

LC No. _____
HB/SB _____¹

REPORT AND RECOMMENDATION OF THE
STATE ADMINISTRATION AND VETERANS' AFFAIRS INTERIM COMMITTEE (SAVA)
TO THE 2013 LEGISLATURE AS OF NOVEMBER 2012²

Proposal No. 5

Proposing Entity: Assoc. of Public Safety Communications Officials, Intl. (APSCO) - MT Chapter
Short Title: Allow dispatchers in PERS to join SRS

Retirement system(s) affected
PERS and SRS

Proposal summary

Currently public safety dispatchers are covered under PERS, which requires 30 years of service before a member is eligible for a full retirement. Under SRS, a member is eligible for full retirement after 20 years of service. The Montana Chapter of APSCO would like to allow current dispatchers the option of joining SRS and to require the new dispatchers join SRS instead of PERS. This proposal was previously considered by the legislature, but did not pass. It was introduced by Rep. Franke Wilmer as HB 31 in the 2009 Session and HB 328 in the 2011 Session.

Fiscal implications

Employer Contributions

In PERS:

- the state employer contribution is 7.17%;
- the local government employer contribution is 7.07%;
- the school district employer contribution is 6.8%; and
- the state contribution is 0.1%.

Under the proposal, employer contributions for current dispatchers who transfer to SRS and for new dispatchers who would automatically join SRS would increase to 10.115%, which is the employer contribution under SRS.

¹ This report summarizes SAVA's recommendation to the Legislature as of November 2012. The report is not a summary of a bill, but of a retirement proposal as presented to SAVA during the interim. The specifics of the proposal summarized may have changed during the subsequent drafting and legislative processes.

² Report issued pursuant to 5-5-228, MCA.

Employee contributions:

In PERS, the employee contribution is 7.9%. Under the proposal, these employee contributions for current dispatchers who transfer to SRS and for new dispatchers who would automatically join SRS would increase to 9.245%, which is the employee contribution under SRS.

The fiscal note for HB 328 from the 2011 Session (which was based on the FY 2010 actuarial valuation) indicated that this proposal would have:

- increased the statutory shortfall in funding for SRS by 0.75%;
- decreased the statutory shortfall in funding for PERS by 0.04%;
- had a net increased cost to general fund of \$7,611 in FY 2012; and
- had a net increased cost to local governments of \$451,071 in FY 2012.

The fiscal note also indicated that the proposal would have covered 393 dispatchers in PERS and that there would be no change in the normal cost of benefits in either PERS or SRS under the proposal.

Effect on other Montana retirement systems

None.

Soundness as matter of retirement policy

This proposal relates to the following policy principle adopted by SAVA:

- I. Pensions should provide the base of financial security in retirement.

The policy issue for the legislature to consider is whether the nature of the job required of a public safety communications officer is such that the person's working career is 20 years rather than 30 years. Public safety personnel are typically covered in 20-year retirement systems.

In PERS, the retirement benefit formula is 1.79% x highest average compensation (HAC) over 5 years) x years of membership service. This provides 53% of HAC after 30 years. In SRS, the retirement benefit formula is 2.5% x HAC x years of service. If the legislature determines that the appropriate working career for a dispatcher is 20 years, then to meet the adopted policy principle stated above, dispatchers would need to be covered under SRS, which would provide the member with 50% of HAC after 20 years of service.

Comparison with other states

According to the summary presented by the Montana Chapter of APSCO, Wyoming public safety communications officers belong to the same retirement system as other law enforcement officers and similar legislative proposals have either been passed or were proposed in the following states: OR, AK, NY, NM, OK, FL and MA.

Legal implications

This proposal does not raise any legal or contract impairment concerns.

Testimony received

Testimony to SAVA on this proposal was received on August 8, 2012.

Proponents:

Ms. Kimberly Burdick testified on behalf of the Montana Chapter of APSCO as Montana's national representative on the national executive council of APSCO. She noted the high turn over rate in this profession because of the stressful environment and the realization that they cannot expect to be able to continue to work in this career for 30 years. She referenced studies and reports that reveal the high cost of turn over and training. She said the proposal for a 20-year retirement will promote recruitment and retention and benefit public safety through effective dispatching of first responders. She also noted that dispatchers require the same type of training as law enforcement officers. Ms. Burdick explained the high turn over and training costs and the anticipated savings that could result from retention of experienced dispatchers.

Ms. Susan Bomstad, president of the Montana Chapter of APSCO, testified as a proponent and handed out material showing the high cost of turn over and also referenced a PTSD study examining the high stress associated with being a dispatcher.

Ms. Melanie Symons testified that the PERS Board supported the proposal.

Mr. Ed Clearly of the State Fireman's Association supported the proposal.

Opponents:

None.

Committee discussion and recommendations

Committee questions led to discussion about the option available to current dispatchers to either stay in PERS or move to SRS. If the member moved to SRS, the member would have the option of purchasing service in SRS at the member's cost, not the employer's cost.