



***Background Brief***  
*for the*  
*State Administration and Veterans' Affairs Interim Committee*

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**HB 142 - Review of Statutory Advisory Councils and  
Statutorily Required Reports**

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## **History**

House Bill No. 142, sponsored by Rep. Diane Sands and passed by the 2011 Legislature, added the following responsibility to the statutory duties of each interim committee:

**5-5-215. Duties of interim committees.** (1) Each interim committee shall:  
... (d) review statutorily established advisory councils and required reports of assigned agencies to make recommendations to the next legislature on retention or elimination of any advisory council or required reports pursuant to 5-11-210; ...

The bill was prompted by the seeming proliferation of statutory advisory councils and statutorily required reports to the legislature.

The 2011-12 State Administration and Veterans' Affairs Interim Committee (SAVA) conducted the initial review, recommended legislation, which passed, that made minor revisions to a few of the relevant statutes. But, the committee did not recommend the elimination of any reports or advisory councils.

The 2013-14 committee received a background brief similar to this paper and chose not to expressly examine the relevant statutes or recommend any statutory changes to the 2015 Legislature.

## **Statutory Advisory Councils**

The following statutory advisory councils are subject to SAVA's review under HB 142 (2011):

- State Employee Group Benefits Advisory Council
- Capitol Complex Advisory Council
- Information Technology Board
- 9-1-1 Advisory Council
- Employee Investment Advisory Council

## **Statutorily Required Reports**

The following statutorily required reports are subject to SAVA's review under HB 142 (2011):

- Information Technology Report
- Capitol Complex Advisory Council Report
- Employee Incentive Program Report
- Veteran's Affairs Biennial Report
- Uniform Commercial Code Secured Transactions Report.

**NOTE:** The following statutorily required reports are typically always presented to SAVA during regular committee meetings during the last half of the interim:

- From the Teachers' Retirement System:
  - Annual Comprehensive Financial Report
  - Actuarial Valuation
  - Experience Studies (periodically)
- From the Montana Public Employees' Retirement Administration:
  - Annual Comprehensive Financial Report
  - Actuarial Valuation for each system
  - Experience studies (periodically)
- Montana Board of Investments Annual Report (sections relevant to pension funds)

The two tables on the following pages list each statutory advisory council and statutorily required report that SAVA is to review. The tables also provide hot links to the relevant statutes, the advisory council web pages, and the latest reports.

**Table 1 - Statutory Advisory Councils, Boards, or Commissions**

	MCA Section	Membership Provisions	Purpose
<b>Department of Administration - Advisory Councils</b>			
State Employee Group Benefits Advisory Council	<a href="#">2-15-1016</a>	Members must represent a "diverse group", at least one member must be a retired public employee, each union with more than 1,000 members is entitled to one representative. Currently, there are 12 members appointed by governor.	To review the existing state employee group benefit plans, to review claims problems, and to advise the department on state employee group benefit matters.  Website: <a href="http://benefits.mt.gov/SEGBAC">http://benefits.mt.gov/SEGBAC</a>
Capitol Complex Advisory Council	<a href="#">2-17-803</a> <a href="#">2-17-804</a>	9 members specified in statute.	To review proposals for long-term placement of displays of art or memorials and the naming of state buildings, spaces, or rooms in the Capitol Complex.  Website: <a href="http://ccac.mt.gov/">http://ccac.mt.gov/</a>
Information Technology Board	<a href="#">2-15-1021</a> <a href="#">2-17-513</a>	19 members appointed by various authorities.	To provide an advisory forum for executive, judicial, and legislative branch agencies and local governments when the department is setting IT standards and policies.  Website: <a href="http://sitsd.mt.gov/Governance/Boards-and-Councils/ITB">http://sitsd.mt.gov/Governance/Boards-and-Councils/ITB</a>
9-1-1 Advisory Council	<a href="#">10-4-102(2)</a>	Appointed by the governor; various public safety organizations may submit recommendations for membership.	To provide representatives of 9-1-1 jurisdictions with the opportunity to participate in the development, implementation, and management of the State of Montana's 9-1-1- Program.  Website: <a href="http://sitsd.mt.gov/Public-Safety-Home-Page/911-Advisory-Council">http://sitsd.mt.gov/Public-Safety-Home-Page/911-Advisory-Council</a>

