

HOUSE BILL NO. 632

INTRODUCED BY EUDAILY, LORY, MENAHAN,  
DARKO, HARBIN, NISBET, NELSON, SWIFT

IN THE HOUSE

February 2, 1985	Introduced and referred to Committee on State Administration.
February 5, 1985	Fiscal Note requested.
February 9, 1985	Fiscal Note returned.
February 18, 1985	Committee recommend bill do pass. Report adopted.  Bill printed and placed on members' desks.
February 20, 1985	Second reading, do pass.  Considered correctly engrossed.  On motion, taken from engrossing and rereferred to Committee on Appropriations.
April 1, 1985	Committee recommend bill do pass as amended. Report adopted.  Bill printed and placed on members' desks.  Second reading, do pass.  Third reading, passed.  Transmitted to Senate.

IN THE SENATE

April 3, 1985	Introduced and referred to Committee on Finance and Claims.
April 10, 1985	New Fiscal Note requested.
April 16, 1985	New Fiscal Note returned.
April 19, 1985	Committee recommend bill be concurred in. Report adopted.
April 22, 1985	Second reading, concurred in.
April 23, 1985	Third reading, concurred in. Ayes, 49; Noes, 0.
	Returned to House.

IN THE HOUSE

April 23, 1985	Received from Senate.
	Sent to enrolling.
	Reported correctly enrolled.

HOUSE BILL NO. 632

INTRODUCED BY

*Cady Log McEnahan Marko*  
*Wendell Nelson* *John Hoff* *Herline*

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING A COST-OF-LIVING INCREASE IN SERVICE AND DISABILITY RETIREMENT ALLOWANCES AND SURVIVORSHIP ALLOWANCES FOR CERTAIN MEMBERS OF THE TEACHERS' RETIREMENT SYSTEM AND THEIR BENEFICIARIES; PROVIDING A MINIMUM MONTHLY BENEFIT ALLOWANCE FOR CERTAIN MEMBERS OF THE SYSTEM AND THEIR BENEFICIARIES; INCREASING THE EMPLOYER'S CONTRIBUTION TO THE SYSTEM; AMENDING SECTION 19-4-605, MCA; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. Section 1. Cost-of-living increase.

Effective July 1, 1985, each monthly service or disability retirement allowance or survivorship allowance payable to a member of the teachers' retirement system retired before July 1, 1983, or his beneficiary must be increased as follows:

(1) 50 cents for each year of creditable service for a member or beneficiary receiving a monthly allowance of \$1,000 or more, exclusive of the increase provided in this subsection;

(2) \$1 for each year of creditable service for a member or beneficiary receiving a monthly allowance of more

than \$500 but less than \$1,000, exclusive of the increase provided in this subsection; and

(3) \$1.50 for each year of creditable service for a member or beneficiary receiving a monthly allowance of \$500 or less, exclusive of the increase provided in this subsection.

NEW SECTION. Section 2. Minimum monthly benefit

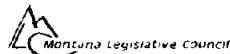
allowance. (1) A member of the teachers' retirement system retired before July 1, 1971, who is receiving a service or disability retirement allowance, or his beneficiary who is receiving a service, disability, or survivorship allowance, is eligible to receive a minimum monthly benefit allowance of \$400 if at the time of retirement the member:

- (a) was 60 years of age or older; and
- (b) had completed 30 years or more of service.

(2) A member or beneficiary who is eligible for a minimum monthly benefit allowance under subsection (1) is entitled to receive this benefit increase before his allowance is adjusted under [section 1].

Section 3. Section 19-4-605, MCA, is amended to read:

"19-4-605. Pension accumulation fund -- employer's contribution. The pension accumulation fund is the fund in which the reserves for payment of pensions and annuities shall be accumulated and from which pensions, annuities, and benefits in lieu thereof shall be paid to or on account of



1 beneficiaries credited with prior service. Contributions to  
2 and payments from the pension accumulation fund shall be  
3 made as follows:

4 (1) Each employer shall pay into the pension  
5 accumulation fund an amount equal to ~~7-320%~~ 7.499% of the  
6 earned compensation of each member employed during the whole  
7 or part of the preceding payroll period.

8 (2) If the employer is a district or community college  
9 district, the trustees shall budget and pay for the  
10 employer's contribution under the provisions of 20-9-501.

