

STATE ADMINISTRATION
FEBRUARY 23, 1981
RM 436

EXECUTIVE SESSION

The meeting of the State Administration Committee was called to order at 8:00 a.m. on Monday, February 23, 1981 with Chairman Jerry Feda presiding. All members were present except Representatives Dussault and Azzara who were absent and Representative Briggs who was excused.

HOUSE BILL 736-hearing 2/19

TABLED

Representative Spilker moved that HB 736 be TABLED. Question was called and a vote taken. Motion carried with 16 YES, 1 NO and 2 absent. Representative McBride voted no and Representative Briggs left a proxy vote of yes.

SUB-COMMITTEE REPORT ON FIREFIGHTER BILLS:

Representative Sales explained what the sub-committee had done with the firefighter bills. He said they consolidated the information in HB 553 (Brand), HB 745 (Bardanouve), and HB 674 (Fabrega) into one bill. The bill will be numbered HB 674. The actuarial showed that 43% contributions would be needed to fund the program. In the present system 26.16% contributions are funding the retirement system. This is why the system is in trouble. The committee came up with the following: Employee contributions will be 7% for both old and new firefighters. This is a 1% increase for the old firefighters, which they agreed to, that will help to fund two additional benefits, the advisory council and orphan benefits. The city contribution will be 12% the first year, 15% the second year and 18% the third year. The state contribution will be 18%. This is a total of 43%, the amount needed to keep the system totally funded. There will be a actuarial study every 2 years and at the end of 4 years there will be a comparative evaluation and there could be some adjustments of the contributions at that time. Representative Sales said that he did not expect a decrease in contributions for 15 to 20 years. A summary of the bill is attached and is EXHIBIT 1 of the minutes.

HOUSE BILL 674

DO PASS AS AMENDED

Representative Mueller moved that the escalator provision be taken out of the bill. (see exhibit 1) This was also the recommendation of the sub-committee. It was brought out that the Judges Retirement System is the only one that has this escalatory provision.

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Following Discussion, a vote was taken on the motion and carried with 12 YES, 4 NO and 3 absent. Representatives Kennerly, McBride, O'Connell and Pistoria voted no. Representatives Azzara, Dussault and Hanson were absent.

Representative Sales made a motion that HB 674 DO PASS AS AMENDED. A vote was taken and carried unanimously with those present.

As a matter of note, those present at the sub-committee meetings were: group representing the firefighters and representatives of the League of Cities and Towns (Dan Miezner), Dennis Taylor, Budget Director, Helena, Al Thelen, City Manager, Billings, Ray Blem, firefighter, Billings, Larry Nachtsheim, PERS, and the sub-committee members Representatives Sales, Kropp and Kennerly.

HOUSE BILL 779-hearing 2/19

TABLED

Representative Spilker said that she would like to make a motion to amend the salary of the commission from \$45 to \$25 so it would be comparable with other commissions.

A vote was taken on this motion and carried unanimously.

Representative McBride made a motion that HB 779 DO PASS AS AMENDED. Discussion followed.

Representative Kropp made a substitute motion to TABLE HB 779.

Representative McBride said that it would be better to pass the bill out as a DO NOT PASS.

Following Discussion, a vote was taken and carried with 12 YES, 3 NO and 4 absent. Representatives O'Connell, Kennerly and McBride voted no.

A motion was made to adjourn at 9:00 a.m.

Respectfully submitted,



G. C. "JERRY" FEDA, Chairman

Cathy Martin-Secretary

MONTANA FIREFIGHTERS' UNIFIED RETIREMENT ACT

This act consolidates the pension plans for paid firefighters in first- and second-class cities under a centrally administered system.

ADMINISTRATION: Public Employees' Retirement Board and Public Employees' Retirement Division

INVESTMENT OF FUNDS: State Board of Investments

CONTRIBUTION RATES:

Members:	7% of salary
State:	18% of total salaries (Insurance Premium Tax)
City:	12% of salaries (1981)
	15% (1982) 18% (1983)*

ACTUARIAL VALUATIONS: Every even-numbered year

BENEFITS: (old vs. new members)

Basic benefits for members hired before July 1, 1981, will remain unchanged. In exchange for the 1% increase in the employee contribution rate from 6% to 7% of salary, these firefighters, as well as those hired on or after July 1, 1981, will receive interest on their withdrawn contributions and an extension in survivorship benefits until age 24 for a dependent child who is attending a postsecondary institution. In addition, a portion of the employer contribution will also be paid to the Montana State Firemen's Association to defray expenses incurred by the association when representing members of the plan. The chart below compares the benefits of old and new members.

<u>SERVICE:</u> (minimum retirement age 50)	MEMBERS HIRED BEFORE 7/1/81	MEMBERS HIRED ON OR AFTER 7/1/81
Full Benefit:	(20 or more years and age 50 as active firefighter): 1/2 final monthly salary plus 1% of salary for each year over 20 up to maximum of 60% of salary	(25 or more years): 2% of final average salary for each year up to maximum of 30 years**
	Escalator Provision***	

(continued)

HB 674 Summary (cont.)

Partial Benefit:	(10-19 years; 20 or more years and <u>not</u> age 50 as active firefighter): 2% of final monthly salary up to maximum of 60% of salary	(10-24 years): 2% of final average salary
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<u>DISABILITY</u> (eligible at any age regardless of years of service)	1/2 final monthly salary plus 1% of salary for each year over 20 up to maximum of 60% of salary	1/2 final average salary plus 2% of salary for each year over 25 up to maximum of 5 additional years
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Escalator Provision

<u>SURVIVORSHIP:</u> (eligible at any age regardless of years of service)	Same as above	1/2 final average salary
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* Following the 1984 actuarial valuation, some cities may be required to make supplemental payments to reduce unfunded liabilities from prior pension plans.

** "Final average salary" means the monthly salary of a member averaged over the last 36 months of his active service.

*** "Escalator Provision" means that a member's or survivor's benefit may not be less than one-half the monthly compensation paid to a newly confirmed, active firefighter of a city that last employed the member as a firefighter.

NOTE: A statement of intent is required for HB 674.
The committee neglected to vote on the statement
during the meeting therefore the Chairman took a
vote of the members at a later time during the day
and the vote carried to adopt the statement of intent.
A copy of the statement is attached.

STATEMENT OF INTENT

HOUSE BILL 674

HOUSE STATE ADMINISTRATION COMMITTEE

A statement of intent is required for this bill in that delegates rule-making authority to the Public Employees' Retirement Board for the proper administration of the 'Montana Firefighters' Unified Retirement System."

It is contemplated that the rules will address the following:

1. Interpretation and enforcement of the provisions of this Act.
2. Establishment of uniform rules to administer the provisions of this Act.
3. Determine the conditions under which a person may become a member and receive benefits under the retirement system.
4. Determine ~~and modify~~ retirement disability and survivorship allowances under the provisions of this Act.
5. Establish policy for the maintenance of records and accounts for administering the retirement system.
6. Selection procedures for contracting with a qualified actuary to conduct actuarial valuation of the system.

First adopted by the House State Administration Committee on the 23rd day of February, 1981.

AMENDMENTS TO HB 674:

1. Title, line 7.
Following: "19-11-512"
Strike: "."
Insert: "through"

2. Title, line 9.
Following PROVIDING"
Strike: "AN IMMEDIATE"
Following: "EFFECTIVE"
Strike: "DATE"
Insert: "DATES"

3. Pages 1 through 39.
Strike: all of the bill following the enacting clause
Insert:.....