

Moved by

Seconded by

Vote

Complete Shaded Areas

Form last update 1/21/2014

Proposed 2015 Session Legislation

Agency Name & No:	Public Employees' Retirement Board / 6104		
Priority Number:	001	Filename:	6104\15-001.xls
Short Title:	GWPORS Funding		
Agency Contact Person/Phone:	Roxanne Minnehan / 406-444-5459		

1. Purpose:

Address the Game Wardens' & Peace Officers' Retirement System (GWPORS) funding through increased employer and employee contributions and explore additional funding sources.

2. Background:

Although GWPORS funding is slowly recovering from asset erosion due to past market conditions, contributions are not meeting the annual required contributions to ensure the plan's actuarial soundness. The Montana Constitution and state statute require the funds to be actuarially sound - able to amortize the unfunded actuarial liability within 30 years. 19-2-405(4), MCA requires employers to fund the unfunded liability.

3. Fiscal Impact by Fund Type: *This impact should be as specific as possible.*

The 2013 Actuarial Valuation projected the GWPORS annual shortfall to be 2.95% of payroll. At June 30, 2013 that amount was \$1.15M.

4. Summary Checklist [Check & complete all that apply]--

<input type="checkbox"/> Housekeeping Only	<input type="checkbox"/> Federal Requirement	<input checked="" type="checkbox"/> Audit Recommendation (Audit No. 12-08A)	<input checked="" type="checkbox"/> Major Legislation
<input checked="" type="checkbox"/> Anticipated to be Controversial Legislation	<input type="checkbox"/> Bill Draft has been included in Legislation Submittal (if available)		
<input type="checkbox"/> Supports Submitted EPP Item Number: <input type="text"/>	<input type="checkbox"/> Local Government Fiscal Impact		
<input type="checkbox"/> Increases FTE, or <input type="checkbox"/> Decreases FTE by	List FTE amount and program <input type="text"/>		
<input type="checkbox"/> Increases Existing Revenue	<input type="radio"/> Tax	<input type="radio"/> Fee	<input type="radio"/> Penalty [amount in #3]
<input type="checkbox"/> Decreases Existing Revenue	<input type="radio"/> Tax	<input type="radio"/> Fee	<input type="radio"/> Penalty [amount in #3]
<input type="checkbox"/> Establishes New Revenue	<input type="radio"/> Tax	<input type="radio"/> Fee	<input type="radio"/> Penalty [amount in #3]
<input checked="" type="checkbox"/> Leg. has been Submitted in Previous Legislative Sessions (list priority no, LC no, or bill no):	2013-HB96, 2011-HB134,		
<input checked="" type="checkbox"/> Legislation would affect other state agencies (list):	Corrections, FWP, Livestock, Transportation, MUS		
<input checked="" type="checkbox"/> Special Interest Groups Affected (list):	MGWA, MSPOA		
<input type="checkbox"/> Other:	<input type="text"/>		

Proposed 2015 Session Legislation

Agency Name & No: Public Employees' Retirement Board / 6104

Priority Number: 002 Filename: 6104\15-002.xls

Short Title: SRS Funding

Agency Contact Person/Phone: Roxanne Minnehan / 406-444-5459

1. Purpose:

Address the Sheriffs' Retirement System (SRS) funding through increased employer and employee contributions and explore additional funding sources.

2. Background:

Although SRS funding is slowly recovering from asset erosion due to past market conditions, contributions are not meeting the annual required contributions to ensure the plan's actuarial soundness. The Montana Constitution and state statute require the funds to be actuarially sound - able to amortize the unfunded actuarial liability within 30 years. 19-2-405(4), MCA requires employers to fund the unfunded liability.

3. Fiscal Impact by Fund Type: This impact should be as specific as possible.

The 2013 Actuarial Valuation projected the SRS annual shortfall to be 5.00% of payroll. At June 30, 2013 that amount was \$3.05M.

4. Summary Checklist [Check & complete all that apply]--

- Housekeeping Only, Federal Requirement, Audit Recommendation (Audit No. 12-08A), Major Legislation, Anticipated to be Controversial Legislation, Bill Draft has been included in Legislation Submittal (if available), Supports Submitted EPP Item Number, Local Government Fiscal Impact, Increases FTE, or Decreases FTE by, List FTE amount and program, Increases Existing Revenue, Decreases Existing Revenue, Establishes New Revenue, Leg. has been Submitted in Previous Legislative Sessions (list priority no, LC no, or bill no): 2013-HB96, 2011-HB135, Legislation would affect other state agencies (list): Justice, Special Interest Groups Affected (list): MGWA, MSPOA, Other

**Public Employees' Retirement Board
April 10, 2014**

Topic: Board Conceptual Legislation – General Revisions and Federal Tax Qualification

Board Legislative Committee Recommendation

Approve conceptual legislation for submission to the Office of Budget Programming and Planning that will (1) generally revise retirement systems and (2) ensure federal tax qualification of all Board-administered retirement systems.

