

Legislative Commission on Pensions and Retirement
July 15 and 16 Meetings
Room 112, State Capitol

MINUTES:

(July 15, 1976)

The chairman, Rep. Don Moe, opened the meeting.

PRESENT: Senators Ogdahl, Chenoweth, Mel Hansen, Stokowski, Gearty
Representatives, Moe, Patton, Biersdorf, Beauchamp

Also present: Dr. Franklin Smith

Valuation Memos: Dr. Franklin Smith
Teachers Retirement Association Actuarial Valuation as of 6/30/75:

Dr. Smith went over the memo and discussion followed.
The actuary for the TRA recommends an increase in the support rate to amortize the deficit. There is need to review the 1997 amortization date along with the support rate problem.

Minneapolis Municipal Employees Retirement Fund Valuation as of 12/31/75:

Dr. Smith went over the valuation memo and discussion followed:
Mr. Johansen will report back to the commission as to why there is a marked increase in the number of disabilitants reported. Also there is need for a report from the MMER investment advisor on investment return.

Also, Mr. Johansen was requested to report back re the Tommy Thompson case as to how much money he contributed to the fund; what is the present value of his retirement?

Minneapolis Teachers Retirement Fund Association Valuation as of 12/31/75

Dr. Smith went over the valuation memo and discussion followed:
Dr. Dudley Parsons represented the Minneapolis Teachers Fund. Mr. Parsons was asked to furnish the commission with information as to the problem which was referred to the attorney general by the Minneapolis Teachers Fund.

H.R. 13040 - Federal Bill to Regulate Public Pensions

Mr. John Mandeville went over a review of the major questions and problems which were brought out in a staff memo.

Sen. Mel Hansen moved that Congressman Quie be invited to appear before the commission relative to his interpretation of the proposed federal legislation and its impact on the Minnesota state retirement funds. Motion carried.

Possible Impact of National League of Cities v. Usery: This Supreme Court decision may slow down Congress in passing the HR 13040 bill.

(July 16, 1976 Meeting)

PRESENT: Representatives Moe, Patton, Biersdorf, Beauchamp
Senators Ogdahl, Mel Hansen, Stokowski, Gearty

Also present: Dr. Franklin Smith

The minutes of the June 10 and 11 meetings were approved.

Commission Report to the 1977 Legislature

Commission went over a staff memo relative to possible changes in the format of the forthcoming report to the Legislature. The following suggestions were made:

1. Reduce the size of the report to about one-half of the previous report;
2. Get out a handbook explaining the retirement systems in Minnesota;
3. Review the principles of pension policy;
4. Explain why we went into the 5-high years;
5. Staff to prepare a more detailed outline of contents;
6. Prepare a better description of the pension commission and its responsibilities;
7. Include the proposed charts in the report.

Exclusion of sick leave FICA contributions on "Sick Leave" payments:

Touche Ross & Company, a consulting firm, offered to perform a study for the Department of Personnel concerning the possibility of excluding sick leave payments from the amounts of wages which are subject to social security taxes.

The commission discussed this subject and concluded that there is a need to know how much is being paid out in FICA sick leave contributions.

Staff will pursue this subject with the Personnel Department and Touche Ross.

Staff Memo: New Entrants into PERA's Basic Program.

L. Martin went over the memo and discussion followed. This is a complicated problem. The elected public officials are the largest group of new entrants in the PERA Basic Plan. PERA is checking with the PERA actuary on this question. Staff will research further as to whether there is a need to amend the PERA law.

It was also brought out that if there is a new state college, it is possible for them to elect a Basic pension plan for new employees.

TRA Military Buy-Backs

John Maas, Exec. Dir. of the Minnesota Association of School Administrators, discussed the subject of military buy-backs for TRA members, and asked the commission to help him explore the subject.

John Mandeville went over the staff memo re military buy-backs and discussion followed. The following points were discussed:

1. This is a basic policy decision.
2. What are the present Minnesota military buy-backs?
3. There should be a uniform military buy-back law enacted which applies to all the funds in the future.
4. In Minneapolis the taxpayers back up that obligation.
5. The Peace Corps may be interested in a buy-back provision.

Early Retirement with Benefit Reduction Among Major Statewide Funds - Staff memo:

L. Martin went over the memo and discussion followed.

Calculation (as of 7/1/76) of Required Reserves for Last Session's Benefit Increases to Pre-1973 Retirees - Staff Memo

John Mandeville went over the memo and discussion followed.

Rep. Patton moved that the necessary information be requested from all the funds. Motion carried.

Re: Metropolitan Sewer Board

Rep. Patton advised the commission that employees of the Metropolitan Sewer Board are requesting that the contribution costs from their paychecks be reduced--they may be paying into several pension funds--union, etc.

Staff will investigate how much is being contributed in this manner and how extensive this situation is.

William McCutcheon
Secretary

E. Diebel
Steno.