



TO: Representative Harry Mares
Senator Don Betzold
Senator Dean Johnson

FROM: Lawrence A. Martin, Executive Director *JAM*

RE: Staff Recommendation on Commission's FY2002-FY2003 Budget Request

DATE: February 9, 2001

Introduction

The Legislative Commission on Pensions and Retirement is obligated every two years to prepare a biennial budget request relating to the operation of the Commission. The budget request, once approved by the Commission, is reviewed by the Legislative Coordinating Commission under Minnesota Statutes, Section 3.305, Subdivision 1a, along with the budget requests of other legislative commissions and joint legislative offices.

To assist the Commission in the process of assembling a proposed budget, I have prepared a draft Commission budget request that matches the Governor's budget recommendation totals. I request that the Commission review the draft Commission budget recommendation at an appropriate time.

Governor's Budget Recommendation

Governor Jesse Ventura is recommending a budget for the Legislative Commission on Pensions and Retirement of \$1,170,000 (\$581,000 for FY2002 and \$589,000 for FY2003). The Governor based his budget recommendation on replicating the FY2001 budget, plus a three percent increase over the FY2001 amount in salaries and fringe benefits for FY2002 and a 6.1 percent increase over the FY2002 amount in salaries and fringe benefits for FY2003.

Legislative Coordinating Commission Budget Request Guidelines

The Legislative Coordinating Commission has not yet issued budget request guidelines or set a time for their review of the Legislative Commission on Pensions and Retirement budget request. The Legislative Coordinating Commission is currently conducting a compensation study of the various staff positions under its jurisdiction, including the Legislative Commission on Pensions and Retirement, and if that study, by the Hay Group, results in recommendations for some equity salary increases, any Legislative Coordinating Committee budget guidelines may incorporate the financial impact of them.

Recommended FY2002-FY2003 Legislative Commission on Pensions and Retirement Budget Request

The Commission staff recommendation for the FY2002-FY2003 Legislative Commission on Pensions and Retirement budget request is to comply with the Governor's recommendation for the Commission, or to request appropriations of \$581,000 for Fiscal Year 2002 and \$589,000 for Fiscal Year 2003.

Note on Actuarial Fee Recoupment

The Legislative Commission on Pensions and Retirement budget differs from other joint legislative agency budgets because a substantial portion of the Commission's actuarial consultants budget is recouped annually from the various statewide and major public employee pension plans under Minnesota Statutes, Section 3.85, Subdivision 12. The recouped amounts are redeposited in the State General Fund, thus offsetting a significant portion of the overall State General Fund appropriation to the Commission. For the Fiscal Year 2002-Fiscal Year 2003 Commission budget request recommendation, the anticipated recoupment amount is \$200,000 for each year of the upcoming biennium. Because the Commission's actuarial service contract is up for rebidding as of July 1, 2002, the exact amount of potential recoupment for the upcoming biennium could vary from the estimated \$200,000 recoupment amount.

To provide a sense of the past Legislative Commission on Pensions and Retirement budget amounts and actual expenditures, including base reductions, other reductions, transfers, and actuarial fee recoupments, the following sets forth the applicable figures for the period Fiscal Year 1988 through Fiscal Year 2001:

<u>Fiscal Year</u>	<u>Initial Approp.</u>	<u>Base Reductions</u>	<u>Other Reductions</u>	<u>Transfers-In</u>	<u>Resulting Budget Amount</u>	<u>Actual Expenditures</u>	<u>Pension Plan Recoupment</u>	<u>Cancel-lations</u>
1988	\$555,600	\$.00	\$.00	\$.00	\$555,600.00	\$555,600.00	(\$244,771.02)	\$.00
1989	563,700	.00	.00	\$45,537.00	609,237.00	609,114.88	(299,552.46)	122.12
1990	583,000	.00	.00	7,549.00	590,549.00	522,000.32	(310,617.66)	68,548.68
1991	607,100	(5,400.00)	.00	8,234.00	609,934.00	480,425.62	(275,334.23)	129,508.38
1992	555,000	(5,000.00)	(40,090.00)	.00	509,910.00	418,592.75	(125,797.90)	91,317.25
1993	570,000	(5,000.00)	(19,515.00)	.00	545,485.00	508,094.12	(200,357.44)	37,390.88
1994	504,000	(9,000.00)	.00	4,303.00	499,303.00	498,636.27	(140,760.00)	.00
1995	524,000	(9,000.00)	.00	\$1,146.73	516,146.73	459,830.03	(160,919.96)	56,316.70
1996	505,000	.00	.00	.00	505,000.00	453,087.85	(200,675.26)	51,912.15
1997	505,000	.00	.00	.00	505,000.00	504,434.63	(251,200.00)	565.37
1998	511,000	.00	.00	.00	511,000.00	508,917.64	(215,211.42)	.00
1999	566,000	.00	.00	2,082.36	568,082.36	532,356.92	(260,679.76)	35,725.44
2000	526,000	.00	.00	.00	526,000.00	524,801.69	(227,998.52)	.00
2001	573,000	.00	.00	1,198.31	574,198.31	561,194.30*	(220,000.00)*	13,004.01*

* Estimated amounts

Conclusion

Thank you for reviewing this memorandum and the attached Commission staff budget request recommendation. If you have any questions about this memorandum or the attachment, please contact me.