11 (3) If the employer is the superintendent of public  
12 instruction, a public institution of the state of Montana, a  
13 unit of the Montana university system, or the Montana state  
14 school for the deaf and blind, the legislature shall  
15 appropriate to the employer an adequate amount to allow the  
16 payment of the employer's contribution.

17 (4) If the employer is a county, the county  
18 commissioners shall budget and pay for the employer's  
19 contribution in the manner provided by law for the adoption  
20 of a county budget and for payments under the budget.

21 (5) All interest and other earnings realized on the  
22 moneys of the retirement system shall be credited to the  
23 pension accumulation fund, and the amount required to allow  
24 regular interest on the annuity savings fund shall be  
25 transferred to that fund from the pension accumulation fund.

1 (6) All pensions, annuities, and benefits in lieu  
2 thereof shall be paid from the pension accumulation fund.

3 (7) The retirement board may, in its discretion,  
4 transfer from the pension accumulation fund an amount  
5 necessary to cover expenses of administration."

6 NEW SECTION. Section 4. Extension of authority. Any  
7 existing authority of the teachers' retirement board to make  
8 rules on the subject of the provisions of this act is  
9 extended to the provisions of this act.

10 NEW SECTION. Section 5. Effective date. This act is  
11 effective July 1, 1985.

-End-

## STATE OF MONTANA

## FISCAL NOTE

REQUEST NO. FNN 324-85

Form BD-15

In compliance with a written request received January 5, 19 85, there is hereby submitted a Fiscal Note for House Bill 632 pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA). Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION OF PROPOSED LEGISLATION:

House Bill 632 would provide a cost-of-living increase to all TRS benefit recipients, establishes the requirements for the increases and provides the funding by increasing the employer contribution rates.

ASSUMPTIONS:

Salaries will increase 3.8% in Fiscal Year 1986 and 4.5% in Fiscal Year 1987. Annual benefits increase approximately 10% each year exclusive of any proposed increases. The \$400.00 minimum benefit is calculated after the increases provided in Section 1.

FISCAL IMPACT:Revenue:

	<u>Fiscal Year 1986</u>	<u>Fiscal Year 1987</u>
Employer Contributions		
Under Current Law	\$ 24,261,097	\$ 25,352,846
Under Proposed Law	24,854,367	25,972,813
Estimated Increase	<u>\$ 593,270</u>	<u>\$ 619,967</u>

Expenditures:

	<u>Fiscal Year 1986</u>	<u>Fiscal Year 1987</u>
Annual Benefits		
Under Current Law	\$ 34,837,367	\$ 38,321,104
Under Proposed Law	36,812,951	40,219,924
	<u>\$ 1,975,584</u>	<u>\$ 1,898,820</u>

*David L. Hunter*

BUDGET DIRECTOR  
Office of Budget and Program Planning

Date: Feb 9, 1985

HB 632

THE COST TO STATE AGENCIES AND UNIVERSITY SYSTEM:\*

State Agencies:

	Fiscal Year 1986	Fiscal Year 1987
Under Current Law	\$ 232,231	\$ 242,786
Under Proposed Law	238,012	248,723
	<u>\$ 5,681</u>	<u>\$ 5,937</u>

University System:

Under Current Law	\$4,395,806	\$4,593,617
Under Proposed Law	4,503,299	4,705,947
	<u>\$ 107,493</u>	<u>\$ 112,330</u>

\* Because of the method of financing the University System, all of the increased cost will require a general fund appropriation.

THE COST TO LOCAL GOVERNMENT:

Counties:

Under Current Law	\$ 57,649	\$ 60,243
Under Proposed Law	59,059	61,716
	<u>\$ 1,410</u>	<u>\$ 1,473</u>

School District:

Under Current Law	\$19,575,311	\$20,456,200
Under Proposed Law	20,053,997	20,956,427
	<u>\$ 478,686</u>	<u>\$ 500,227</u>

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

Costs for both state and local government will continue for the next 40 years and will increase in accordance with salary increases.

Benefit increases to TRS will be greater than revenue increases for several years, and then benefits will decline as revenues continue to increase.

STATE OF MONTANA  
FISCAL NOTE

Amended  
REQUEST NO. FNN 324-85

Form BD-15

In compliance with a written request received April 10, 19 85, there is hereby submitted a Fiscal Note for House Bill 632 Amended pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA). Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION OF PROPOSED LEGISLATION:

House Bill 632 amended, would provide a cost-of-living increase to certain TRS benefit recipients, establishes the requirements for the increases and provides the funding by increasing the employer contribution rates.

