

**MEETING SCHEDULE AND WORK PLAN
FOR THE STATE ADMINISTRATION AND
VETERANS' AFFAIRS INTERIM
COMMITTEE**

Prepared for
The State Administration and Veterans' Affairs Interim Committee
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Part I: Proposed Meeting Schedule and Work Plan for the State Administration and Veterans' Affairs Interim Committee

INTRODUCTION

The State Administration and Veterans' Affairs Interim Committee (hereafter SAVA or Committee) is one of nine interim committees codified in Title 5, chapter 5, MCA.

5-5-228. State administration and veterans' affairs interim committee.

The state administration and veterans' affairs interim committee has administrative rule review, draft legislation review, program evaluation, and monitoring functions for the public employee retirement plans and for the following executive branch agencies and the entities attached to the agencies for administrative purposes:

- (1) department of administration;
- (2) department of military affairs; and
- (3) office of the secretary of state.

As one of the interim committees, the SAVA has various duties, responsibilities, and authority prescribed by statute, specifically, 5-5-215, MCA.¹

5-5-215. Duties of interim committees. (1) Each interim committee shall:

- (a) review administrative rules within its jurisdiction;
- (b) subject to 5-5-217(3), conduct interim studies as assigned;
- (c) monitor the operation of assigned executive branch agencies with specific attention to the following:
 - (i) identification of issues likely to require future legislative attention;
 - (ii) opportunities to improve existing law through the analysis of problems experienced with the application of the law by an agency; and

¹ Section 5-5-202, MCA, also speaks to the duties and authority of interim committees, as do other sections of Title 5, chapter 5, MCA.

(iii) experiences of the state's citizens with the operation of an agency that may be amenable to improvement through legislative action;

(d) review proposed legislation of assigned agencies or entities as provided in the joint legislative rules; and

(e) accumulate, compile, analyze, and furnish information bearing upon its assignment and relevant to existing or prospective legislation as it determines, on its own initiative, to be pertinent to the adequate completion of its work.

(2) Each interim committee shall prepare bills and resolutions that, in its opinion, the welfare of the state may require for presentation to the next regular session of the legislature.

(3) The legislative services division shall keep accurate records of the activities and proceedings of each interim committee.

The HB 2 appropriation and the budget allocated to the Committee should allow for approximately seven meetings. The precise number and duration of the meetings depends on a variety of factors, some of which have yet to be determined.

Pursuant to 5-5-217 and 5-11-105, MCA, the Legislative Council has assigned to the SAVVA the studies requested in House Joint Resolution No. 46, a study of election laws, and HJR 59, a study of state employee retirement plans. House Joint Resolution No. 46 was the fourth-highest ranked study and HJR 59 was the sixth-highest ranked study as determined by the legislator poll conducted following adjournment sine die of the 60th Legislature. The proposed meeting schedule and work plans anticipate that the Committee will devote considerable attention to the HJR 46 and HJR 59 studies during the latter half of calendar 2007, and complete the studies by late-February 2008.

Thus, it is within the preceding context that this work plan and meeting schedule was proposed by staff and adopted by the SAVVA. The outline of study plans for HJR 46 and HJR 59 follow later in this proposal as an integral part of the proposal and as self-contained outlines.

WORK PLAN AND MEETING SCHEDULE

The Committee is more or less duty bound to execute its responsibilities as listed in Title 5, chapter 5, MCA. Consequently, staff anticipates that the agenda for each meeting of the Committee will include a component for agency updates, review of administrative rules, and public comment on issues within the purview of the Committee.

That said, however, for the first four meetings (at least) of the 2007-08 fiscal biennium, the work plan commits the Committee to focus on the substance of HJR 46 and HJR 59 and give only limited attention to other matters on an as-needed basis.

Beginning in 2008, the work plan and meeting schedule contemplate that the Committee will invest some energy in relevant issues beyond those contained in HJRs 46 and 59, including state administration, purchasing/contracting, the National Guard and Reserves, veterans' affairs, elections in general, and political practices. By late spring 2008, the Committee should intend to devote its attention to prospective legislation potentially affecting any of the state's public retirement systems proposed by stakeholder entities, whether public agencies or private groups, and other potential legislation contemplated by the agencies for which the Committee has monitoring and review responsibilities.

