

Resolution #2020-6

COMPENSATION FOR RETIREMENT

BACKGROUND

The public employee retirement system has suffered in the past from not being actuarially sound. In 2013, the cities, towns, and counties of Montana agreed to let the coal severance tax flow into the Treasure State Endowment Fund terminate at the end of FY 2016 to instead shore up the public employees' retirement system with these local government funds. Nevertheless, in the 2019 session, members of the Legislature began to discuss the possibility of increasing local governments' contributions to the MPERA system. Further, some public employee bargaining groups continue to advocate for including factors such as overtime, insurance premium payments and other special benefits as part of the "total compensation" used in determining retirement benefits upon retirement. Finally, MPERA has recently required local governments to reimburse the retirement system for millions of dollars in estimated retirement contributions upon separation of services from the local government entity. Any of these types of policy changes increase the cost to the public employer for paying the employer portion of retirement withholding.

ACTION

The League will generally oppose legislation that increases the local government contribution to any public employee retirement system, including but not limited to redirecting entitlement share, increasing local government employer contributions, requiring payment of estimated contributions upon local government restructuring, or adding employee benefits and overtime as part of the compensation for purposes of determining retirement benefits. However, the League will strategically sponsor and support legislation or policies needed to ensure the actuarial soundness or fair and equitable modernization of any public employee retirement system.