



State Administration and Veterans' Affairs Interim Committee

63rd Montana Legislature

SENATE MEMBERS

DEE BROWN
LARRY JENT
DAVE LEWIS
SUE MALEK

HOUSE MEMBERS

BRYCE BENNETT
JOANNE BLYTON
DOUG KARY
KATHY SWANSON

COMMITTEE STAFF

SHERI SCURR, Lead Staff
GINGER ALDRICH, Staff Attorney
PAMELA ROSSI, Secretary

MINUTES LOG

Please note: These minutes provide abbreviated information about committee discussion, public testimony, action taken, and other activities. To the left of each section in these minutes is a time designation indicating the approximate amount of time in hours, minutes, and seconds that has elapsed since the start of the meeting. This time designation may be used to locate the referenced discussion on the audio or video recording of this meeting.

Access to an electronic copy of these minutes and the audio or video recording is provided from the Legislative Branch home page at <http://leg.mt.gov>. On the left-side menu of the home page, select *Committees*, then *Interim*. Once on the page for *Interim Committees*, scroll down to the appropriate committee. The written minutes summary, along with the audio and video recordings, are listed by meeting date on the interim committee's web page.

Hard copies of the exhibits for this meeting are available upon request. Legislative Council policy requires a charge of 15 cents a page for copies of the document.

COMMITTEE MEMBERS PRESENT

SEN. DEE BROWN, Presiding Officer
SEN. LARRY JENT by phone
SEN. DAVE LEWIS
SEN. SUE MALEK

REP. BRYCE BENNETT, Vice Presiding Officer, by phone
REP. JOANNE BLYTON
REP. DOUG KARY
REP. KATHY SWANSON

STAFF PRESENT

SHERI SCURR, Lead Staff
GINGER ALDRICH, Staff Attorney
PAMELA ROSSI, Secretary

ATTACHMENTS

- Agenda ([Attachment 1](#))
- Visitors' List ([Attachment 2](#))
- Proxy Authorization for SEN. LARRY JENT ([Attachment 3](#))
- Attendance Roster ([Attachment 4](#))
- Motion to Elect SEN. DEE BROWN as Presiding Officer Roll Call Vote ([Attachment 5](#))

- Motion to Request the Public Employees' Retirement Board (PERB) Actuary Use 3% Guaranteed Annual Benefit Adjustment (GABA) for Valuation ([Attachment 6](#))
- Motion to Reconsider Action Concerning Use of 3% GABA Assumption ([Attachment 7](#))

COMMITTEE ACTION

- SEN. DEE BROWN was elected as Presiding Officer ([Attachment 5](#));
- REP. BRYCE BENNETT was elected as Vice Presiding Officer;
- Voted 6 to 2 to request the PERB actuary use 3% GABA for valuation ([Attachment 6](#));
- Voted 7-0 on a voice vote to object to a rule proposed by the Secretary of State's Office (New Rule I in MAR Notice No. 44-2-181) concerning ballot forms;
- Voted 7-0 on a voice vote to maintain past practices for State Administration and Veterans' Affairs (SAVA) Interim Committee rule review; and
- Voted 7-0 on a voice vote to adopt the proposed work plan and meeting schedule as amended.

CALL TO ORDER AND ROLL CALL

00:00:01 SEN. DAVE LEWIS called the meeting to order at 9:02 AM. The Secretary called the roll ([Attachment 4](#)). Committee members and staff introduced themselves.

AGENDA

RULES, PROCEDURES, AND GUIDELINES FOR INTERIM COMMITTEES - Sheri Scurr, Lead Staff, Legislative Services Division

00:05:59 Ms. Scurr, reviewed the Rules, Procedures, and Guidelines for Interim Committees ([Exhibit 1](#)).

Committee Questions

00:19:42 SEN. DEE BROWN
 00:20:10 SEN. LEWIS
 00:20:45 Ms. Scurr
 00:20:50 SEN. LEWIS

ELECTION OF PRESIDING AND VICE PRESIDING OFFICERS FOR SAVA

00:21:45 SEN. LEWIS reviewed history of former Committee Chairs.

Election of Presiding Officer

00:23:16 REP. JOANNE BLYTON moved to nominate SEN. BROWN as presiding officer.

00:23:46 SEN. MALEK moved to nominate REP. BENNETT as presiding officer.