In broad brush, the Committee should consider adopting the following meeting schedule for the remainder of the 2007-08 interim:

- Thursday, June 21, 2007
- Friday, September 7, 2007
- Friday, October 19, 2007
- Friday, November 30, 2007
- Monday, January 7, 2008
- Friday, February 22, 2008
- Monday & Tuesday, April 28 and 29, 2008
- Monday & Tuesday, June 30 and July 1, 2008
- Monday, September 15, 2008 (if necessary)

As mentioned previously, the meetings in September, October, November, and December 2007 are anticipated to focus largely on election laws and on state retirement plan issues alluded to or specified in HJR 46 and HJR 59. (More details on the anticipated study-focused meetings is provided later in this proposed work plan.)

Following the February 2008 meeting, the Committee should work toward catching up with agencies' activities and emerging issues. By April 2008, the Committee should be reviewing legislation concepts or proposals related to any of the state's retirement plans, whether from interest groups or the administration. Historically and traditionally, these issues have consumed substantial time and energy, both by the Committee and during regular legislative sessions.

By June 2008, the agencies for which the SAVA has been assigned monitoring and reviewing responsibilities should present legislation concepts and proposals (other than those related to the state retirement plans) under consideration for the 2009 legislative session, for the Committee's review and action.

It is possible that the Committee could complete its work by the conclusion of the scheduled June 2008 meetings. However, it is equally as likely that the Committee may wish to tie up loose ends over the summer and conclude its work at a September 2008 meeting.

Importantly, the meeting schedule and broad brush work plan is merely an outline of SAVA activities as seen by staff. It is incumbent upon the SAVA members to monitor Committee and staff progress vis a vis the work plan and, if necessary or desirable, to revise the plan as best suits the Committee, including the meeting dates and topics to be covered. When adopted, the meeting schedule and work plan will guide staff work and the relevant activities of the agencies and interested parties attuned to the Committee's activities and schedule.

The study plans for HJR 46 and HJR 59, beginning on page 5, are an integral part of the SAVA's meeting schedule and work plan and, therefore, should also be monitored, and if necessary revised and re-adopted, in accordance with the Committee members' goals and objectives.

Part II A: Study Outline for HJR 46 -- A Study of Montana Election Law, Sue O'Connell, Research Analyst

INTRODUCTION

With the clock ticking toward the 45th day of the 60th Regular Legislative Session, it became apparent that a proposal (LC 1503) to require mail ballots for most elections was simply too complicated to be drafted and acted on before the transmittal deadline. So the sponsor instead introduced House Joint Resolution 46, to allow for the drafting of "a comprehensive cleanup and clarification of current election laws" during the 2007-08 interim, including revisions to the laws governing mail ballots.

Legislators ranked the study fourth in the post-session poll of interim studies, and the Legislative Council in May 2007 assigned the study to the State Administration and Veterans' Affairs Interim Committee. HJR 46 directs that staff or the committee draft legislation to:

- update, clarify, and clean up current laws governing elections, and
- require or permit all elections to be conducted by mail.

Comment from the Secretary of State's office, local election administrators, other interested persons, and the public is to be taken into account in drafting of the legislation.

VOTING IN MONTANA

Montana's election laws have undergone numerous piecemeal revisions in the past decade, to incorporate changes required by federal law and also to enact provisions sought by state legislators. A sense of the frequency of changes can be gleaned simply by checking the history of various sections of Title 13, which generally governs elections. The

general definitions section, for example, was amended in every session held from 1997 through 2003. Absentee voting procedures were amended in 1997, 1999, 2003, and 2005. Provisional voting procedures were put into place in 2003, along with a specific section on absentee voting by military members.

During testimony on HJR 46, elections administrators noted that due to changes in voter registration and absentee voting laws, they essentially run five operations on Election Day: the regular election being conducted at polling places; military absentee voting; permanent absentee voting; emergency absentee voting; and same-day registration and voting.

Those testifying on HJR46 were unanimous in their support of a comprehensive review and revision of election laws.

STUDY RESOURCES

The HJR 46 study will bring interested parties into the process to review and propose improvements to existing law. The elections administrators in Montana's 56 counties have extensive knowledge of how changes in election laws have affected polling in both rural and urban areas. In addition, the Secretary of State's Office oversees county election offices and has offered help with the study. Staff will work with these state and local officials, as well as other interested groups, to identify ways in which the state's election laws could be streamlined and updated and to identify issues that should be considered in drafting new election laws, including laws involving mail ballots. The study will use any existing results of recent surveys on elections or, if none exist, design a survey instrument to be sent to county elections officers.