**Table 1 - Statutory Advisory Councils, Boards, or Commissions**

	MCA Section	Membership Provisions	Purpose
<b>Public Employees' Retirement Board - Advisory Council</b>			
Employee Investment Advisory Council	<a href="#">19-3-2133</a>	Membership is not specified by statute. Members are appointed by the Public Employees' Retirement Board. Currently, there are 13 members.	<p>The advisory council is to advise the PER Board concerning the operation of the defined contribution plan, including the selection of the initial investment alternatives for the PERS-DC plan; advise the board about negotiating, contracting, or modifying services for the state deferred compensation plan provided for in chapter 50; and review existing deferred compensation plans and advise the board on the administration of the program.</p> <p>Website: <a href="http://mpera.mt.gov/eiac.shtml">http://mpera.mt.gov/eiac.shtml</a></p>

**Table 2 - Statutorily Required Reports**

	MCA Section	Statutory Language Requiring the Report	Link to latest report
<b>Department of Administration - Statutory Reports</b>			
Information Technology Report	<a href="#">2-17-512(1)(x)</a>	<b>2-17-512:</b> The department shall "report to the appropriate interim committee on a regular basis and to the legislature as provided in 5-11-210 on the information technology activities of the department"	<a href="#">Report, June 2014</a>
Capitol Complex Advisory Council Report	<a href="#">2-17-804(3)</a>	"(3) By September 15 of each year preceding a regular legislative session, the council shall report to the state administration and veterans' affairs interim committee on requests that the council has reviewed for naming buildings, spaces, and rooms and for placing items in the capitol complex or on the capitol complex grounds. The report must include a recommendation to the committee on whether reviewed requests meet the criteria established by this part and whether legislation is needed. If a request meets the criteria, the council shall recommend a timeframe during which the project should be authorized. "	<a href="#">Report, June 2014</a>
Employee Incentive Program Report	<a href="#">2-18-1103(3)</a>	The department shall..."(3) prepare and submit to the state administration and veterans' affairs interim committee by September 15 in the year preceding the regular legislative session and in the manner provided in 5-11-210 a list of awards granted under 2-18-1106 and the corresponding savings to the state and improvements in the effectiveness of state government.".	<a href="#">Report, Fiscal Years 2013-2014</a>
<b>Board of Veteran's Affairs - Statutory Report</b>			
Biennial Report	<a href="#">10-2-102(1)(i)</a>	The board shall... "(i) prepare a biennial report to the governor, the department of military affairs, the appropriate legislative interim committee, and veterans' service organizations. The report must include but is not limited to Montana veteran demographic information, the financial impact of division benefit claim services received by Montana veterans, and a summary of the general and special revenue budgets and expenditures for veterans' affairs."	<a href="#">Report, July 1, 2014</a>

**Table 2 - Statutorily Required Reports**

	MCA Section	Statutory Language Requiring the Report	Link to latest report
<b>Office of Secretary of State - Statutory Report</b>			
Uniform Commercial Code Secured Transactions Report	<a href="#">30-9A-527</a> <i>**Note: This statute is part of a Uniform Code and may not be repealed or significantly amended</i>	<p><b>"30-9A-527. Duty to report.</b> If there have been any changes affecting filing-office rules, the secretary of state shall report to the state administration and veterans' affairs interim committee by September 15 in the year preceding the regular legislative session on the operation of the filing office. The report must contain a statement of the extent to which:</p> <p>(1) the filing-office rules are not in harmony with the rules of filing offices in other jurisdictions that enact substantially this part and the reasons for these variations; and</p> <p>(2) the filing-office rules are not in harmony with the most recent version of the model rules promulgated by the international association of corporate administrators or any successor organization and the reasons for these variations."</p>	No changes were made to trigger this report
<b>Teachers' Retirement Board - Statutory Reports</b>			
Comprehensive Annual Financial Report (CAFR)	<a href="#">5-11-210(11)</a> <a href="#">19-20-201(1)(d)</a> and <a href="#">(4)</a>	<p><b>5-11-210, MCA.</b> "(11) Each report to the legislature required under 17-6-230, 19-2-405, 19-2-407, and 19-20-201 must be provided to the legislative services division as soon as the report is published. The legislative services division shall ensure that legislators are notified pursuant to this section of the report's availability. During the interim, the legislative services division shall ensure that members of the state administration and veterans' affairs interim committee and the legislative finance committee receive copies of the reports."</p> <p><b>19-20-201 (4), MCA:</b> " (4) The board shall make available to the state administration and veterans' affairs interim committee and to the legislature pursuant to 5-11-210 copies of the annual actuarial valuation and reports required pursuant to subsections (1)(d), (1)(f), and (1)(g)."</p> <p>(1)(d) "submit a report to the office of budget and program planning detailing the fiscal transactions for the 2 fiscal years immediately preceding the report due date, the amount of the accumulated cash and securities of the retirement system, and the last fiscal year balance sheet showing the assets and liabilities of the retirement system;"</p>	<a href="#">CAFR - Fiscal Year Ending June 30, 2014</a>
Actuarial valuation of TRS	<a href="#">19-20-201(1)(f)</a>	<p><b>19-20-201 (4): See above</b></p> <p>(1)(f) "prepare an annual valuation of the assets and liabilities of the retirement system that includes an analysis of how market performance is affecting the actuarial funding of the retirement system;"</p>	<a href="#">Actuarial Valuation for FY 2014</a>

