



Chair Julie Rosen and members of the Legislative Commission on Pensions and Retirement (LCPR):

On behalf of the Minnesota Association of Professional Employees (MAPE), a union of more than 15,000 state employees across Minnesota's state agencies, boards and commissions, we thank Chair Rosen for her balanced approach in providing financial relief for both active employees and retirees. Lowering employee contribution rates by a quarter percent for most of the plans while providing an appropriation to ensure contribution sufficiency to the funds is greatly appreciated.

Expediting the phase-in period by one year for the cost-of-living adjustment increase from 1% to 1.5% by 2023 will give our retirees some relief from the near record-level inflation they've been experiencing. We also hope that some additional, one-time money - like Governor Walz's supplemental budget proposal or Rep. Mary Murphy's provision in the omnibus state government finance bill for COLAs - can be found to further offset inflation for our seniors.

One particular concern we have is the decrease in employee contribution rates for the Minnesota State Individual Retirement Account Plan (IRAP) without an appropriation or an increase in the employer contribution rate. IRAP is a defined contribution plan that MAPE's unclassified academic professionals can elect within one year of hire instead of enrolling in Teacher's Retirement Account (TRA). Many of our members select this plan due to the unstable nature of unclassified employment and the vesting requirements for the pension plan. Decreasing contributions to a defined contribution plan does not provide the same financial relief it does for defined benefit plan members; it means fewer dollars will ultimately be invested in their overall retirement.

This is the only plan where employees pay more than the employer. Under this proposal, IRAP members will pay 7.25% in 2023, while the employer will remain at a 6% contribution. We understand under federal tax law, the employee contribution rates for IRAP must track with the TRA employee contribution rates, but we hope the legislature will resolve this inequity by increasing the employer contribution rate to offset the loss.

Thank you for this opportunity to testify and this Commission's continued work to ensure our public employees can retire in dignity after a career serving their communities.

Sincerely,

Devin Bruce

MAPE Public Affairs Coordinator