OUTLINE OF STUDY ACTIVITIES AND MEETING SCHEDULE

Staff proposes that the majority of the study work be conducted by staff, working with various stakeholder groups, for presentation to the committee. Staff will work with interested parties to draft legislation and develop policy options for the committee's consideration. The study process, composed of three overlapping stages, will include the following activities during the time periods noted:

1. Compile background information: June 2007-October 2007. Staff will meet with state and local elections officials and with other interested parties, including representatives of the groups that testified on the study resolution (League of Women Voters, Montana Conservation Voters, Montana Advocacy Project) and representatives of the Democratic and Republican parties. These meetings will be designed to:
 - a. gather information about which portions of the existing laws work well and which ones don't, areas of duplication or confusion, and other issues or problems;
 - b. discuss areas that could be improved and streamlined; and
 - c. determine the best manner in which to expand on existing mail ballot provisions.

Staff also will research mail ballot laws and experiences in other states and will provide written background materials on research activities to the committee, as needed.

2. Identify options: October - November 2007. Depending on the complexity of the issues and other demands on staff time, staff will present the committee in either October or November with an outline of draft legislation and a list of policy options for committee consideration and direction.

3. Provide and refine draft legislation: November through February 2008. Based on direction from the committee, staff will draft legislation for presentation at the winter meetings. Revisions will be made to the draft legislation, based on comments from the committee and the public, through February 2008.

The three overlapping stages of the HJR 46 study are outlined below as tentative activities in conjunction with proposed meetings:

Friday, October 19, 2007

- ▶ A briefing on information gathered in researching mail ballot laws in other states and from meeting with state and local elections officials and other interested parties.

Friday, Nov. 30, 2007

- ▶ Presentation of an outline for draft legislation.
- ▶ Presentation of policy options for committee consideration and direction.
- ▶ Panel discussion with representatives of interested parties, if desired.

Monday, January 7, 2008

- ▶ Draft legislation for consideration by committee and the public.
- ▶ Further committee direction on draft legislation, based on public comment.

Friday, February 22, 2008

- ▶ Presentation of final draft of legislation for committee review and approval.

If the Committee is unable to conclude its work on HJR 46 at the February 22, 2008, meeting, completion might be accomplished through a conference call or Committee wrapup during part of a subsequent meeting.

Part II B: Study Outline for HJR 59 -- A Study of Public Employee Retirement Plans, Dave Bohyer, Research Director

INTRODUCTION

The genesis of HJR 59 can probably be traced back nearly 3 years, to the late summer of 2004 when, following a July 2004 biennial actuarial review of Montana public employee retirement plans, the Public Employees' and the Teachers' Retirement Boards identified an emerging problem that the boards felt deserved immediate and focused attention: the actuarial soundness of and funding for Montana's public employee retirement plans. More specifically, the biennial review revealed that three of the 10 retirement plans were significantly underfunded in actuarial terms. The boards determined that, under both Montana and federal law, a pressing need existed for additional funding. Further, the boards determined that the law required that the additional funding be obtained for the unsound plans, most likely, through increased employer contributions to the plans.

As a result of the boards' determinations, House Bills No. 148 and 181 were preintroduced for consideration by the 59th Legislature. In short, the bills would have, among other things, increased the employer contributions for covered employees in the separate retirement systems for public employees, sheriffs, game wardens and peace officers, and teachers.

While HB 148 and HB 181 were winding their way through the legislative process, mostly without controversy, the Governor's budget director, David Ewer, voiced his concerns with the bills and the administration's desire to devote additional study and thought to the perceived predicament and to the options available to address it. Subsequently and relatively late in the 59th Regular Session, HB 148 and HB 181 were tabled in the Senate Finance and Claims Committee.

Underlying the budget director's concerns and the Senate Finance and Claims Committee's action were the estimated multimillion dollar fiscal impacts for the current and future biennia, the potential for significant property tax increases at the local level to fund increased employer contributions, and the possibility or probability that better solutions to the actuarial problems might be found by committing additional time and attention to the matter.

At about the same time that HB 148 began to meet resistance, House Joint Resolution No. 42 began its own venture into the legislative process. Given the short title, "Study investment of pension funds", HJR 42 requested that an interim committee study the actuarial unsoundness of four of the state's public retirement systems. After receiving unanimous approval by the House State Administration Committee, HJR 42 successfully navigated through the House and the Senate in a scant five days.