**Table 2 - Statutorily Required Reports**

	MCA Section	Statutory Language Requiring the Report	Link to latest report
TRS Experience Studies	<a href="#">19-20-201(1)(g)</a>	<p><b>19-20-201 (4): See above</b></p> <p>(1)(g) "require the board's actuary to conduct and report on a periodic actuarial investigation into the actuarial experience of the retirement system;"</p>	<a href="#">Experience Study, 5-year Period Ending July 1, 2014</a>
<b>Public Employees' Retirement Board - Statutory Reports</b>			
Comprehensive Annual Financial Report (CAFR)	<a href="#">19-2-407</a>	<p><b>"19-2-407. Reports.</b> (1) As soon as practical after the close of each fiscal year, the board shall file with the governor and with the legislature pursuant to 5-11-210 a report of its work for that fiscal year. The report must include but is not limited to:</p> <p>(a) a statement as to the accumulated cash and securities in the pension trust funds as certified by the state treasurer and the board of investments;</p> <p>(b) a summary of the most recent information available from the actuary concerning the actuarial valuation of the assets and liabilities of each system or plan; and</p> <p>(c) an analysis of how market performance is affecting actuarial funding of each of the retirement systems or plans.</p> <p>(2) The report required under subsection (1) must also provide information concerning the defined contribution plan, including a description of the plan, the number of members in the plan, plan contribution rates, the total amount of money invested by members, investment performance, administrative costs and fees, determinations on the plan choice rate made pursuant to 19-3-2121, and other information required under applicable governmental accounting standards and as determined by the board."</p>	<a href="#">CAFR - Fiscal Year Ending June 30, 2014</a>
Actuarial valuation of each system administered by MPERA	<a href="#">19-2-405 (2) and (7)</a>	<p>"(2) The board shall require the actuary to make and report on an annual actuarial investigation into the suitability of the actuarial tables used by the retirement systems and an actuarial valuation of the assets and liabilities of each defined benefit plan that is a part of the retirement systems.</p> <p>"(7) The board shall provide copies of the reports required pursuant to subsections (2) and (5) to the state administration and veterans' affairs interim committee and to the legislature pursuant to 5-11-210."</p>	<a href="#">June 30, 2014 Actuarial Valuations</a>

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	MCA Section	Statutory Language Requiring the Report	Link to latest report
Experience study report of each system administered by MPERA	<a href="#">5-11-210</a> <a href="#">19-2-405(5)</a>	<p><b>5-11-210 (11):</b> "Each report to the legislature required under 17-6-230, 19-2-405, 19-2-407, and 19-20-201 must be provided to the legislative services division as soon as the report is published."</p> <p><b>19-2-405(5) and (7):</b> "The board shall require the actuary to conduct a periodic actuarial investigation into the actuarial experience of the retirement systems and plans. Copies of the report must be provided to the legislature pursuant to 5-11-210."</p>	<p><a href="#">Economic Experience Study</a>  <a href="#">As of June 30, 2013</a></p>
<p><b>Board of Investments - Statutory Report</b></p>			
<p><i>*(Board is attached to the Department of Commerce and monitored by the Economic Affairs Interim Committee)</i></p>			
Retirement system trust fund investments	<a href="#">17-6-230</a>	<p><b>"17-6-230. Reports on retirement system trust fund investments and benefits.</b> (1) As soon as practical after the end of each calendar year, the board of investments shall publish a report on each retirement system trust fund invested by the board. The report may be part of an annual report required pursuant to Article VIII, section 13, of the Montana constitution or 17-5-1650 but must summarize the following with respect to each retirement system trust fund:</p> <ul style="list-style-type: none"> <li>(a) asset allocation;</li> <li>(b) past and expected investment performance;</li> <li>(c) investment goals and strategies; and</li> <li>(d) Montana public employees' retirement system investments and performance compared with the public employees' retirement system investments and performance in other states.</li> </ul> <p>(2) The board of investments shall annually at a public meeting present the report described in subsection (1) to the public employees' retirement board provided for in 2-15-1009 and the teachers' retirement board provided for in 2-15-1010. The board shall also provide the report to the legislature pursuant to 5-11-210 and to the state administration and veterans' affairs interim committee."</p>	<p><a href="#">All Annual Reports</a>                      Latest is for FY 2014</p>