00:24:56 SEN. BROWN related her legislative experience.

00:25:29 REP. BENNETT related his legislative experience.

00:26:33 SEN. BROWN was elected as presiding officer on a 4-3 roll call vote, with REPRESENTATIVE's BLYTON and KARY, and SENATOR's BROWN and LEWIS voting yes; REPRESENTATIVE's BENNETT and SWANSON, and SEN. MALEK voting no. SEN. LARRY JENT was absent. ([Attachment 5](#)).

Election of Vice Presiding Officer

00:28:14 SEN. BROWN moved to nominate REP. BENNETT for vice presiding officer.
The motion passed on a unanimous voice vote.

**OVERVIEW OF THE STATE ADMINISTRATION AND VETERANS' AFFAIRS
COMMITTEE**

Overview of Duties and Proposed Work Plan

00:29:43 Ms. Scurr discussed the Overview of Duties and Proposed Work Plan
([Exhibit 2](#)).

Statutory Duties

00:30:25 Ms. Scurr discussed Statutory Duties.

Committee Questions

00:33:40 SEN. BROWN

00:33:59 Ms. Scurr

00:45:21 SEN. BROWN

00:45:37 Ms. Scurr

00:46:48 SEN. BROWN

00:47:09 Ms. Scurr

Previous Work

00:50:02 Ms. Scurr discussed Previous Work.

Assignments This Interim

00:51:22 Ms. Scurr discussed Assignments This Interim.

Committee Questions

00:59:54 SEN. LEWIS

01:00:55 SEN. BROWN

Other Studies of Interest

01:01:05 Ms. Scurr discussed Other Studies of Interest.

Work Plan Considerations

01:02:33 Ms. Scurr discussed Work Plan Considerations.

Work Plan Priorities-Committee Decision Matrix

01:04:20 Ms. Scurr discussed Work Plan Priorities-Committee Decision Matrix.

Proposed Tentative Meeting Schedule

01:04:47 Ms. Scurr discussed Proposed Tentative Meeting Schedule.

OVERVIEW OF ASSIGNED AGENCIES

Office of the Secretary of State

01:05:38 Ms. Scurr reviewed the Secretary of State Agency Overview ([Exhibit 3](#)).

01:08:35 **Ms. Linda McCulloch, Secretary of State**, discussed the role and responsibilities of the Office of the Secretary of State, and the handout outlining her Agency's goals and objectives ([Exhibit 4](#)).

Committee Questions

01:13:04 SEN. BROWN

01:13:25 Ms. McCulloch

Office of the Commissioner of Political Practices

01:14:01 Ms. Scurr reviewed the Commissioner of Political Practices Agency Overview ([Exhibit 5](#)).

01:17:17 **Commissioner Jonathan Motl, Commissioner of Political Practices**, discussed the recent activity of the Commissioner's office, the July 11, 2013, letter from Mr. Motl to SAVA members which provided a summary of the Agency's recent activities ([Exhibit 6](#)), and the document Summary of Facts and Finding of Sufficient Evidence to Show a Violation of Montana's Campaign Practices Act ([Exhibit 7](#)).

Committee Questions

01:22:18 SEN. MALEK

01:22:39 Commissioner Motl

01:27:15 SEN. MALEK

01:28:09 Commissioner Motl

01:31:15 SEN. LEWIS

01:31:45 Commissioner Motl

01:32:00 SEN. MALEK

01:32:45 Commissioner Motl

01:35:25 Ms. Scurr pointed out a typographical error in [Exhibit 5](#). The FY 2014 FTE value should be 5.25 not 55.25.

Department of Administration

01:35:50 Ms. Scurr reviewed the Department of Administration Agency Overview ([Exhibit 8](#)).

01:38:01 **Ms. Sheila Hogan, Director of Department of Administration** discussed the handout, Department of Administration Goals and Objectives 2015 Biennium ([Exhibit 9](#)).

Committee Questions

01:44:34 SEN. LEWIS

01:45:54 Ms. Hogan

01:46:26 SEN. LEWIS

01:47:01 SEN. BROWN
01:47:08 Ms. Hogan

Public Employees' Retirement System

01:47:56 Ms. Scurr reviewed the Public Employees' Retirement Board (PERS) Agency Overview ([Exhibit 10](#)).

01:52:59 *BREAK*

02:07:27 SEN. BROWN called the meeting back to order at 11:10 AM.