The outcome of the HJR 42 study included general fund appropriations during the December 2005 Special Session of \$100 million to the Teachers' Retirement System and \$25 million to the Public Employees' Retirement System. Proposed legislation requested and considered by the SAVA during 2006 was ultimately suspended because legislation proposed by the Teachers' Retirement Board (HBs 63 and 81) and by the Public Employees' Retirement Board (HBs 125, 129, and 159) addressed the bulk of the Committee's issues. Nevertheless, some issues remained throughout the 60th Regular Session.

BACKGROUND

House Joint Resolution No. 59 was conceived in the House State Administration Committee through a lively discussion relatively late in the 60th Legislative Session. The upshot of these conversations in March and April 2007 seems to have been the perception of a number of Committee members that legislators need more or better or different information about the state's public retirement systems. Additionally and of equal importance it seems was the sense or assessment that, perhaps, better models of public retirement systems exist outside of the systems Montana has adopted.

The Montana School Boards Association, for example, conjectured that a system that requires a member to participate (pay into) the system for a minimum of 30 years to earn full retirement benefits would benefit both the system and school districts.

The School Administrators of Montana followed along, suggesting that a 30-year system coupled with an increased multiplier, from 1.67% per year of service to 2% per year of service, could prove beneficial.

The Teachers' Retirement Board stated that the current TRS encourages early retirement of teachers and administrators, effectively running counter to the best interests of school districts and, perhaps, students.

Based on a perception that knowledge and understanding of public retirement system-related issues among most legislators ranges from slim to none, members of the House State Administration Committee saw potential benefit to legislators, the legislative process, and the retirement systems from different or additional information. Underlying the State Administration Committee's discussion seemed to be a belief that Montana's current retirement systems do not accomplish the legislature's goals or adhere to the legislature's principles, coupled with speculation that systems better matching the legislature's goals and principles could be found in another state.

Penultimately, the State Administration Committee members recognized that differences exist among states in factors such as their constitutions, population sizes, demographics, statutes and case law, and revenue levels and sources. Ultimately, the Committee saw value in continued study during the interim of the retirement systems used by Montana and other states.

CONSTITUTIONAL REQUIREMENTS

One of the pillars of the state's retirement systems lies in the Montana Constitution and, more precisely, in the provisions that speak to investing public retirement funds and to provisions that require actuarial funding of public pension systems.

Article VIII. Section 13. Investment of public funds and public retirement system and state compensation insurance fund assets. (1)

The legislature shall provide for a unified investment program for public funds and public retirement system and state compensation insurance fund assets and provide rules therefor, including supervision of investment of surplus funds of all counties, cities, towns, and other local governmental entities. *Each fund forming a part of the unified investment program shall be separately identified. Except as provided in subsections (3) and (4), no public funds shall be invested in private corporate capital stock. The investment program shall be audited at least annually and a report thereof submitted to the governor and legislature.*

(2) The public school fund and the permanent funds of the Montana university system and all other state institutions of learning shall be safely and conservatively invested in:

- (a) Public securities of the state, its subdivisions, local government units, and districts within the state, or
- (b) Bonds of the United States or other securities fully guaranteed as to principal and interest by the United States, or
- (c) Such other safe investments bearing a fixed rate of interest as may be provided by law.

(3) *Investment of public retirement system assets shall be managed in a fiduciary capacity in the same manner that a prudent expert acting in a fiduciary capacity and familiar with the circumstances would use in the conduct of an enterprise of a similar character with similar aims. Public retirement system assets may be invested in private corporate capital stock.*

(4) Investment of state compensation insurance fund assets shall be managed in a fiduciary capacity in the same manner that a prudent expert acting in a fiduciary capacity and familiar with the circumstances would use in the conduct of a private insurance organization. State compensation insurance fund assets may be invested in private corporate capital stock. However, the stock investments shall not exceed 25 percent of the book value of the state compensation insurance fund's total invested assets. *(Emphasis added in subsections (1) and (3).)*

Article VIII. Section 15. Public retirement system assets. (1) *Public retirement systems shall be funded on an actuarially sound basis. Public retirement system assets, including income and actuarially required contributions, shall not be encumbered, diverted, reduced, or terminated and shall be held in trust to provide benefits to participants and their beneficiaries and to defray administrative expenses.*