ASSUMPTIONS:

Salaries will increase 3.8% in Fiscal Year 1986 and 4.5% in Fiscal Year 1987. Annual benefits increase approximately 10% each year exclusive of any proposed increases.

FISCAL IMPACT:

<u>REVENUE</u>	<u>Fiscal Year</u> <u>1986</u>	<u>Fiscal Year</u> <u>1987</u>	<u>EXPENDITURES</u>	<u>Fiscal Year</u> <u>1986</u>	<u>Fiscal Year</u> <u>1987</u>
Employer Contributions			Annual Benefits		
Under Current Law	\$ 24,261,097	\$ 25,352,846	Under Current Law	\$ 34,837,367	\$ 38,321,104
Under Proposed Law	<u>24,619,048</u>	<u>25,726,905</u>	Under Proposed Law	<u>36,092,315</u>	<u>39,514,738</u>
Estimated Increase	\$ 357,951	\$ 374,059		\$ 1,254,948	\$ 1,193,634

  
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BUDGET DIRECTOR  
Office of Budget and Program Planning

Date: April 16, 1985

*HB 632 Amended*

THE COST TO STATE AGENCIES AND UNIVERSITY SYSTEM:

<u>State Agencies</u>	<u>Fiscal Year</u> <u>1986</u>	<u>Fiscal Year</u> <u>1987</u>
Under Current Law	\$ 232,331	\$ 242,786
Under Proposed Law	<u>235,759</u>	<u>246,368</u>
	\$ 3,428	\$ 3,582

UNIVERSITY SYSTEM \*

Under Current Law	\$ 4,395,806	\$ 4,593,617
Under Proposed Law	<u>4,460,662</u>	<u>4,661,392</u>
	\$ 64,856	\$ 67,775

\* Because of the method of financing the University System, all of the increased cost will require General Fund appropriations.

THE COST TO LOCAL GOVERNMENT:

Counties

Under Current Law	\$ 57,649	\$ 60,243
Under Proposed Law	<u>58,500</u>	<u>61,132</u>
	\$ 851	\$ 889

School Districts

Under Current Law	\$19,575,311	\$20,456,200
Under Proposed Law	<u>19,864,127</u>	<u>20,758,013</u>
	\$ 288,816	\$ 301,813

LONG RANGE IMPACT:

Costs for both state and local government will continue for the next 40 years and will increase in accordance with salary increases.

Benefit increases to TRS will be greater than revenue increases for several years, and then benefits will decline as revenues continue to increase.



APPROVED BY COMMITTEE  
ON STATE ADMINISTRATION

HOUSE BILL NO. 632

INTRODUCED BY *Candace Long* *Menahar Aarke*  
*Robert Nelson* *J. Sawyer* *Hardline*

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING A COST-OF-LIVING INCREASE IN SERVICE AND DISABILITY RETIREMENT ALLOWANCES AND SURVIVORSHIP ALLOWANCES FOR CERTAIN MEMBERS OF THE TEACHERS' RETIREMENT SYSTEM AND THEIR BENEFICIARIES; PROVIDING A MINIMUM MONTHLY BENEFIT ALLOWANCE FOR CERTAIN MEMBERS OF THE SYSTEM AND THEIR BENEFICIARIES; INCREASING THE EMPLOYER'S CONTRIBUTION TO THE SYSTEM; AMENDING SECTION 19-4-605, MCA; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. Section 1. Cost-of-living increase. Effective July 1, 1985, each monthly service or disability retirement allowance or survivorship allowance payable to a member of the teachers' retirement system retired before July 1, 1983, or his beneficiary must be increased as follows:

(1) 50 cents for each year of creditable service for a member or beneficiary receiving a monthly allowance of \$1,000 or more, exclusive of the increase provided in this subsection;

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than \$500 but less than \$1,000, exclusive of the increase provided in this subsection; and

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NEW SECTION. Section 2. Minimum monthly benefit allowance. (1) A member of the teachers' retirement system retired before July 1, 1971, who is receiving a service or disability retirement allowance, or his beneficiary who is receiving a service, disability, or survivorship allowance, is eligible to receive a minimum monthly benefit allowance of \$400 if at the time of retirement the member:

- (a) was 60 years of age or older; and
- (b) had completed 30 years or more of service.

(2) A member or beneficiary who is eligible for a minimum monthly benefit allowance under subsection (1) is entitled to receive this benefit increase before his allowance is adjusted under [section 1].