AGENCY RULE REVIEW

02:07:40 Ms. Scurr referenced the email dated June 21, 2013, from SEN. JEFF ESSMANN to Attorney General Tim Fox in which SEN. ESSMANN requested an opinion on the proper interpretation of the laws regulating the processes and duties of PERB with regard to performing its duties to prepare an actuarial evaluation of PERS under HB 454 ([Exhibit 11](#)). Ms. Scurr referenced the Notice of Adoption of Temporary Emergency Rules ([Exhibit 12](#)) for later discussion.

Background and Status Update on Public Employee's Retirement Board Emergency Rules Concerning HB 454

02:16:17 Ms. Scurr discussed the Background Outline on Rule Review Issues for HB 454 - Revising PERS ([Exhibit 13](#)) and an actuarial table ([Exhibit 14](#)).

02:20:02 SEN. BROWN noted that REP. ROB COOK, and REP. GALEN HOLLENBAUGH, Legislative Finance Committee (LFC) Vice Presiding Officer, were now present at the meeting for the discussion on HB 454.

Overview of Rulemaking Process and Committee Role - Ginger Aldrich, Staff Attorney, Legislative Services Division

02:30:24 Ms. Aldrich reviewed the Montana Administrative Procedure Act Title 2, Chapter 4 ([Exhibit 15](#)).

02:35:46 Ms. Aldrich discussed the memo dated July 9, 2013, to the SAVA Committee Members entitled Overview of Rulemaking and Administrative Rule Activity ([Exhibit 16](#)).

02:37:26 Ms. Aldrich discussed the Notice of Adoption of Temporary Emergency Rules ([Exhibit 12](#)).

02:41:14 Ms. Scurr stated that one option available to SAVA is to not make a formal objection to the rule but to ask if the PERS actuary would conduct a valuation based on a "what if" scenario of the GABA reduction being overturned by a court.

Committee Questions

02:42:13 SEN. MALEK
02:42:28 Ms. Scurr
02:43:04 SEN. LEWIS
02:45:18 REP. COOK

02:47:21 **Ms. Melanie Symons, Chief Legal Counsel, Montana Public Employee Retirement Administration** (MPERA) discussed the handouts, Temporary Emergency Rules Implementing HB 454 (**Exhibit 17**), and the July 11, 2013, PERB draft letter in response to the LFC's July 12, 2013, letter requesting PERB to repeal or withdraw its temporary emergency rules contained in the Montana Administrative Register 2-43-478 (**Exhibit 18**).

02:48:33 REP. HOLLENBAUGH stated that although the letter was signed by SEN. JONES and himself, it was endorsed unanimously by and came from the LFC as a whole.

02:48:40 Ms. Symons referred to Ms. Scurr's previous statement that the GABA would be zero when the funding was at 75%. Ms. Symons stated that it will be zero when the funding is at 60% because it comes down .1 for every 2%.

02:49:25 Ms. Symons continued with her presentation.

Committee Questions

02:50:59 SEN. BROWN

02:51:16 Ms. Symons

02:51:34 SEN. BROWN

02:51:38 Ms. Symons

02:51:39 SEN. BROWN

02:51:42 Ms. Symons

02:54:12 REP. HOLLENBAUGH

02:55:18 REP. COOK

02:57:01 SEN. MALEK

02:57:54 Ms. Symons

02:58:59 SEN. MALEK

02:59:19 Ms. Symons

02:59:44 SEN. MALEK

02:59:54 Ms. Symons

03:00:26 SEN. MALEK

03:00:52 REP. HOLLENBAUGH

03:02:25 REP. COOK

03:04:00 SEN. BROWN

03:04:13 REP. COOK

03:04:52 SEN. MALEK

03:05:34 SEN. COOK

03:06:37 SEN. LEWIS

03:07:36 SEN. BROWN

03:08:02 SEN. LEWIS

03:08:36 SEN. MALEK

03:10:33 SEN. BROWN asked for comments on the direction the Committee should take on the HB 454 rule about the actuarial assumptions.

03:12:05 SEN. LEWIS moved that the Committee take no action on the subject of the emergency rules adopted by PERB.