(2) The governing boards of public retirement systems shall administer the system, including actuarial determinations, as fiduciaries of system participants and their beneficiaries. *(Emphasis added.)*

The entirety of Article VIII, Section 15, and the relevant provisions of Art. VIII, Sec. 13, were voted on by the electorate in 1994 (Const. Amend. No. 25). Proponents of the provisions cited five reasons to support the measure:²

- prohibits the use of current public pension assets or future pension revenues for purposes unrelated to pension administration or benefit distribution (a.k.a. "pension raiding");

² 1994 Voter Information Pamphlet, Secretary of State, Arguments For Constitutional Amendment No. 25.

- requires the governing boards of our public pension systems to administer the systems and manage fund assets as "fiduciaries";
- maintains the effective day-to-day investment authority of the Montana Board of Investments;
- does not expand or provide any new benefit to public employees or retirees; and
- stabilizes the tax burdens expected of the public-at-large, as well as government employers and employees making payroll deduction contributions to the retirement funds.

The opponents cited a concern that CA 25 was tantamount to an admission that "the State is too insecure to pay back borrowed money from a fund or any other source" and, further, that the underlying message being sent "to all bond investors and others [is] that we are worried about the fiscal conditions of the State."³

The proponents carried the day as Constitutional Amendment No. 25 passed easily, 243,855 or 73% in favor to 88,336 or 27% opposed.

STUDY ISSUES

The reasons for and concerns underlying HJR 59, as contained in the "whereas" clauses, include:

- the excess actuarial unfunded liability has caused actuarial unsoundness in the teachers, public employees, and sheriffs retirement systems;
- the current structure and funding of Montana's public employee retirement plans is set by statute, making it the Legislature's duty to ensure that statutory provisions reflect sound policy principles that balance considerations about actuarial soundness, employer objectives, employee retirement savings, and Montana's tax base;

³ 1994 Voter Information Pamphlet, Secretary of State, Arguments Against Constitutional Amendment No. 25.

- previous Legislatures and interim legislative committees have laid a foundation upon which this and the next Legislature can continue to build; and
- a legislator's guide on Montana's retirement systems that is updated before each legislative session and that may be explained to legislators is a valuable resource that will assist Montana's Legislature in making informed retirement policy and funding decisions.

DIRECTION FROM THE LEGISLATURE

General directions to the Committee for conducting the study are contained in the "resolved" clauses of HJR 59. Those directions include the production for the 61st Legislature of a legislator's guide on public employee retirement systems, which should include:

- a brief history of Montana's retirement plans;
- a concise summary of the rationale for the current retirement plan features of Montana's public employee retirement systems, including but not limited to vesting, early retirement, disability, postretirement benefit adjustments, postretirement earning limits, service purchase and rollover provisions, and benefit formulas;
- an overview of and background on policy principles established by the State Administration and Veterans' Affairs Interim Committee pursuant to section 5-5-228(2)(b), MCA, the retirement boards, and the Board of Investments;
- a review of current trends and best practices in public retirement plan design and funding, including a compilation of research and analysis comparing and contrasting options such as money purchase plans, cash balance plans, floor plans, pension equity plans, deferred retirement option plans, and other hybrid defined benefit and defined contribution retirement plans; and

- a comparison of Montana's public employee retirement systems with current trends and best practices, and identification of viable alternatives to current structure and funding.

The resolution also requests a general analysis of the fiscal implications of potential plan design changes on employee and employer contributions, retirement savings, investment responsibilities, and funding obligations. This request can be addressed only after the SAVA identifies "plan design changes".

The resolution also anticipates the SAVA reporting its findings and recommendations, including recommendations from the Teachers' Retirement Board, the Public Employees' Retirement Board, and the Board of Investments, on whether Montana's public employee retirement plans should be updated or changed and if so, how, in order to best serve public employers, public employees, and all people of Montana.

STUDY DESIGN

The HJR 59 study can be approached in four phases that are, simultaneously, distinct and overlapping. As envisioned, the four study phases will follow the underpinnings of the resolution itself:

- I. building a foundation of facts and evidence regarding public employee retirement plans;
- II. identifying and analyzing specific factors perceived by the Committee to be relevant to further discussion of Montana public employee retirement plans;
- III. developing, through Committee discussion and action, findings and conclusions about the policy principles upon which Montana's public employee retirement plans should be centered and the potential fiscal implications of those policy principles;
- IV. identifying, through Committee discussion and action, legislative options for addressing the fiscal/actuarial soundness of public employee retirement plans in Montana.

