

State of Minnesota \ LEGISLATIVE COMMISSION ON PENSIONS AND RETIREMENT

Minutes of the December 1 and 2, 1977 Meetings
Room 81, State Office Bldg.
7:00 P.M. and 9:00 A.M.

The chairman, Rep. Al Patton, opened the meeting.

PRESENT: Representatives Al Patton, David Beauchamp, Leo Reding, John Biersdorf
Senators Strand, Renneke, Collin Peterson, Stokowski

Also Present: Dr. Franklin Smith, actuary

The minutes of the meetings at Radisson Duluth Hotel, Duluth, Minnesota on October 21, 22 and 23, 1977 were approved.

GVS-77-5-University of Minnesota Police Pension Plan Valuation

Dr. Smith went over the valuation and discussion followed.

Most members contribute 9.2%; takes 4 years to get to the top step, then members contribute less than 9.2% of total salary.

Staff Memo - Possible Modifications in the Uniform Judicial Retirement Law

L. Martin went over the memo and discussion followed.

Judge Ray Pavlak appeared for the Judges: in the staff memo.
The following proposals were made as possible additions to the changes proposed/
1. Raise the present formula from 2.5% per year to 3% per year;
2. Consider increasing the maximum benefit from 60% to 70%;
3. Use the last 12 month salary period rather than the 5 year average.

Judges want to be kept informed; want to work together with the commission to get something acceptable to the commission as well as to the judges.

Discussion re Judge Fitzgerald's lawsuit with MSRS; reserving the right to test the constitutionality of the law.

Paul Groschen, MSRS Exec. Director, emphasized the need to begin financing the judges' plan.

Mr. Groschel, Social Security Director, reported that the conference committee is not working on social security problems at this time; waiting for the Energy Committee to finish.

Bill from Stennes and Associates for the month of October, 1977, approved for payment.

December 2, 1977 Meeting:

PRESENT: Senators Strand, Stokowski, C. Peterson, Renneke
Representatives Patton, Beauchamp

CETA Bill Draft and Memo -

Larry Martin went over the memo and bill draft. Discussion followed relative to the probable number of CETA employees involved.

Fred Grimm, Governor's Manpower Office appeared before the commission, and advised that there are probably about 10,000 CETA employees; that the law says that all public employees must be given all the rights of the other public employees; that it involves more than the state system, PERA and others.

The memo states that "CETA is a federal program and federal regulations govern the manner in which CETA funds are spent." The problem arises when a large number of CETA employees remain in public employment under CETA a very few years and are not vested. The non vested turnover results in a gain to a public fund. The bill draft provides for an exclusion from retirement coverage for all non vested CETA participants.

Stan Kehl, City of Minneapolis, stated that Minneapolis has not taken a position on the CETA problem, but suggested that Minneapolis might prefer to have as many options as possible, including the escrow reserve method.

AFSCME

Carol Flynn, Council 6/ appeared before the Commission and raised the following questions?

1. Why was the option taken to exclude? Would they be treated differently?
2. How many people are we talking about?

Ms. Flynn stated that 10,000 people could be affected adversely. Would prefer an escrow reserve method.

Mr. Ousdigian, PERA, stated that \$7 million is being paid into this program; that these people were determined eligible to be members of PERA.

PERA Draft Legislation - Staff Memo

L. Martin went over the staff memo.

The draft legislation concerns the date for payment of annuities and the exclusion of certain elected officials. It is administrative legislation.

Sen. Stokowski moved that the proposed legislation be formally drafted and recommended to pass by the Commission. Motion carried.

Mandatory Retirement for Correctional Employees - Staff Memo

John Mandeville went over the memo.

"At present, state law requires correctional employees to terminate service at age 62, and eventually the mandatory retirement age is scheduled to drop to age 55." The U.S. Department of Labor contends that the state's mandatory retirement law for correctional employees is subject to and in violation of the federal age discrimination law.

Collin Peterson, Secretary

E. Diebel
Steno