



April 21, 2025

Dear Senator Frentz, Representative O'Driscoll, and Members of the Legislative Commission on Pensions & Retirement,

Thank you for the opportunity to provide comments on SF 1986 (Kupec) and HF 1779 (Wolgamott) on behalf of the Minnesota Inter-County Association (MICA). MICA is an organization of 17 of the most populated counties in Minnesota outside of Hennepin and Ramsey with representation in the metro area and greater Minnesota.

We appreciate the intent of the bill to recognize the vital part of our public safety ecosystem that probation agency employees play for counties across the state. However, we do think that the commission should closely consider a couple of issues at play with this legislation.

The first is the question of intergenerational equity. These bills would benefit career employees to a greater extent than recent hires. The career employees would receive a larger benefit based on their years of service without having paid in as much of the higher contribution rate. This would shift the cost toward future employees that haven't even been hired yet, who would functionally be paying higher contribution rates than they otherwise would for this increased benefit for career employees.

The second question has to do with establishing more differential pension benefit plans outside of the general PERA plan. Market gains and state policy actions over the past decade have improved the stability of public pension funds. However, those funds have not yet achieved full actuarial funding. As of June 30, 2024 the PERA general plan is 89.1% funded and the police and fire plan at 90%.

Pension fund stability is not merely prudent financial management, it is essential to supporting fairness so that current contribution levels are aligned with the benefits current employees expect to receive in future years. That's why MICA has a long standing position to discourage the legislature from establishing new differential pension benefits for separate classes of employees. The smaller the new plan the less stable it will be. A less stable plan is less reliable for employees and could require unforeseen contribution and benefit changes in the future.

It is important to recognize that these bills fund their increased benefit through higher employee contribution rates specifically and we do appreciate that innovative approach. However, changes on this scale during an economically uncertain time that impact fund stability deserve careful consideration. We appreciate the authors and commission members taking the time to discuss these issues.

Sincerely,

A handwritten signature in black ink that reads 'Nathan Jesson'.

Nathan Jesson, Minnesota Inter-County Association