



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 Amended in House Committee

Retirement Systems Affected	<input type="checkbox"/> Teachers	<input type="checkbox"/> Public Employees	<input checked="" type="checkbox"/> Highway Patrol	<input type="checkbox"/> Police
<input checked="" type="checkbox"/> Sheriffs	<input type="checkbox"/> Firefighters	<input type="checkbox"/> Volunteer Firefighters	<input checked="" type="checkbox"/> Game Wardens	<input checked="" type="checkbox"/> 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)	\$65,337,745	\$65,337,745	\$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	17.37%	17.37%	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

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Change in normal costs	27.19%	27.19%	0.00%
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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 Difference	FY 2027 Difference	FY 2028 Difference	FY 2029 Difference
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
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

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Other	\$0	\$0	\$0	\$0
Pension Trust	\$4,248,525	\$3,283,337	\$3,503,778	\$4,534,205
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				
	FY 2026 Difference	FY 2027 Difference	FY 2028 Difference	FY 2029 Difference
Fiscal Impact				
Expenditures				
Benefits	\$4,248,525	\$3,283,337	\$3,503,778	\$4,534,205
TOTAL Expenditures	<u>\$4,248,525</u>	<u>\$3,283,337</u>	<u>\$3,503,778</u>	<u>\$4,534,205</u>
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
County	\$1,143,139	\$610,653	\$618,736	\$1,148,949
Consolidated Government	\$21,146	\$11,296	\$11,446	\$21,254
University	\$113,334	\$67,033	\$80,693	\$133,494
TOTAL Funding of Expenditures	<u>\$4,248,525</u>	<u>\$3,283,337</u>	<u>\$3,503,778</u>	<u>\$4,534,205</u>
Revenues				
Other	\$0	\$0	\$0	\$0
Pension Trust	\$4,248,525	\$3,283,337	\$3,503,778	\$4,534,205

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TOTAL Revenues	\$4,248,525	\$3,283,337	\$3,503,778	\$4,534,205
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)
County	(\$1,143,139)	(\$610,653)	(\$618,736)	(\$1,148,949)
Consolidated Government	(\$21,146)	(\$11,296)	(\$11,446)	(\$21,254)
University	(\$113,334)	(\$67,033)	(\$80,693)	(\$133,494)
Pension Trust	\$4,248,525	\$3,283,337	\$3,503,778	\$4,534,205

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

1/23/25



1/22/2025

Sponsor's Initials

Date

Budget Director's Initials

Date