

February 17, 1993
Room 318
Capitol

3rd Meeting



LEGISLATIVE COMMISSION ON PENSIONS AND RETIREMENT

MINUTES

Senator Phil Riveness, Chair of the Legislative Commission on Pensions and Retirement, called the meeting to order at 2:15 PM.

Commission members present:

Representatives Mindy Greiling, Bob Johnson, Phyllis Kahn, Gerald Knickerbocker, and Leo Reding
Senators Steven Morse, Lawrence Pogemiller, Phil Riveness, LeRoy Stumpf, and Roy Terwilliger

Senator Riveness introduced the first item on the agenda, **S.F. 20 (Beckman); H.F. 7 (Cooper): Ambulance Personnel Longevity Program**; (S.F. 214 (Stumpf), H.F. (....); and S.F. (....), H.F. 188 (Winter).

Rep. Roger Cooper reviewed the background on this item. He noted that recruitment and retention is a critical problem for the volunteer ambulance services. Rep. Cooper further stated that a funding source has been difficult to find. He also stated that this bill establishes a trust fund and not a pension plan. Discussion followed.

Rep. Kahn raised the issue of the funding mechanism for the plan.

O.J. Doyle, Minnesota Ambulance Association, responded to the issue of the funding mechanism, a \$2 surcharge on drivers licenses. Mr. Doyle stated that this funding mechanism was consistent with Federal policy and that a number of EMS programs in the state are funded by trunk highway dollars, Department of Transportation dollars, and federal transportation dollars so this funding mechanism is also consistent with state policy. Discussion followed.

Members questioned the adequacy of the surcharge for funding this plan, the administration of the plan by the Department of Health rather than PERA, and why it was being set up as a trust rather than as a pension plan with funding similar to the police and fire plans. Rep. Cooper responded that the surcharge would be adequate but improvement probably would be necessary in the future.

Laurie Hacking, PERA Executive Director, responded to the question of why PERA was not the administrator of this plan. She stated that the ambulance service personnel are not strictly public employees, some are quasi-public and some are private employees. Ms. Hacking further stated that PERA is concerned that covering quasi-public and private employees may subject PERA to ERISA and jeopardize PERA's federal tax qualification status. O.J. Doyle stated that approximately 20% of the volunteer ambulance services receive some private dollars. Lawrence Martin, LCPR Executive Director, reviewed the trust account provided by this bill which is similar to a "rabbi trust."

Sen. Stumpf questioned why the Governor vetoed this bill last session. Copies of the Governor's veto message were provided. Discussion followed.

Sen. Terwilliger asked what action had been taken during the interim on the issues raised by the Governor's veto. O.J. Doyle stated that he had spoken to and met with a number of people in the executive branch regarding this issue and believed that misunderstandings have been dealt with.

Rep. Kahn questioned why PERA could not just administer the ambulance plan without combining it with PERA. Ms. Hacking stated that PERA currently has an outstanding question on the issues raised by the ambulance service plan before the Attorney General and are waiting for his response. Discussion followed.

Rep. Knickerbocker stated that this bill may or may not solve the short term problem but it does not necessarily solve the long term problem which is how does Minnesota provide emergency services to people statewide. He further stated that volunteers may not be the answer, perhaps the county may need to provide the services. Discussion followed.

Rep. Kahn asked what the Department of Health's position was on administering the ambulance service plan. Christine Rice, a representative of the Department of Health, stated that the department does not have a position at this time but last year the department's position was favorable.

Mr. Martin reviewed amendment LCPR93-17 which reinstates the non-assignability language that was struck by the Senate Health Committee. The language is necessary to protect plan administrators from the need to deal with garnishments against the fund and to retain tax deferred status for benefit recipients. Mr. Martin further noted that on page 6, line 23 of the amendment, language clarified that the proceeds of the surcharge would be allocated after deductions for administrative expenses.


Rep. Johnson moved LCPR93-17. **MOTION PREVAILED.**

Rep. Ted Winter spoke in support of the bill.

Rep. Kahn directed the author to page 7, lines 23-28 and asked for more information on this provision. The provision dealt with providing an award to the estate of deceased ambulance service personnel who had not yet applied for an award without regard to the 400 award limit on the number of annual awards. Mr. Martin explained that the limit is in the bill only to further assure federal tax deferred status and not because the fund would only be capable of sustaining 400 awards annually.

Sen. Stumpf moved S.F. 20, the first engrossment, as amended by LCPR93-17. Discussion followed regarding the funding source, the administration of the plan, the need for a plan to aid in recruitment, the recruitment effectiveness of this plan, etc. Sen. Stumpf withdrew his motion and requested that this bill be laid over to enable the author to address some of the concerns of Commission members. The bill was **LAI D O V E R**.

The meeting adjourned at 4:05 P.M.


Jean Liebgott, Secretary