



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

HB 142 - Review of Statutory Advisory Councils and Reports

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Duty added in 2011

House Bill No. 142, sponsored by Representative 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 required reports to the legislature. The 2011-12 State Administration and Veterans' Affairs Interim Committee (SAVA) conducted the initial review, recommended some cleanup revisions, but did not recommend the elimination of any reports or advisory councils.

Assigned agencies

Section 5-5-228, Montana Code Annotated (MCA) provides that SAVA:

...(1) 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, unless otherwise assigned by law, the entities attached to the agencies for administrative purposes:
(a) department of administration, except:
(i) the state compensation insurance fund provided for in 39-71-2313, including the board of directors of the state compensation insurance fund established in 2-15-1019;
(ii) the office of state public defender; and
(iii) the division of banking and financial institutions;
(b) department of military affairs; and
(c) office of the secretary of state.

Thus, SAVA's HB 142 review of advisory councils and reports encompasses the following agencies and their administratively attached entities:

- Department of Administration
 - Teachers' Retirement Board
 - Public Employees' Retirement Board
 - State Tax Appeal Board
 - State Lottery Commission

* Note: The State Insurance Commission and the Division of Banking and Financial Institutions are statutorily assigned to the Economic Affairs Interim Committee. The Office of State Public Defender is statutorily assigned to the Law and Justice Interim Committee. *SAVA may wish to consider a committee bill to move responsibility for oversight of the State Tax Appeal Board to the Revenue and Transportation Interim Committee and for the State Lottery Commission to the Economic Affairs Interim Committee.*

- Secretary of State
 - Commissioner of Political Practices
- Department of Military Affairs
 - Board of Veterans' Affairs

The tables on the following pages list each advisory council and required report that SAVA is to review pursuant to section 5-5-215(1)(d), MCA.

Table 1 - Statutory Advisory Councils, Boards, or Commissions

	Statute	Members	Purpose
Department of Administration			
1- State Employee Group Benefits Advisory Council	2-15-1016	Statute does not specify number of members, but says "diverse group" and that at least one member must be a retired public employee and that 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.
2 - Capitol Complex Advisory Council	2-17-803	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.
3 - Electronic Government Advisory Council	2-17-1105	12 members specified by statute.	To advise on the creation, management, and administration of electronic government services and information on the internet.
4 - Information Technology Board	2-15-1021	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.
5 - 9-1-1 Advisory Council	10-4-102(2)	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.

	Statute	Members	Purpose
Public Employees' Retirement Board			
1 - Employee Investment Advisory Council	19-3-2133	Not specified by statute. Appointed by the PERB. Currently 13 members.	<p>19-3-2133. Employee investment advisory council. (1) The board shall create an employee investment advisory council. The advisory council shall meet at least four times a year to:</p> <p>(a) advise the board concerning the operation of the defined contribution plan, including the selection of the initial investment alternatives to be provided pursuant to 19-3-2122;</p> <p>(b) advise the board about negotiating, contracting, or modifying services for the state deferred compensation plan provided for in chapter 50; and</p> <p>(c) review existing deferred compensation plans and to advise the board on the administration of the program.</p>

Table 2 - Statutorily Required Reports to SAVA

	Statute	Statutory Language Requiring the Report	Date reviewed or to be reviewed by SAVA
Department of Administration			
1 - Information Technology Report	2-17-512(1)(x) and 2-17-515	<p>2-17-512: The department shall "(x) 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;</p> <p>2-17-515: Regarding exceptions to the state's information technology policies...."The department shall inform the board, the office of budget and program planning, and the legislative finance committee of all exceptions that are granted and of the rationale for granting the exceptions. The department shall maintain written documentation that identifies the terms and conditions of the exception and the rationale for the exception." (SAVA not mentioned but SAVA could receive the report under section 2-17-512, MCA)</p>	8/15/14
2 - Capitol Complex Advisory Council Report	2-17-804(3)	"(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. "	8/15/14
3 - Electronic Government Services	2-17-1105(2)(f)	The advisory council shall... "(2) (f) prepare reports upon the request of the governor or the legislature regarding the growth, performance, and use of electronic government services and other measurements that the advisory council considers necessary to implement and enhance the functioning of electronic government services;"	8/15/14
4 - Employee Incentive Program Report	2-18-1103(3)	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.".	8/15/14

	Statute	Statutory Language Requiring the Report	Date reviewed or to be reviewed by SAVA
Board of Veteran's Affairs			
Biennial Report	10-2-102(1)(i)	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."	8/15/14
Office of Secretary of State			
Uniform Commercial Code Secured Transactions Report	30-9A-527	<p>30-9A-527. Duty to report. 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 requiring a report.

	Statute	Statutory Language Requiring the Report	Date reviewed or to be reviewed by SAVA
Teachers' Retirement Board			
1 - Annual report - CAFR	5-11-210(11) 19-20-201(1)(d) and (4)	<p>5-11-210, MCA. (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>19-20-201 (4), MCA: (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>	Nov. 2014
2- Actuarial valuation of TRS	19-20-201(1)(f)	<p>19-20-201 (4): See above</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>	Nov. 2014
3 - Experience study of TRS	19-20-201(1)(g)	<p>19-20-201 (4): See above</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>	6/5/14

	Statute	Statutory Language Requiring the Report	Date reviewed or to be reviewed by SAVA
Public Employees' Retirement Board			
1 - Annual report - CAFR	19-2-407	<p>19-2-407. Reports. (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>	Nov. 2014
2 - Actuarial valuation of each system administered by MPERA	19-2-405	<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>	Nov. 2014
3 - Experience study report of each system administered by MPERA	5-11-210 19-2-405(5)	<p>5-11-210 (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.</p> <p>19-2-405(5) and (7): 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>	10/21/13

	Statute	Statutory Language Requiring the Report	Date reviewed or to be reviewed by SAVA
Board of Investments *(Board is attached to the Department of Commerce and monitored by the Economic Affairs Interim Committee)			
Report on retirement system trust fund investments and benefits	17-6-230	<p>17-6-230. Reports on retirement system trust fund investments and benefits. (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"> (a) asset allocation; (b) past and expected investment performance; (c) investment goals and strategies; and (d) Montana public employees' retirement system investments and performance compared with the public employees' retirement system investments and performance in other states. <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>8/20/13 and 10/21/13</p> <p>Update Nov. 2014</p>

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