



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill#/Title: **HB0085: Reinstating former employer contributions for JRS, HPORS, SRS, GWPORS**

Primary Sponsor: Marta Bertoglio Status: As Introduced

Retirement Systems Affected Teachers Public Employees Highway Patrol Police
 Sheriffs Firefighters Volunteer Firefighters Game Wardens Judges

Has this legislation been reviewed by the legislative interim committee? Yes
 Has the cost of this legislation been calculated by the system's actuary? Yes
 Does this legislation include full funding for any benefit revisions? Yes

Pension Liability

Public Employees Retirement Board

| | July 1, 2024 Current System | July 1, 2024 With Changes | Increase/ (Decrease) |
|--|--------------------------------|------------------------------|-------------------------|
| Highway Patrol | | | |
| Present Value of Actuarial Accrued Liability | \$292,082,472 | \$292,082,472 | \$0 |
| Present Value of Actuarial Assets | \$226,704,727 | \$226,704,727 | \$0 |
| Unfunded Actuarial Accrued Liability (UAAL) | \$65,377,745 | \$65,377,745 | \$0 |
| Amortization Period (years) of UAAL | 24.00 | 22.00 | -2.00 |
| Change in normal costs | 26.39% | 26.39% | 0.00% |
| Sheriffs | | | |
| Present Value of Actuarial Accrued Liability | \$686,145,643 | \$686,145,643 | \$0 |
| Present Value of Actuarial Assets | \$568,268,497 | \$568,268,497 | \$0 |
| Unfunded Actuarial Accrued Liability (UAAL) | \$117,877,146 | \$117,877,146 | \$0 |
| Amortization Period (years) of UAAL | 24.00 | 20.00 | -4.00 |
| Change in normal costs | 15.48% | 15.48% | 0.00% |
| Game Wardens | | | |
| Present Value of Actuarial Accrued Liability | \$377,092,368 | \$377,092,368 | \$0 |
| Present Value of Actuarial Assets | \$353,845,517 | \$353,845,517 | \$0 |
| Unfunded Actuarial Accrued Liability (UAAL) | \$23,246,851 | \$23,246,851 | \$0 |
| Amortization Period (years) of UAAL | 24.00 | 14.00 | -10.00 |
| Change in normal costs | 17.34% | 17.34% | 0.00% |
| Judges | | | |
| Present Value of Actuarial Accrued Liability | \$76,237,400 | \$76,237,400 | \$0 |
| Present Value of Actuarial Assets | \$140,157,853 | \$140,157,853 | \$0 |
| Unfunded Actuarial Accrued Liability (UAAL) | \$63,920,453 | \$63,920,453 | \$0 |
| Amortization Period (years) of UAAL | 0.00 | 0.00 | 0.00 |

Fiscal Note Request - As Introduced

(continued)

| | | | |
|------------------------|--------|--------|-------|
| Change in normal costs | 27.19% | 27.19% | 0.00% |
|------------------------|--------|--------|-------|

Pension Contribution Rates

| | FY 2024 July 1, 2023 | FY2025 July1, 2024 | FY 2026 July 1, 2025 | FY 2027 July 1, 2026 | FY2027 July 1, 2028 |
|--|--------------------------------|------------------------------|--------------------------------|--------------------------------|-------------------------------|
|--|--------------------------------|------------------------------|--------------------------------|--------------------------------|-------------------------------|

Highway Patrol

| | | | | | |
|----------------------------|--------|--------|--------|--------|--------|
| Employee Contribution Rate | 13.05% | 13.05% | 13.05% | 13.05% | 13.05% |
| Employer Contribution Rate | 38.33% | 34.40% | 28.15% | 28.15% | 28.15% |
| State Contribution Rate | 0.00% | 0.00% | 10.18% | 10.18% | 10.18% |
| TOTAL Contribution Rate | 51.38% | 47.45% | 51.38% | 51.38% | 51.38% |

Sheriffs

| | | | | | |
|----------------------------|--------|--------|--------|--------|--------|
| Employee Contribution Rate | 10.50% | 10.50% | 10.50% | 10.50% | 10.50% |
| Employer Contribution Rate | 13.12% | 12.07% | 13.12% | 13.12% | 13.12% |
| State Contribution Rate | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| TOTAL Contribution Rate | 23.61% | 22.57% | 23.61% | 23.61% | 23.61% |

Game Wardens

| | | | | | |
|----------------------------|--------|--------|--------|--------|--------|
| Employee Contribution Rate | 10.56% | 10.56% | 10.56% | 10.56% | 10.56% |
| Employer Contribution Rate | 10.56% | 9.62% | 10.56% | 10.56% | 10.56% |
| State Contribution Rate | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| TOTAL Contribution Rate | 21.12% | 20.18% | 21.12% | 21.12% | 21.12% |

Judges

| | | | | | |
|----------------------------|-------|-------|--------|--------|--------|
| Employee Contribution Rate | 7.00% | 7.00% | 7.00% | 7.00% | 7.00% |
| Employer Contribution Rate | 0.00% | 0.00% | 14.00% | 14.00% | 14.00% |
| State Contribution Rate | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| TOTAL Contribution Rate | 7.00% | 7.00% | 21.00% | 21.00% | 21.00% |