Section 3. Section 19-4-605, MCA, is amended to read: "19-4-605. Pension accumulation fund -- employer's contribution. The pension accumulation fund is the fund in which the reserves for payment of pensions and annuities shall be accumulated and from which pensions, annuities, and benefits in lieu thereof shall be paid to or on account of

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2 and payments from the pension accumulation fund shall be  
3 made as follows:

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5 accumulation fund an amount equal to ~~7.320%~~ 7.499% of the  
6 earned compensation of each member employed during the whole  
7 or part of the preceding payroll period.

8 (2) If the employer is a district or community college  
9 district, the trustees shall budget and pay for the  
10 employer's contribution under the provisions of 20-9-501.

11 (3) If the employer is the superintendent of public  
12 instruction, a public institution of the state of Montana, a  
13 unit of the Montana university system, or the Montana state  
14 school for the deaf and blind, the legislature shall  
15 appropriate to the employer an adequate amount to allow the  
16 payment of the employer's contribution.

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19 contribution in the manner provided by law for the adoption  
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9 extended to the provisions of this act.

10 NEW SECTION. Section 5. Effective date. This act is  
11 effective July 1, 1985.

-End-

HOUSE BILL NO. 632

INTRODUCED BY

*Cedarly Long* *Monahan* *Barkeo* *Hardine*  
*Nelson* *Schwartz*

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING A COST-OF-LIVING INCREASE IN SERVICE AND DISABILITY RETIREMENT ALLOWANCES AND SURVIVORSHIP ALLOWANCES FOR CERTAIN MEMBERS OF THE TEACHERS' RETIREMENT SYSTEM AND THEIR BENEFICIARIES; PROVIDING A MINIMUM MONTHLY BENEFIT ALLOWANCE FOR CERTAIN MEMBERS OF THE SYSTEM AND THEIR BENEFICIARIES; INCREASING THE EMPLOYER'S CONTRIBUTION TO THE SYSTEM; AMENDING SECTION 19-4-605, MCA; AND PROVIDING AN EFFECTIVE DATE."

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2 INTRODUCED BY EUDAILY, LORY, MENAHAN,

3 DARKO, HARBIN, NISBET, NELSON, SWIFT

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5 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING A  
6 COST-OF-LIVING INCREASE IN SERVICE AND DISABILITY RETIREMENT  
7 ALLOWANCES AND SURVIVORSHIP ALLOWANCES FOR CERTAIN MEMBERS  
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21 ~~{1}--50-cents-for-each-year-of-creditable-service-for-a~~  
22 ~~member--or--beneficiary--receiving--a--monthly--allowance-of~~  
23 ~~\$1,000-or-more,-exclusive-of-the-increase-provided--in--this~~  
24 ~~subsection;~~

25 {2}{1} \$1 50 CENTS for each year of creditable service

1 for a member or beneficiary receiving a monthly allowance of  
2 more than \$500 but less than \$1,000, exclusive of the  
3 increase provided in this subsection; and

4 ~~{3}{2}~~ \$1-50 \$1 for each year of creditable service  
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9 (2) If the employer is a district or community college  
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 13 instruction, a public institution of the state of Montana, a  
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24 ~~subsection;~~

25 ~~{2}{1}~~ {1} \$1 50 CENTS for each year of creditable service

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 16 appropriate to the employer an adequate amount to allow the  
 17 payment of the employer's contribution.

18 (4) If the employer is a county, the county  
 19 commissioners shall budget and pay for the employer's  
 20 contribution in the manner provided by law for the adoption  
 21 of a county budget and for payments under the budget.

22 (5) All interest and other earnings realized on the  
 23 moneys of the retirement system shall be credited to the  
 24 pension accumulation fund, and the amount required to allow  
 25 regular interest on the annuity savings fund shall be

1 transferred to that fund from the pension accumulation fund.

2 (6) All pensions, annuities, and benefits in lieu  
 3 thereof shall be paid from the pension accumulation fund.

4 (7) The retirement board may, in its discretion,  
 5 transfer from the pension accumulation fund an amount  
 6 necessary to cover expenses of administration."

7 NEW SECTION. Section 4. Extension of authority. Any  
 8 existing authority of the teachers' retirement board to make  
 9 rules on the subject of the provisions of this act is  
 10 extended to the provisions of this act.

11 NEW SECTION. Section 5. Effective date. This act is  
 12 effective July 1, 1985.

-End-