Board Motion:

Uphold Staff Recommendation

Other.

Moved by

Seconded by

Vote

Proposed 2015 Session Legislation

Agency Name & No: Public Employees' Retirement Board / 6104

Priority Number: 005 **Filename:** 6104\12-005.xls

Short Title: General Revisions

Agency Contact Person/Phone: Roxanne Minnehan / 406-444-5459

1. Purpose:

Clarify statutes for the retirement systems administered by the Public Employees' Retirement Board (PERB).

2. Background:

Each legislative session the PERB proposes a general revisions bill to make changes reflecting IRS, PERB and court decisions interpreting state and federal laws. We also eliminate out-dated provisions, modify archaic terminology and clarify the statute for the user. The proposed changes are identified from our daily need to interpret and explain the statute to our staff, members, and the public.

3. Fiscal Impact by Fund Type: *This impact should be as specific as possible.*

None

4. Summary Checklist [Check & complete all that apply]--

- Housekeeping Only Federal Requirement Audit Recommendation (Audit No.) Major Legislation
- Anticipated to be Controversial Legislation Bill Draft has been included in Legislation Submittal (if available)
- Supports Submitted EPP Item Number: Local Government Fiscal Impact
- Increases FTE, or Decreases FTE by List FTE amount and program
- Increases Existing Revenue Tax Fee Penalty [amount in #3]
- Decreases Existing Revenue Tax Fee Penalty [amount in #3]
- Establishes New Revenue Tax Fee Penalty [amount in #3]
- Leg. has been Submitted in Previous Legislative Sessions (list priority no, LC no, or bill no):
- Legislation would affect other state agencies (list):
- Special Interest Groups Affected (list):
- Other:

Proposed 2015 Session Legislation

Agency Name & No:	Public Employees' Retirement Board / 6104		
Priority Number:	006	Filename:	6104\12-006.xls
Short Title:	Federal Qualifications Bill		
Agency Contact Person/Phone:	Roxanne Minnehan/406-444-5459		

1. Purpose:

To maintain the qualified plan status under IRC. To make the changes necessary to comply with federal regulations and tax law changes applicable to governmental retirement plans.

2. Background:

Internal Revenue Code and Federal Regulations continually change. We need to ensure our plans reflect those changes to ensure a favorable determination letter and to ensure qualification of our plans. One of the benefits of maintaining a qualified plan is the ability for contributions to be tax-deferred.

3. Fiscal Impact by Fund Type: *This impact should be as specific as possible.*

None

4. Summary Checklist [Check & complete all that apply]--

<input type="checkbox"/> Housekeeping Only	<input checked="" type="checkbox"/> Federal Requirement	<input type="checkbox"/> Audit Recommendation (Audit No. <input type="text"/>)	<input type="checkbox"/> Major Legislation
<input type="checkbox"/> Anticipated to be Controversial Legislation	<input type="checkbox"/> Bill Draft has been included in Legislation Submittal (if available)		
<input type="checkbox"/> Supports Submitted EPP Item Number: <input type="text"/>	<input type="checkbox"/> Local Government Fiscal Impact		
<input type="checkbox"/> Increases FTE, or <input type="checkbox"/> Decreases FTE by	List FTE amount and program <input type="text"/>		
<input type="checkbox"/> Increases Existing Revenue	<input type="radio"/> Tax	<input type="radio"/> Fee	<input type="radio"/> Penalty [amount in #3]
<input type="checkbox"/> Decreases Existing Revenue	<input type="radio"/> Tax	<input type="radio"/> Fee	<input type="radio"/> Penalty [amount in #3]
<input type="checkbox"/> Establishes New Revenue	<input type="radio"/> Tax	<input type="radio"/> Fee	<input type="radio"/> Penalty [amount in #3]
<input type="checkbox"/> Leg. has been Submitted in Previous Legislative Sessions (list priority no, LC no, or bill no):	<input type="text"/>		
<input checked="" type="checkbox"/> Legislation would affect other state agencies (list):	All state agencies and local government entities participat		
<input checked="" type="checkbox"/> Special Interest Groups Affected (list):	Positive impact to members.		
<input type="checkbox"/> Other:	<input type="text"/>		

**Public Employees' Retirement Board
April 10, 2014**

Topic: Board Conceptual Legislation –Reduction of employer contribution paid into the DCRP long-term disability trust fund

Board Legislative Committee Recommendation

Approve conceptual legislation for submission to the Office of Budget Programming and Planning that will reduce the % of DCRP employer contributions used to fund the DCRP long-term disability fund and reallocate those contributions to the DCRP member's account.