- cc: Senator Don Betzold
- Senator Lawrence Pogemiller
- Senator Dan Stevens
- Senator Roy Terwilliger
- Representative Phil Krinkie
- Representative Mary Murphy
- Representative Rich Stanek
- Representative Steve Wenzel

Draft Commission Staff Budget Proposal
Legislative Commission on Pensions and Retirement

Expenditure Item	7/1/1991 - 6/30/1993		7/1/1993 - 6/30/1995		7/1/1995 - 6/30/1997		7/1/1997 - 6/30/1999		7/1/1999 - 6/30/2001		FY2002 - FY2003 Budget Request	
	Actual FY 1992	Actual FY 1993	Actual FY 1994	Actual FY 1995	Actual FY 1996	Actual FY 1997	Actual FY 1998	Actual FY 1999	Actual FY 2000	Estimated FY 2001	Request FY 2002	Request FY 2003
08 Personnel												
a. Salaries	\$ 139,571.53	\$ 141,846.24	\$ 145,909.68	\$ 159,245.12	\$ 156,053.70	\$ 173,942.00	\$ 188,080.80	\$ 200,005.15	\$ 213,009.75	\$ 202,467.76	\$ 212,257.25	\$ 218,624.97
b. Fringes	29,019.48	29,528.26	31,057.32	34,104.81	32,277.30	36,790.10	40,680.98	44,104.29	47,108.73	44,329.84	46,463.11	47,857.00
10 Rents & Leases	109.73	113.44	120.26	128.41	99.93	279.28	295.36	73.84	0.00	0.00	0.00	0.00
- Data Processing/Ads	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	847.46	0.00	0.00	0.00
12 Repairs & Maintenance	1,599.36	943.79	2,082.56	2,261.84	1,657.06	1,739.19	972.35	1,486.24	1,878.93	1,160.00	1,520.00	1,520.00
14 Printing	403.18	141.91	27.90	351.61	48.75	325.83	253.67	104.46	175.01	344.13	260.00	260.00
16 Actuarial Consultant	235,021.91	323,234.92	300,381.47	241,552.45	251,816.59	292,679.21	265,676.77	275,051.24	250,071.15	305,000.00	308,454.64	310,093.03
18 Purchased Services	120.42	0.00	0.00	0.00	0.00	120.00	0.00	0.00	0.00	0.00	0.00	0.00
20 Communication												
a. Telephone	956.33	929.50	944.50	1,234.13	867.13	1,167.77	966.51	818.49	794.85	1,000.00	1,000.00	1,000.00
b. Postage	577.70	875.13	733.50	921.22	534.24	626.02	913.57	343.64	605.16	800.00	700.00	700.00
21 In State Travel												
a. Member Per Diem	3,756.00	1,414.00	5,334.00	3,976.00	3,508.00	2,350.00	4,200.00	3,528.00	4,032.00	1,272.00	4,200.00	3,600.00
b. Member Travel	3,644.98	1,620.84	4,386.45	2,498.87	2,140.96	1,942.28	3,053.60	2,741.79	3,677.67	2,275.57	3,600.00	2,800.00
c. Staff Travel	32.25	349.37	69.20	87.71	1,049.44	0.00	185.76	0.00	0.00	0.00	0.00	0.00
22 Out of State Travel												
a. Member Per Diem	0.00	0.00	778.00	0.00	0.00	192.00	0.00	0.00	0.00	0.00	0.00	0.00
b. Member Travel	600.00	0.00	4,381.65	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
c. Staff Travel	0.00	0.00	0.00	1,395.20	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
29 Membership Fees	414.00	0.00	130.00	135.00	140.00	145.00	145.00	40.00	300.00	145.00	145.00	145.00
Professional Dvlpmt - Staff	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	50.00	0.00	0.00	0.00
30 Supplies & Publications	1,324.18	3,943.76	1,891.75	2,387.55	2,402.55	2,084.64	3,283.85	2,522.57	1,792.14	1,800.00	1,800.00	1,800.00
40 Equipment	\$ 1,441.70	\$ 3,152.96	\$ 407.99	\$ 9,514.11	\$ 492.20	\$ 2,848.92	\$ 175.82	\$ 1,537.21	\$ 458.84	\$ 600.00	\$ 600.00	\$ 600.00
Total	\$ 418,592.75	\$ 508,094.12	\$ 498,636.23	\$ 459,794.03	\$ 453,087.85	\$ 517,232.24	\$ 508,884.04	\$ 532,356.92	\$ 524,801.69	\$ 561,194.30	\$ 581,000.00	\$ 589,000.00