FISCAL SUMMARY

| | FY 2026 <u>Difference</u> | FY 2027 <u>Difference</u> | FY 2028 <u>Difference</u> | FY 2029 <u>Difference</u> |
|------------------------------|--|--|--|--|
| Expenditures | | | | |
| General Fund (01) | \$2,695,772 | \$2,415,884 | \$2,550,090 | \$2,858,944 |
| State Special Revenue (02) | \$222,480 | \$144,826 | \$197,865 | \$301,995 |
| Federal Special Revenue (03) | \$39,164 | \$25,404 | \$34,562 | \$52,889 |
| Consolidated Government | \$21,146 | \$11,296 | \$11,446 | \$21,254 |
| County | \$1,143,139 | \$610,653 | \$618,736 | \$1,148,949 |
| Proprietary | \$13,490 | \$8,241 | \$10,386 | \$16,680 |
| University | \$113,334 | \$67,033 | \$80,693 | \$133,494 |
| Revenues | | | | |
| General Fund (01) | \$0 | \$0 | \$0 | \$0 |
| State Special Revenue (02) | \$0 | \$0 | \$0 | \$0 |
| Federal Special Revenue (03) | \$0 | \$0 | \$0 | \$0 |

Fiscal Note Request - As Introduced

(continued)

| | | | | |
|-----------------------------|----------------------|----------------------|----------------------|----------------------|
| Consolidated Government | \$0 | \$0 | \$0 | \$0 |
| County | \$0 | \$0 | \$0 | \$0 |
| Proprietary | \$0 | \$0 | \$0 | \$0 |
| University | \$0 | \$0 | \$0 | \$0 |
| Net Impact | <u>(\$2,695,772)</u> | <u>(\$2,415,884)</u> | <u>(\$2,550,090)</u> | <u>(\$2,858,944)</u> |
| General Fund Balance | | | | |

Description of fiscal impact

House Bill 85 reinstates former employer contribution rates for the Judges Retirement System (JRS), the Highway Patrol Officers' Retirement System (HPORS), the Sheriffs' Retirement System (SRS), and the Game Wardens' and Peace Officers' retirement system (GWPORS).

FISCAL ANALYSIS

Assumptions

Public Employees Retirement Board

1. HB 85 eliminates the modified layered amortization funding policy for the Judges Retirement System (JRS), Highway Patrol Officers' Retirement System (HPORS), Sheriffs' Retirement System (SRS), and Game Wardens' and Peace Officers' Retirement System (GWPORS).
 - a. JRS - employer rate will go to 14% and if the funded ratio drops below 120% funded after an actuarial study, the employer contribution rate must be increased to 25.81%.
 - b. HPORS - the statutory appropriation is restored to pay 10.18% and the employer rate will be 28.15%.
 - c. SRS - the employer rate will be 13.115%.
 - d. GWPORS - the employer contribution rate will be 10.56%.
2. The bill would be effective July 1, 2025.
3. All actuarial assumptions will be realized, including the investment return assumption of 7.3%. If assumptions are not met, the financial impact would change. Salary projections are based on the actuarial assumed payroll growth assumption of 3.25%.

Fiscal Analysis Table

Public Employees Retirement Board

| | <u>FY 2026</u> | <u>FY 2027</u> | <u>FY 2028</u> | <u>FY 2029</u> |
|----------------------|-------------------|-------------------|-------------------|-------------------|
| <u>Fiscal Impact</u> | <u>Difference</u> | <u>Difference</u> | <u>Difference</u> | <u>Difference</u> |

Expenditures

| | | | | |
|---------------------------|--------------------|--------------------|--------------------|--------------------|
| Benefits | \$4,248,525 | \$3,283,337 | \$3,503,778 | \$4,534,205 |
| TOTAL Expenditures | \$4,248,525 | \$3,283,337 | \$3,503,778 | \$4,534,205 |

Funding of Expenditures

| | | | | |
|--------------------------------------|--------------------|--------------------|--------------------|--------------------|
| General Fund (01) | \$2,695,772 | \$2,415,884 | \$2,550,090 | \$2,858,944 |
| State Special Revenue (02) | \$222,480 | \$144,826 | \$197,865 | \$301,995 |
| Federal Special Revenue (03) | \$39,164 | \$25,404 | \$34,562 | \$52,889 |
| Other | \$0 | \$0 | \$0 | \$0 |
| Proprietary | \$13,490 | \$8,241 | \$10,386 | \$16,680 |
| University | \$113,334 | \$67,033 | \$80,693 | \$133,494 |
| Consolidated Government | \$21,146 | \$11,296 | \$11,446 | \$21,254 |
| County | \$1,143,139 | \$610,653 | \$618,736 | \$1,148,949 |
| TOTAL Funding of Expenditures | \$4,248,525 | \$3,283,336 | \$3,503,777 | \$4,534,205 |

Revenues

Net Impact to Fund Balance (Revenue minus Funding of Expenditures)

| | | | | |
|------------------------------|---------------|---------------|---------------|---------------|
| General Fund (01) | (\$2,695,772) | (\$2,415,884) | (\$2,550,090) | (\$2,858,944) |
| State Special Revenue (02) | (\$222,480) | (\$144,826) | (\$197,865) | (\$301,995) |
| Federal Special Revenue (03) | (\$39,164) | (\$25,404) | (\$34,562) | (\$52,889) |
| Other | \$0 | \$0 | \$0 | \$0 |
| Proprietary | (\$13,490) | (\$8,241) | (\$10,386) | (\$16,680) |
| University | (\$113,334) | (\$67,033) | (\$80,693) | (\$133,494) |
| Consolidated Government | (\$21,146) | (\$11,296) | (\$11,446) | (\$21,254) |
| County | (\$1,143,139) | (\$610,653) | (\$618,736) | (\$1,148,949) |

Technical Concerns

1. 15-38-301, MCA should also be amended to specify that money can be distributed out of the natural resources fund for the purposes specified in this bill.

MB
Sponsor's Initials

1/8/2025
Date


Budget Director's Initials

1/2/2025
Date