Phase 1: Building a foundation

Compiling facts and evidence about Montana public employee retirement plans and perhaps plans in other states will be ongoing throughout the study, but will largely be "front loaded". This phase of the proposed study design includes the following elements:

- a history of retirement plans in Montana. Staff will begin the historical review at the statutory implementation date of each of the retirement plans and provide an overview of constitutional and statutory requirements, restrictions, authority, etc. The implications of relevant case law decided subsequent to adoption of the Montana Constitution in 1972 will also be examined and interpreted.
- a summary of the rationale for the current retirement plan features of Montana's public employee retirement systems, including but not limited to vesting, early retirement, disability, postretirement benefit adjustments, postretirement earning limits, service purchase and rollover provisions, and benefit formulas.
- an overview of and background on policy principles established by the State Administration and Veterans' Affairs Interim Committee pursuant to section 5-5-228(2)(b), MCA, the retirement boards, and the Board of Investments;
- the experience and concerns of retirement plan stakeholders, i.e., representatives or groups potentially affected by the nature, scope, structure, and condition of public employee retirement plans, plus other groups considered by the Committee or staff to be directly impacted by the changes to existing public employee retirement plans or the creation of totally new plans.

Phase 2: Narrowing the focus

The scope of the HJR 59 study request is fairly broad. The proposed study plan provides an opportunity for the Committee to more clearly identify its own priorities within the guidelines provided in HJR 59.

Periodically, the Committee may wish to refine, clarify, or reestablish the Committee's priorities. Additionally, the Committee members can articulate their individual concerns, questions, and hypotheses. This phase of the study will include:

- an issues and options decision tool, prepared by staff, that the Committee can use to clarify priorities and narrow the focus of the study. The objective of this exercise is to establish in relatively clear terms categories of or specific questions about public employee retirement systems, including: retirement plan theory and design; retirement plan practices in Montana and in other, selected states or jurisdictions; factors and assumptions that affect the soundness of retirement plans; and overall goals and objectives of the Committee regarding the desired outcome of and outputs from the study;
- compiling or analyzing additional information, including information identified as necessary or useful to the Committee's future discussions or goals. The information may be provided by the "stakeholders" or the Committee's staff, or it may involve provoking more dynamic interaction between the Committee and others, such as a panel of experts or through topic-specific seminars conducted by experts.

Phase 3: Scrutinizing alternatives

The questions and concerns identified, refined, and prioritized by the Committee in Phase 2 will provide the basis for continuing research and analysis. Subsequently, the accumulation of information and understanding by the Committee members will promote the development of findings from which the Committee can draw conclusions. This phase of the study will include:

- fleshing out retirement plan options identified by the Committee as being worthy of further examination, possibly including actuarial analysis;
- compiling, analyzing, and reporting information directly related to the plan options identified by the Committee. This information may be available from current resources or it may have to be developed by staff, stakeholders, Committee members, or others;
- establishing formal findings by examining and discussing the information. (Staff can develop decision tools to assist in this exercise.)
- drawing conclusions from the findings adopted previously to help form the basis for options, including proposed legislation, that may be developed in Phase 4.

Phase 4: Legislative options and Committee recommendations

The findings and conclusions developed in Phase 3 may lead the Committee to develop options for legislative consideration, including draft legislation. In fact, that is the guidance provided in HJR 59. The options should be carefully crafted to address the legislatively controllable factors and inputs relevant to public employee retirement plans in Montana.

For example, the Committee could propose that the 61st Legislature adopt legislation to require, restrict, or initially authorize action by the Public Employee Retirement Board or its staff or the Board of Investments or its staff or to expand the statutory authority already provided to either of the Boards or their respective staffs.

If the Committee determines that no action should be taken at this time, it should consider: (1) making a clear statement to that effect; and (2) supporting the statement with findings and conclusions developed as a result of the study.

PROPOSED COMMITTEE MEETING SCHEDULE AND WORK PLAN

HJR 59 requires the study to be completed prior to September 15, 2008. Unrecognized in the resolution, however, are the other duties and responsibilities assigned to the Committee by statute, the study requested in HJR 46, or any issues determined to be priorities by the Committee members.

