

Legislative Commission on Pensions and Retirement  
January 22 and 23 Meeting - 1976  
Room 15, State Capitol

MINUTES

January 22, 1976 Meeting - 7:00 P.M.

The chairman, Rep. Donald M. Moe, opened the meeting.

PRESENT: Senators Chenoweth, McCutcheon, Mel Hansen, Stokowski  
Representatives Moe, Parish, Beauchamp, Biersdorf, Patton

Also present: Dr. Franklin Smith, Actuary, Sen. Gearty

The minutes of the January 15 and 16, 1976 meetings were approved.

Mr. Ralph McCartney, Hennepin County Retired Teachers Association, spoke in behalf of the early retirees and the need for improvement in pension benefits.

Pre 1973 Retirees

Staff Memo - Cost Estimates for Post Retirement Increase Proposal for Pre-1973 Retirees - Mr. Mandeville went over the memo. The grand total cost for the pre-1973 proposal is approximately \$19,442,520.

Sen. Chenoweth moved to modify the proposal re the pre 1973 retirees to pay one-half of the basic formula to the survivors. Motion carried.

Sen. Chenoweth moved to pay \$4.50 per year for each year of allowable service for the Basic members and disabilitants, and \$9.00 per year for each year of retirement; for the Coordinated members, \$1.20 per year for each year of allowable service and \$2.40 per year for each year of retirement. Motion carried.

The cost is approximately \$16 million-current cost; the actual total if appropriations were made on a year by year basis as needed would be \$25-30 million.

First Class City Teacher Retirement Funds

Mr. Ed. Blanc, Exec. Sec. of the Duluth Teachers Retirement Fund, introduced Mr. Paul Rigstad, Duluth Federation of Teachers. Mr. Rigstad advised the Commission that the active Duluth teachers requested that he speak in opposition to the concept of the proposed working bill draft for the first class city teacher funds.

Mr. Lyle Farmer, Sec/Treas of the St. Paul Teachers Retirement Fund, stated that his fund does not want the new concept; that the combined service is a good approach and should be given an opportunity to work; that the proposal needs to be studied carefully; that he is of the opinion that contributions should be increased.

Mr. Dudley Parsons, Minneapolis Teachers Retirement Fund, spoke in opposition to the proposed working bill draft. He pointed out some of the differences in the Minneapolis teachers fund and the TRA fund. He advised that they have a bill prepared which differs from the proposed bill draft.

Mr. Dale Holstrom, Exec. Sec. of the American Federation of Teachers, stated that they support Mr. Parsons and the Committee of 13; and that there is need for separateness.

1st Class City Teachers Pension Benefit Charts: Mr. Mandeville went over the comparison charts and material re the first class city teacher funds.

Staff was directed to draft language for the pre 1973 retirees' bill as per decisions made. The proposed language will be sent to the revisor as per the commission decisions.

Present: Senators Chenoweth, Stokowski, Mel Hansen, McCutcheon  
Representatives Moe, Parish, Patton, Biersdorf

January 23, 1976 Meeting - 9:00 A.M., Room 15

Mr. Harry Groschel, Manager of the Social Security Retirement Services, explained S.F. 1496, "a resolution memorializing the Congress and the Departments of Treasury and Health, Education and Welfare to continue the present long established policy of the Social Security Administration with respect to reporting and quarterly remittances of social security contributions by State and local governmental units under Section 218 of the Social Security Act."

The Commission was directed to draft a letter to Congress relative to this matter.

Mr. Groschel introduced Dorothy Snyder, Federal Social Security office, who spoke in reference to recent articles re Social Security.

- There is \$2.4 trillion in Social Security liabilities;
- \$69 billion is paid out annually; (\$90 million annually in Minnesota);
- Social Security is taking in approximately \$67 billion annually;
- At present Social Security is paying out \$2 billion more than it is taking in per year.
- Social Security operates at a 2% overhead expense rate;
- There is the continuing question as to what kind of a program the American people want and how they are going to pay for it.
- Social Security has assets for approximately 9 months ahead;
- As of 1/1/78 Social Security contributions for employees will increase to 6.05%; not certain of the income base.
- Legislation is being considered to eliminate double indexing.

The Commission was directed to draft a report to the appropriate members of the Legislature relative to the progress of the First Class Teachers problems and legislation, advising that it is the commission's intention to recommend legislation upon completion of further study. (Sen. McCutcheon, Stokowski, and Rep. Moe will work with the commission in drafting the report).

Sen. Gearty requested that the bill for the pre-1973 retirees come before his committee as soon as possible for debate and hearings.

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Wm. McCutcheon

E. Diebel  
Steno