- 03:12:45 SEN. MALEK made a substitute motion requesting the PERB actuary use a 3% GABA for valuation.
- 03:13:38 The substitute motion requesting the PERB actuary use a 3% GABA valuation passed 6-2 with REPRESENTATIVE's BENNETT, BLYTON, KARY, SWANSON, and SEN. JENT (by proxy) voting yes; SENATOR's BROWN and LEWIS voting no ([Attachment 6](#)).
- 03:16:16 *LUNCH*
- 04:11:47 SEN. BROWN called the meeting back to order at 1:14 PM. SEN. JENT was now present at the meeting by phone.
- 04:16:18 REP. KARY moved that the Committee reconsider the Committee's action concerning the use of the 3% GABA assumption.

Committee Discussion

- 04:18:05 Ms. Scurr
- 04:18:42 SEN. LEWIS
- 04:19:38 SEN. BROWN
- 04:20:10 SEN. MALEK
- 04:22:12 SEN. JENT
- 04:24:53 SEN. BROWN
- 04:25:09 Ms. Scurr
- 04:25:44 SEN. LEWIS
- 04:26:13 SEN. MALEK
- 04:27:27 The motion to reconsider the Committee's action on the use of the 3% GABA in the next valuation failed on a tie vote 4-4 with SENATOR's BROWN and LEWIS and REPRESENTATIVE's BLYTON and KARY voting yes; SENATOR's JENT and MALEK and REPRESENTATIVE's BENNETT and SWANSON voting no ([Attachment 7](#)).

CONTINUATION OF AGENCY OVERVIEWS

Department of Military Affairs (DMA)

- 04:28:41 Ms. Scurr reviewed the Department of Military Affairs Agency Overview ([Exhibit 19](#)).
- 04:29:50 **Major General Matthew T. Quinn, Adjutant General for the State of Montana and Director, Department of Military Affairs**, discussed the role and responsibilities of DMA and the handout, Montana Department of Military Affairs, 18 July 2013, ([Exhibit 20](#)).

Committee Questions

- 04:32:30 SEN. BROWN
- 04:32:45 Major General Quinn
- 04:33:48 SEN. BROWN
- 04:34:03 SEN. MALEK
- 04:34:14 Major General Quinn

04:36:18 SEN. BROWN
04:36:22 Major General Quinn

Board of Veterans' Affairs

04:37:45 Ms. Scurr discussed the Board of Veterans' Affairs Agency Overview ([Exhibit 21](#)).

04:39:09 SEN. BROWN asked about military training for civilian certification.

04:39:11 Ms. Scurr

04:39:32 **Major General Matthew T. Quinn, Adjutant General for the State of Montana and Director, Department of Military Affairs**, discussed the handout, Montana Board of Veterans Affairs Article II, Section 35, Montana Constitution Biennial Report - July 1, 2012, ([Exhibit 22](#)).

Committee Questions

04:41:07 SEN. BROWN
04:41:10 Major General Quinn
04:41:13 SEN. BROWN
04:41:29 Major General Quinn
04:43:15 SEN. BROWN
04:43:25 Major General Quinn

COMMITTEE WORK SESSION

SAVA Rule Review Duties

04:44:35 SEN. BROWN directed the discussion to the committee work session agenda item regarding how SAVA will handle its rule review duties.

04:44:43 Ms. Scurr discussed SAVA rule review issues.

Committee Questions

04:46:14 SEN. LEWIS
04:46:30 SEN. BROWN

04:46:45 By unanimous voice vote, the Committee agreed to maintain past practices for SAVA rule review.

CONTINUATION OF AGENCY OVERVIEWS

Teachers' Retirement Board Agency Overview

04:47:39 Ms. Scurr discussed the Teachers' Retirement Board Agency Overview ([Exhibit 23](#)).

Montana Teachers' Retirement System - David Senn, Executive Director of the Teachers' Retirement System

04:49:10 Mr. Senn discussed the handout, Montana Teachers' Retirement System ([Exhibit 24](#)).

04:51:50 **HB 78 - Working Retiree: Break in Service**
Mr. Senn discussed HB 78.

04:52:38 **HB 45 - Pre-Arranged Agreements: Return to Work**
Mr. Senn discussed HB 54.

04:54:11 **HB 34 - Contributions on Working Retiree Wages**
Mr. Senn discussed HB 34.

Committee Questions

04:55:26 SEN. BROWN

04:55:34 Mr. Senn

04:55:57 SEN. LEWIS

04:56:25 Mr. Senn

BREAK

05:09:06 SEN. BROWN called the meeting back to order at 2:11 PM.