Board Motion:

Uphold Staff Recommendation

Other.

Moved by

Seconded by

Vote

Proposed 2015 Session Legislation

Agency Name & No: Public Employees' Retirement Board / 6104

Priority Number: 008 Filename: 6104\15-008.xls

Short Title: Reduction of Contributions to DCRP Long-Term Disability Fund

Agency Contact Person/Phone: Roxanne Minnehan / 406-444-5459

1. Purpose:

Reduce the amount of DCRP employer contributions used to fund the DCRP long-term disability fund.

2. Background:

At the time the PERS-DCRP was implemented, MPERA's actuary determined that the PERS-DBRP disability benefit cost approximately 0.3% of contributions. The legislature determined to use the same cost to fund the DCRP long-term disability plan. The Board believes experience will show that the DCRP long-term disability plan is overfunded and that a yet to be determined portion of the employer contributions should be redirected to the DCRP member's account.

3. Fiscal Impact by Fund Type: This impact should be as specific as possible.

Additional contributions will be directed to DCRP member accounts; the PERS-DCRP long-term disability fund will receive the actuarially-redetermined percentage of employer contributions.

4. Summary Checklist [Check & complete all that apply]--

- Housekeeping Only, Federal Requirement, Audit Recommendation, Major Legislation, Anticipated to be Controversial Legislation, Bill Draft has been included in Legislation Submittal, Supports Submitted EPP Item Number, Local Government Fiscal Impact, Increases/Decreases FTE, Revenue changes (Tax/Fee/Penalty), Previous Legislative Sessions, Other state agencies, Special Interest Groups, Other.

**Public Employees' Retirement Board
April 10, 2014**

Topic: Board Conceptual Legislation – Allocation of Additional PERS employer contributions in the MUS-RP DCRP.

Board Legislative Committee Recommendation

Approve conceptual legislation for submission to the Office of Budget Programming and Planning that will direct allocation of the additional PERS employer contributions in the MUS-RP DCRP. Assuming coal tax funds are used to pay off the PCR-UAL, the contributions will go to the MUS-RF DCRP member's account.

Board Motion:

Uphold Staff Recommendation

Other.

Moved by

Seconded by

Vote

Proposed 2015 Session Legislation

Agency Name & No: Public Employees' Retirement Board / 6104

Priority Number: 009 Filename: 6104\15-009.xls

Short Title: Allocation of additional employer contributions in the MUS-RP DCRP.

Agency Contact Person/Phone: Roxanne Minnehan / 406-444-5459

1. Purpose:

Determine allocation of the additional PERS employer contributions in the MUS-RP DCRP.

2. Background:

The 2013 legislature increased PERS employer contributions by 1% starting July 1, 2013 and 0.1% each fiscal year thereafter through FY2024. For PERS-DCRP members, that additional contribution is allocated to the DBRP UAL. Unfortunately, allocation of the additional contributions was not addressed for MUS-RP DCRP members. The Board adopted ARM 2.43.3601 directing the MUS-RP DCRP member contributions to the PERS-DBRP trust fund for the time being. However, starting July 1, 2014, the Board would like the additional contributions to go into the DCRP member's account rather than funding the DBRP-UAL.

3. Fiscal Impact by Fund Type: This impact should be as specific as possible.

The PERS-DBRP trust fund will receive less contributions than currently anticipated.

4. Summary Checklist [Check & complete all that apply]--

- Housekeeping Only, Federal Requirement, Audit Recommendation, Major Legislation, Anticipated to be Controversial Legislation, Bill Draft has been included in Legislation Submittal, Supports Submitted EPP Item Number, Local Government Fiscal Impact, Increases FTE, Decreases FTE, Revenue changes (Tax, Fee, Penalty), Leg. has been Submitted in Previous Legislative Sessions, Legislation would affect other state agencies, Special Interest Groups Affected, Other.

