

OFFICE OF THE GOVERNOR
STATE OF MONTANA

STEVE BULLOCK
GOVERNOR



MIKE COONEY
LT. GOVERNOR

May 22, 2017

The Honorable Corey Stapleton
Secretary of State
State Capitol
Helena, MT 59620

Dear Secretary Stapleton:

In accordance with the power vested in me as Governor by the Constitution and the laws of the State of Montana, I hereby veto Senate Bill 143 (SB 143), "AN ACT REVISING PROVISIONS RELATED TO RETIREES RETURNING TO WORK UNDER THE TEACHERS' RETIREMENT SYSTEM; REVISING THE CRITERIA TO BE MET FOR A RETIREE TO RETURN TO EMPLOYMENT IN SPECIAL CIRCUMSTANCES WITHOUT LOSS OF RETIREMENT BENEFITS; LIMITING THE TYPES OF EMPLOYERS THAT MAY USE THE RETURN TO WORK PROVISIONS; AMENDING SECTION 19-20-732, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A TERMINATION DATE."

SB 143 would reduce the number of years of creditable service necessary under which a retired member of the Teachers Retirement System (TRS) could return work under § 19-20-732, MCA, from 30 years to 27 years for anyone who is retired on or before July 1, 2017, without any earnings limitation and with no reduction to their monthly retirement benefit. Effectively, this allows those returning to "double dip."

Current law allows a TRS retired member with 30 or more years of service credit to be re-employed as a teacher, specialist, or administrator on a full-time basis by a school district without the loss or interruption of their TRS retirement benefits in limited circumstances when a school district is unable to fill a vacant position. A retired member hired under this provision is exempt from the one-third earnings and part-time employment limits under § 19-20-731, MCA, as well as the 150 calendar day break-in-service requirement under § 19-20-734, MCA.

Schools across Montana, particularly in our more rural communities, are struggling to recruit and retain teachers, and it is important to acknowledge and do what we can to address this critical issue. In fact, educator recruitment and retention has been the subject of initiatives from the Board of Regents, the Board of Public Education, and education associations representing teachers, administrators, and school boards. Several bills that I signed earlier this year provide meaningful policy solutions to this challenge including Senate Bill 115, which incentivizes recruitment and retention of National Board Certified teachers in rural areas and House Bill 119, which revises the quality educator loan assistance program to prioritize educators teaching in geographically isolated areas.

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However, SB 143 does little to improve the recruiting efforts of these districts, with the significant consequence of putting the solvency of TRS at risk. The proponents argued that the employer contributions required on the wages paid to working retirees under § 19-20-732, MCA, are sufficient to cover the cost to the system. In reality, in the eight years since this law took effect, TRS has received approximately \$250,000 in employer contributions for retirees working under this provision while paying them more than \$940,000 in retirement benefits. SB 143 would add to the imbalance in TRS contributions versus benefit payments while doing little to address our school districts' recruiting issues.

For these reasons, I veto SB 143.

Sincerely,



STEVE BULLOCK
Governor

cc: Legislative Services Division
Scott Sales, President of the Senate
Austin Knudsen, Speaker of the House