05:09:10 Ms. Aldrich discussed the Secretary of State's proposed amendment to ARM 13.12.202 Ballot Form and Uniformity as set forth in MAR 44-2-181 ([Exhibit 15](#), page 5).

Committee Questions

05:12:13 SEN. BROWN

05:12:46 Ms. Aldrich

05:13:58 SEN. BROWN

05:14:32 REP. KARY

05:14:41 SEN. BROWN

05:15:00 REP. BLYTON

05:16:20 SEN. MALEK

05:16:38 SEN. BROWN

05:17:43 SEN. MALEK

05:17:49 SEN. BROWN

05:18:32 Ms. Aldrich

05:20:48 SEN. JENT

05:21:27 SEN. BROWN

05:21:40 Ms. Aldrich

05:21:52 SEN. BROWN

05:22:04 REP. KARY moved to object to the Secretary of State's proposed amendment to ARM 13.12.202 Ballot Form and Uniformity as set forth in MAR 44-2-181.

Committee Discussion

05:22:23 SEN. JENT

05:22:33 Ms. Aldrich

05:23:17 SEN. JENT

05:23:25 SEN. BROWN

05:23:49 Ms. Aldrich
05:24:18 SEN. JENT
05:24:41 SEN. BROWN
05:24:57 SEN. JENT
05:25:17 Ms. Aldrich

05:25:59 The motion passed by unanimous voice vote.

Committee Questions

05:26:40 SEN. JENT
05:26:52 Ms. Aldrich
05:27:35 SEN. JENT
05:27:48 Ms. Aldrich
05:28:48 SEN. JENT

PUBLIC COMMENT

05:30:08 SEN. BROWN asked for public comment on any issue. There was no public comment.

COMMITTEE WORK SESSION

Work Plan Priorities

05:30:43 Ms. Scurr discussed Work Plan Priorities - Committee Decision Matrix ([Exhibit 2](#), p. 9).

Committee Discussion

05:33:11 SEN. BROWN
05:34:33 SEN. LEWIS
05:35:36 SEN. BROWN
05:35:50 SEN. LEWIS
05:36:22 SEN. MALEK
05:37:11 SEN. BROWN
05:38:27 Ms. Scurr
05:39:03 SEN. BROWN
05:39:58 SEN. MALEK
05:40:35 SEN. BROWN
05:41:15 SEN. MALEK
05:41:29 SEN. BROWN

05:41:35 REP. KARY moved to adopt work plan priorities as amended. The motion passed on a unanimous voice vote.

Proposed Tentative Meeting Schedule

05:42:41 SEN. BROWN discussed the Proposed Tentative Meeting Schedule ([Exhibit 2](#), p. 10).

Committee Questions

05:43:49 Ms. Scurr

05:44:08 SEN. MALEK
05:44:25 Ms. Scurr
05:46:25 SEN. MALEK
05:46:50 Ms. Scurr
05:47:57 SEN. BROWN
05:48:05 Ms. Scurr
05:48:49 SEN. JENT
05:49:38 Ms. Scurr
05:50:13 SEN. BROWN
05:50:38 Ms. Scurr
05:51:39 SEN. BROWN
05:52:01 SEN. JENT
05:52:11 Ms. Scurr

05:52:23 By voice vote, the Committee approved changes to the meeting schedule so that the proposed Dec. 9-10, 2013, meeting will be a one-day meeting on Dec. 10, 2013, and the proposed June 5-6, 2014, meeting will be a one-day meeting on June 5, 2013.

LEGISLATIVE DISTRICTS OVERVIEW

05:55:57 **Joe Kolman, Legislative Services Division**, discussed the Legislative District Maps and Resources ([Exhibit 25](#)).

06:09:38 SEN. BROWN asked for comments and/or questions. There were none.

STAFF HOUSEKEEPING ITEMS

06:10:17 Ms. Scurr gave a demonstration of SAVA's website.

06:14:13 Ms. Aldrich said she was informed that PERB voted to repeal the emergency rule that sets the GABA at 1.5% for actuarial testing purposes. In addition, PERB instructed the actuary to do two valuations, one using the 1.5% GABA and a second valuation using the 3% GABA.

ADJOURNMENT

06:15:14 SEN. BROWN adjourned the meeting at 3:17 PM.