**Public Employees' Retirement Board
April 10, 2014**

Topic: Board Conceptual Legislation – Coal Tax to pay off PCR-UAL

Board Legislative Committee Recommendation

Approve conceptual legislation for submission to the Office of Budget Programming and Planning that will use a portion of the coal tax funds currently allocated to the PERS-DBRP to pay the balance of the PERS Plan Choice Rate – Unfunded Actuarial Liability and reallocate PCR contributions to the DCRP member's account.

Board Motion:

Uphold Staff Recommendation

Other.

Moved by

Seconded by

Vote

Complete Shaded Areas

Form last update 1/21/2014

Proposed 2015 Session Legislation

Agency Name & No:	Public Employees' Retirement Board / 6104		
Priority Number:	004	Filename:	6104\15-004.xls
Short Title:	Payoff PCR-UAL; Reallocate Employer Contributions		
Agency Contact Person/Phone:	Roxanne Minnehan / 406-444-5459		

1. Purpose:

1) Use a portion of the coal tax funds currently allocated to the PERS-DBRP to pay the balance of the PERS Plan Choice Rate - Unfunded Actuarial Liability (PCR-UAL). 2) Reallocate the PCR contributions.

2. Background:

The Plan Choice Rate (PCR) was established to mitigate adverse effects to electing out of the PERS-Defined Benefit Retirement Plan (DBRP) when the Defined Contribution Retirement Plan (DCRP) was established as a plan option in the Public Employees' Retirement System (PERS). There are two parts to the PCR. 1) the PCR Unfunded Actuarial Liability (PCR-UAL) measured at the date of the first actuarial valuation after the initial transfer of PERS members. 2) the PCR-Normal Cost Rate -- an ongoing measurement comparing the Normal Cost of the DCRP and DBRP. There has never been a material PCR-Normal Cost. The PCR-UAL was initially measured at \$13.5M. The PCR-UAL at June 30, 2013 was \$8.75M. It is expected to be approximately \$3.6M at June 30, 2015.

3. Fiscal Impact by Fund Type:	<i>This impact should be as specific as possible.</i>
Approximately \$3.6M at June 30, 2015 depending on the actual PCR contributions made during FY 2014 and 2015.	

4. Summary Checklist [Check & complete all that apply]--

<input type="checkbox"/> Housekeeping Only	<input type="checkbox"/> Federal Requirement	<input type="checkbox"/> Audit Recommendation (Audit No. <input type="text"/>)	<input checked="" type="checkbox"/> Major Legislation
<input checked="" type="checkbox"/> Anticipated to be Controversial Legislation	<input type="checkbox"/> Bill Draft has been included in Legislation Submittal (if available)		
<input type="checkbox"/> Supports Submitted EPP Item Number: <input type="text"/>	<input type="checkbox"/> Local Government Fiscal Impact		
<input type="checkbox"/> Increases FTE, or <input type="checkbox"/> Decreases FTE by	List FTE amount and program	<input type="text"/>	
<input type="checkbox"/> Increases Existing Revenue	<input type="radio"/> Tax <input type="radio"/> Fee <input type="radio"/> Penalty [amount in #3]		
<input type="checkbox"/> Decreases Existing Revenue	<input type="radio"/> Tax <input type="radio"/> Fee <input type="radio"/> Penalty [amount in #3]		
<input type="checkbox"/> Establishes New Revenue	<input type="radio"/> Tax <input type="radio"/> Fee <input type="radio"/> Penalty [amount in #3]		
<input type="checkbox"/> Leg. has been Submitted in Previous Legislative Sessions (list priority no, LC no, or bill no):	<input type="text"/>		
<input type="checkbox"/> Legislation would affect other state agencies (list):	<input type="text"/>		
<input checked="" type="checkbox"/> Special Interest Groups Affected (list):	PERS-DCRP members		
<input type="checkbox"/> Other:	<input type="text"/>		

**Public Employees' Retirement Board
April 10, 2014**

Topic: Board Conceptual Legislation – Transfer Public Safety Dispatchers from PERS to SRS

Board Legislative Committee Recommendation

Approve conceptual legislation for submission to the Office of Budget Programming and Planning that will transfer all public safety dispatchers from the Public Employees' Retirement System to the Sheriffs' Retirement System.

Board Motion:

Uphold Staff Recommendation

Other.

