

SENATE BILL NO. 315

2/02 Introduced
2/04 Referred to Education & Cultural Resources
2/06 Fiscal Note Requested
2/11 Fiscal Note Received
2/13 Hearing
2/14 Committee Report-Bill Do Pass
2/16 2nd Reading Pass
2/19 3rd Reading Pass

Transmitted to House

2/27 Referred to State Administration
3/21 Hearing
3/21 Committee Report-Bill Concurred
3/23 Rereferred to Appropriations
3/28 Hearing
Died in Committee

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Senate BILL NO. *315*
Ed B...

INTRODUCED BY _____

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING A MINIMUM MONTHLY BENEFIT ALLOWANCE FOR CERTAIN MEMBERS OF THE TEACHERS' RETIREMENT 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. Minimum monthly benefit allowance. 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:

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

Section 2. 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

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benefits in lieu thereof shall be paid to or on account of beneficiaries credited with prior service. Contributions to and payments from the pension accumulation fund shall be made as follows:

(1) Each employer shall pay into the pension accumulation fund an amount equal to ~~7.320%~~ 7.332% of the earned compensation of each member employed during the whole or part of the preceding payroll period.

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

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

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

(5) All interest and other earnings realized on the moneys of the retirement system shall be credited to the pension accumulation fund, and the amount required to allow 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 3. 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 4. Effective date. This act is
12 effective July 1, 1985.

-End-

STATE OF MONTANA
FISCAL NOTE

REQUEST NO. FNN356-85

Form BD-15

In compliance with a written request received February 7 19 85, there is hereby submitted a Fiscal Note for S.B. 315 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:

Senate Bill 315 would provide a minimum benefit increase to certain retired members of the Teachers' Retirement System and provides the funding by increasing the employer contribution rate:

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 1986</u>	<u>Fiscal Year 1987</u>	<u>Expenditures</u>	<u>Fiscal Year 1986</u>	<u>Fiscal Year 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>24,300,870</u>	<u>25,394,408</u>	Under Proposed Law	<u>35,027,759</u>	<u>38,481,082</u>
Estimated Increase	\$ 39,773	\$ 41,562		\$ 190,392	\$ 159,978

David L Hunter

BUDGET DIRECTOR
Office of Budget and Program Planning

Date: Feb 11, 1985

THE COST TO THE STATE AND UNIVERSITY SYSTEM:*

<u>State Agencies</u>	<u>Fiscal Year</u> 1986	<u>Fiscal Year</u> 1987
Under Current Law	\$ 232,331	\$ 242,786
Under Proposed Law	232,712	243,184
	<u>\$ 381</u>	<u>\$ 398</u>

UNIVERSITY SYSTEM

Under Current Law	\$ 4,395,806	\$ 4,593,617
Under Proposed Law	4,403,012	4,601,147
	<u>\$ 7,206</u>	<u>\$ 7,530</u>

* Due to the method used in financing these agencies, the cost increase would be funded by the General Fund.

LOCAL IMPACT:

<u>Cost To Local Government</u>	<u>Fiscal Year</u> 1986	<u>Fiscal Year</u> 1987
<u>Counties</u>		
Under Current Law	\$ 57,649	\$ 60,243
Under Proposed Law	57,744	60,342
	<u>\$ 95</u>	<u>\$ 99</u>
 <u>School Districts</u>		
Under Current Law	\$ 19,575,311	\$ 20,456,200
Under Proposed Law	19,607,402	20,489,735
	<u>\$ 32,091</u>	<u>\$ 33,535</u>

LONG-RANGE IMPACT:

Costs for both state and local government will continue for the next 40 years and will increase directly as salaries increase.

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 COMM. ON EDUCATION AND CULTURAL RESOURCES

1 Senate BILL NO. 315
2 INTRODUCED BY Ed Fagan
3 Carlisle

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10 district, the trustees shall budget and pay for the
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 2 INTRODUCED BY Ed Egan
 3 Chairman

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