



March 13, 1989
Room 112
Capitol

3rd Meeting

LEGISLATIVE COMMISSION ON PENSIONS AND RETIREMENT

MINUTES

Senator Donald M. Moe, Chair of the Legislative Commission on Pensions and Retirement, called the meeting to order at 8:40 A.M.

Commission members present:

Senators Donald Moe, Steven Morse, Larry Pogemiller, Earl Renneke, and Gene Waldorf
Representatives Robert A. Johnson, Rich O'Connor, Leo Reding and Wayne Simoneau

Members absent:

Representative Gerald Knickerbocker

A quorum was present.

Senator Moe introduced the first item on the agenda, S.F. 813 (Morse); H.F. 557 (Reding): Police State Aid; Use of Excess Aid. Senator Moe introduced Mr. Lawrence A. Martin, Executive Director of the Commission, to review the staff memo and an amendment to this bill. Mr. Martin noted the police state aid program was established in 1971, it was modeled after the fire state aid program, consists of a 2% premium on automobile insurance policies and is wholly dedicated to fund police pensions. This bill changes the authorized use of the police state aid to permit the amount in excess of the 12% PERA-P&F employer contribution to be used for health insurance premium costs. The excess police state aid is not required to maintain the solvency of PERA-P&F as the unfunded actuarial accrued liability of PERA-P&F is a very modest amount.

Rep. Reding spoke in support of his bill saying PERA-P&F is close to being fully funded and he believes the money could be used more wisely than to build a surplus.

Senator Waldorf stated that the Commission should look at the state's overall pension situation before allocating the excess police state aid.

Stan Peskar, League of Minnesota Cities, stated that for several years it has been the position of the LMC to have the excess police state aid authorized to remain with local governmental units for other beneficial uses. He also noted that an allocation is not made currently in the police state aid program for part time police officers but part time police officers do receive a benefit. Mr. Peskar testified in support of this bill and also supports allowing the excess police state aid to be discretionary on the part of local governmental units.

Brian Rice, Attorney for the Minneapolis Police Relief Association and the Minnesota Police Pension Council, testified in support of the bill and noted that he has an amendment to the bill.

James Hacking, Executive Director of PERA, testified in support of the bill. Mr. Hacking noted that as of July 1, 1987, PERA-P&F was fully funded but due to changes in the mortality table used by PERA-P&F they currently have a small unfunded accrued liability. However, if the excess state aid was used to pay health insurance premiums, he felt the PERA Board would support the bill. Mr. Hacking also stated that PERA would not have a problem with being taken out of the excess state aid business or transferring the monitoring of the excess state aid to the State Auditor's office.

Discussion followed.

Senator Moe laid the bill over temporarily.

Senator Moe introduced the second item on the agenda, S.F. 818 (Morse); H.F. 800 (Reding): PERA; General Exclusion of Volunteer Firefighters. Lawrence Martin, reviewed the staff memo on this bill noting that S.F. 818 is a general exclusion of volunteer firefighters from PERA and there are also six local bills on this issue to date.

Rep. Leo Reding spoke on behalf of his bill, the statewide exclusion from PERA.

Discussion followed.

Mr. Robert Wetherille, Executive Secretary of the Minnesota Fire Department Association, testified that the Association has no position on these bills and noted that the term "volunteer" is not defined as free, it simply means that services are on a voluntary basis.

Senator Moe laid the bill over temporarily.

The meeting adjourned at 10:00 A.M.