Moved by

Seconded by

Vote

Complete Shaded Areas

Form last update 1/21/2014

Proposed 2015 Session Legislation

Agency Name & No: Public Employees' Retirement Board / 6104

Priority Number: 003 **Filename:** 6104\15-003.xls

Short Title: Transfer Dispatchers from PERS to SRS

Agency Contact Person/Phone: Roxanne Minnehan / 406-444-5459

1. Purpose:

Transfer dispatchers from the Public Employees' Retirement System (PERS) to the Sheriffs' Retirement System (SRS).

2. Background:

Dispatchers are the first responders in emergency situations. Transferring those retirement system covered employees from PERS to SRS (a public safety system) addresses a fairness issue. This proposal has been before the Legislature in 2009, 2011, and 2013. Although the concept is fully supported, the bill may not have passed due to SRS funding concerns.

3. Fiscal Impact by Fund Type: *This impact should be as specific as possible.*

4. Summary Checklist [Check & complete all that apply]--

- Housekeeping Only Federal Requirement Audit Recommendation (Audit No.) Major Legislation
- Anticipated to be Controversial Legislation Bill Draft has been included in Legislation Submittal (if available)
- Supports Submitted EPP Item Number: Local Government Fiscal Impact
- Increases FTE, or Decreases FTE by List FTE amount and program
- Increases Existing Revenue Tax Fee Penalty [amount in #3]
- Decreases Existing Revenue Tax Fee Penalty [amount in #3]
- Establishes New Revenue Tax Fee Penalty [amount in #3]
- Leg. has been Submitted in Previous Legislative Sessions (list priority no, LC no, or bill no):
- Legislation would affect other state agencies (list):
- Special Interest Groups Affected (list):
- Other:

**Public Employees' Retirement Board
April 10, 2014**

Topic: Board Conceptual Legislation – Earnings Limitation on all Disabled Retirees

Board Legislative Committee Recommendation

Approve conceptual legislation for submission to the Office of Budget Programming and Planning that will place earning limitations on disabled retirees in all Board-administered systems, similar to that currently in PERS.

Board Motion:

Uphold Staff Recommendation

Other.

Moved by

Seconded by

Vote

Proposed 2015 Session Legislation

Agency Name & No:	Public Employees' Retirement Board / 6104		
Priority Number:	007	Filename:	6104\15-007.xls
Short Title:	Earnings Limitation on Disability Retirements		
Agency Contact Person/Phone:	Roxanne Minnehan / 406-444-5459		

1. Purpose:

Apply earnings limitations on disability retirements in GWPORS, SRS, JRS, HPORS, MPORS, and FURS when a disabled member is able to be gainfully employed.

2. Background:

We have seen disabled members (unable to perform the essential elements of the position held by the member) able to be gainfully employed in other occupations. PERS has an earnings limitation to address these situations. Other systems administered by the PERB do not.

3. Fiscal Impact by Fund Type: *This impact should be as specific as possible.*

4. Summary Checklist [Check & complete all that apply]--

<input type="checkbox"/> Housekeeping Only	<input type="checkbox"/> Federal Requirement	<input type="checkbox"/> Audit Recommendation (Audit No. <input type="text"/>)	<input checked="" type="checkbox"/> Major Legislation
<input checked="" type="checkbox"/> Anticipated to be Controversial Legislation	<input type="checkbox"/> Bill Draft has been included in Legislation Submittal (if available)		
<input type="checkbox"/> Supports Submitted EPP Item Number: <input type="text"/>	<input type="checkbox"/> Local Government Fiscal Impact		
<input type="checkbox"/> Increases FTE, or <input type="checkbox"/> Decreases FTE by	List FTE amount and program	<input type="text"/>	
<input type="checkbox"/> Increases Existing Revenue	<input type="radio"/> Tax <input type="radio"/> Fee <input type="radio"/> Penalty	[amount in #3]	
<input type="checkbox"/> Decreases Existing Revenue	<input type="radio"/> Tax <input type="radio"/> Fee <input type="radio"/> Penalty	[amount in #3]	
<input type="checkbox"/> Establishes New Revenue	<input type="radio"/> Tax <input type="radio"/> Fee <input type="radio"/> Penalty	[amount in #3]	
<input type="checkbox"/> Leg. has been Submitted in Previous Legislative Sessions (list priority no, LC no, or bill no):	<input type="text"/>		
<input type="checkbox"/> Legislation would affect other state agencies (list):	<input type="text"/>		
<input type="checkbox"/> Special Interest Groups Affected (list):	<input type="text"/>		
<input type="checkbox"/> Other:	<input type="text"/>		