



April 24, 1989
Room 112
Capitol

12th 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 8:15 A.M.

Commission members present:

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

A quorum was present.

Senator Moe noted that the purpose of this meeting was to take public testimony on the major benefit increase proposals. Sen. Moe then went on to introduce the first item on the agenda, S.F. 307 (Moe, D.M.); H.F. ____ (): Major Plans; Age 62 and Level Benefit Formula and S.F. 1329 (Pogemiller); H.F. 1302 (Simoneau): Various Funds; Various Benefit Modifications.

Gene Mamenga, representative of the Minnesota Education Association, stated that in response to the great interest in the benefit increase proposals, MEA produced a brochure which showed a comparison of Minnesota teachers retirement benefits to those of teacher retirement benefits in other states. The comparison showed Minnesota teacher pensions inferior to other states' pension plans and, in particular, showed that most other states have gone to a level benefit plan and have superior early retirement options. He noted that the MEA supports both bills. Discussion followed.

Duane Elg, representative of the Minnesota Federation of Teachers, testified in support of both bills. He noted that the MFT supports the level benefit formula in S.F. 307 and the early retirement incentives in H.F. 1302, the Rule of 90, and the 3% reduction for early retirement.

Rick Scott, representative of AFSCME Council 6, testified in support of H.F. 1302 as a compromise between the House and the Senate views of pension benefit improvement proposals. He noted that the bill supports the House position that any benefit improvement should not take away a current benefit and the Senate position that any benefit improvement should benefit everyone. He further noted that this bill creates a level playing field for the three major funds.

Fritz Marshall, representative of the MSRS lobbying group the MORE Coalition, noted that originally the purpose of MORE was to obtain the Rule of 90 for MSRS but since that time they have shifted their priority to the level benefit provision, the Rule of 90, and then the age 62 provision. The MORE Coalition supports H.F. 1302.

Glen West, Business Agent for the Minnesota Association of Professional Employees (MAPE), noted that MAPE conducted a survey of 6,000 people and had a higher response, 28% return, on this survey than any prior survey. The priority of 80% of the MAPE represented employees responding to the survey is the level benefit formula, age 62, and Rule of 90 or 85.

George Flynn, state employee with the Department of Transportation, noted that he has been a state employee for 37 years and that, according to information being circulated by MSRS, Minnesota ranks 45th in the nation for retirement benefits and has not substantially improved their benefits in the last sixteen years. Mr. Flynn testified in support of the benefit increase proposals, particularly the proposals that favor the long term employees. Discussion followed.

Gary Denault, Executive Director of the Middle Management Association, conducted a survey of the 2,600 members of their organization to prioritize the benefit increase proposals. Mr. Denault stated that the prioritization for their members was the Rule of 90, level benefits, and age 62. They support H.F. 1302 and their members are willing to contribute toward any pension benefit improvement.

Paul Erhart, public school teacher representing the Albert Lea public schools, the ALEA, District 241, the administration and the school board, supports both bills. Mr. Erhart further testified that the Rule of 90 is their top priority for many reasons one of which is that it would permit older higher salaried teachers to retire and younger teachers with lower salaries and a better capacity to deal with today's students to replace them.

Morgan Fleming, representative of the Committee of 13 of the Minneapolis Teachers Retirement Fund Association, testified in support of H.F. 1302 and stated that it is a cafeteria plan and provides many options to public employees who have varied circumstances and require a varied benefit improvement package.

Russ Stanton, representative of the State University and Community College faculty, testified in support of pension benefit improvement. Mr. Stanton noted that a study done by TIAA-CREF that compared 64 defined benefit plans

that cover higher education faculty nationally showed Minnesota ranked among the lowest, 7th from the bottom.

Harlan Bauermeister, President of the MEA Retired Teachers, testified in support of a permanent solution to the pre-73 situation.

Rep. Simoneau stated that he has an amendment to his benefit improvement bill that would provide a permanent solution for the pre-73 situation. Discussion followed.

Members laid over S.F. 307; H.F. 1302 for further review.

The meeting adjourned at 10:00 A.M.