

Proposed 2013 Session Legislation

<b>Agency Name &amp; No:</b>	Teachers' Retirement System 6105		
<b>Priority Number:</b>	1	<b>Filename:</b>	610501001
<b>Short Title:</b>	TRS Funding Proposal		
<b>Agency Contact Person/Phone:</b>	Dave Senn 444-3376		

1. Purpose:

The Montana Constitution requires the pension funds be funded on an actuarially sound basis. Because of market declines in 2008 and 2009, TRS is no longer funded on an actuarially sound basis. The 7/1/2011 valuation identified a funding shortfall of approximately 3.53% that must be met by either increasing revenues, or reducing liabilities. Amendments proposed by the Board may include a combination of employee, employer, or State contribution rate increases, new revenue sources, and changes in benefits for current members and future members.

2. Background:

Since 2009 the Legislative Auditor has recommended the TRS Board take necessary measures to ensure the system is funded on an actuarially sound basis as required by the State of Montana Constitution and board policy. To comply with the Legislative Auditor's recommendation, legislation is necessary to increase revenues and/or reduce liabilities. However any changes to benefits for existing members may raise contract right issues. While the exact amount of additional funding required cannot be known until after the July 1, 2012 valuation is completed, the Board anticipates recommending legislation that will move the System toward full actuarial funding, including a new tier for future members.

3. Fiscal Impact by Fund Type: *This impact should be as specific as possible.*

The impact by fund type is unknown at this time and will not be available until after completion of the 2012 actuarial valuation in October 2012. Fund types that will be impacted by any contribution rate increase include: general fund, state special revenue, federal funds, proprietary, and other. A 3.53% increase in contribution rates would generate approximately \$60 million in additional funding over the biennium.

4. Summary Checklist [Check & complete all that apply]--

<input type="checkbox"/> Housekeeping Only	<input type="checkbox"/> Federal Requirement	<input checked="" type="checkbox"/> Audit Recommendation (Audit No. 10-09B)	<input checked="" type="checkbox"/> Major Legislation
<input checked="" type="checkbox"/> Anticipated to be Controversial Legislation	<input type="checkbox"/> Bill Draft has been included in Legislation Submittal (if available)		
<input type="checkbox"/> Supports Submitted EPP Item Numb <input type="text"/>	<input type="checkbox"/> Local Government Fiscal Impact		
<input type="checkbox"/> Increases FTE, or <input type="checkbox"/> Decreases FTE by	List FTE amount and program <input type="text"/>		
<input type="checkbox"/> Increases Existing Revenue	<input type="radio"/> Tax	<input type="radio"/> Fee	<input type="radio"/> Penalty [amount in #3]
<input type="checkbox"/> Decreases Existing Revenue	<input type="radio"/> Tax	<input type="radio"/> Fee	<input type="radio"/> Penalty [amount in #3]
<input type="checkbox"/> Establishes New Revenue	<input type="radio"/> Tax	<input type="radio"/> Fee	<input type="radio"/> Penalty [amount in #3]
<input checked="" type="checkbox"/> Leg. has been Submitted in Previous Legislative Sessions (list priority no, LC no, or bill no):	2011 - HB 116, 2009 - HB 34		
<input type="checkbox"/> Legislation would affect other state agencies (list):	<input type="text"/>		
<input type="checkbox"/> Special Interest Groups Affected (list):	<input type="text"/>		
<input type="checkbox"/> Other:	<input type="text"/>		