In broad terms, the Committee's budget will allow for about seven meetings (maybe eight) but fewer if the meetings are 2-day ventures. A good portion of the Committee's first meeting (June 21, 2007) will have been devoted to organizational matters, including introductions to and overviews provided by the respective staffs of the agencies for which the SAVA has monitoring responsibilities. Depending on the nature and scope of issues other than HJR 46 and HJR 59 that the Committee may address, the Committee should anticipate devoting the bulk of the first several meeting to the HJR 46 and HJR 59 studies.

The proposed meeting dates for the Committee to engage in HJR 59-related activities are:

- Friday, September 7, 2007
- Friday, October 19, 2007
- Friday, November 30, 2007
- Monday, January 8, 2008
- Friday, February 22, 2008.

Following are preliminary outlines of tentative HJR 59-related items for each of the proposed meetings.

Friday, September 7, 2007

- ▶ Staff briefing on the history, nature, scope, and theory of public employee retirement plans in Montana.
- ▶ Briefing on the *Principles and Guidelines for Public Employee Retirement Systems*, adopted by the State Administration and Veterans' Affairs Interim Committee, June 22, 2006.

- ▶ Briefings on existing retirement plan benefits and drawbacks as perceived by PERB/PERA, TRB/TRS staff, BOI staff, et al.
- ▶ Committee work session to identify core areas of interest and concern and to narrow the focus of the study. If the Committee wants information regarding the retirement systems of other states or plans, identify the states or plans to be examined and the reasons for selecting each state or plan.
- ▶ Request additional research and analysis.

Friday, October 19, 2007

- ▶ Responses to Committee requests from previous meeting(s).
- ▶ Briefing on current trends and best practices in public retirement plan design and funding, including a compilation of research and analysis comparing and contrasting options such as money purchase plans, cash balance plans, floor plans, pension equity plans, deferred retirement option plans, and other hybrid defined benefit and defined contribution retirement plans.
- ▶ Comparison of Montana's public employee retirement systems with current trends and best practices; Committee identification of favored alternatives.
- ▶ Committee discussion to focus and pinpoint future work on the study; direct additional research and analysis.
- ▶ Develop preliminary findings and conclusions?

Friday, November 30, 2007

- ▶ Responses to Committee requests from previous meeting(s).
- ▶ Briefing(s) on additional information related to questions about public employee retirement plans.
- ▶ Refinement of findings and conclusions previously developed.
- ▶ Develop, refine, or adopt new or additional findings and conclusions.
- ▶ Identify potential options to foster retirement plan reforms.
- ▶ Direct additional research and analysis or draft legislation.

Monday January 7, 2008

- ▶ Responses to Committee requests from previous meeting(s).
- ▶ Briefing on additional information, research, analysis.
- ▶ Establish, revise, adopt final findings and conclusions.
- ▶ Discuss options previously identified; propose and discuss additional options.
- ▶ Contingently or finally recommend options, including draft legislation, for legislative consideration.
- ▶ Review, revise, and adopt proposed outline of Committee report to the Legislature.

Friday, February 22, 2008

- ▶ Responses to Committee requests from previous meeting(s).
- ▶ Adopt final findings and conclusions.
- ▶ Adopt final recommendations, including draft legislation and recommendations to continue status quo.

If the Committee is unable to conclude its work on HJR 59 at the February 22, 2008 meeting, completion and closure might be accomplished through a conference call or Committee wrap-up during part of a subsequent meeting.

Part III: Conclusion

The Committee's statutory duties combined with the studies of election laws and public employee retirement systems as requested, respectively, in HJR 46 and HJR 59 imply that the 2007-08 interim will be busy. Add in emerging issues and members' issues and it is fairly easy to imagine the interim getting out of hand.

Ultimately, it is the Committee members who determine where they want to focus Committee priorities, their own energy, and available staff and financial resources for the interim. Because members' energy and staff and financial resources are finite, setting priorities is requisite to accomplish the Committee's goals and objectives.

Finally, it is virtually required that a schedule of tentative meeting dates, benchmarks, deliverables, etc., be established well in advance so that the Committee's objectives are met and projects are brought in on time and on budget. While Committee members and staff, agency personnel, and other stakeholders need to be flexible when looking ahead 12 to 16 months, good planning up front can eliminate or at least mitigate avoidable crises down the road.

SAVA\Draft Meeting Schedule and Work Plan June 21 07.wpd