

March 17, 1993
Room 318
Capitol

6th 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

Discussion of Actuarial Funding and Other Policy Considerations Concerning Benefit Accrual Rate Increase Proposals

Lawrence A. Martin, LCPR Executive Director, gave a brief background view of this issue and introduced Mr. Thomas Custis, Milliman & Robertson, Inc., the Commission-retained actuary.

Mr. Custis began his presentation by explaining the actuary's process when a cost estimate for a benefit increase proposal is requested. Discussion followed.

Edward Burek, LCPR Deputy Executive Director, reviewed his staff memo regarding the Concept of Benefit Adequacy. Rep. Greiling questioned why a private pension should not be integrated with Social Security. Mr. Burek responded that an integrated plan substitutes one pension for another when one of the pension plans provides a benefit increase. Discussion followed.

Sen. Riveness stated that agenda items b. 1-5 were heard and recommended to the full Commission by Rep. Leo Reding's Subcommittee. He requested that Mr. Martin briefly review the bills.

S.F. 528 (Hottinger); H.F. 520 (Dorn): TRA; Second Medicare Referendum

Rep. Reding moved S.F. 528; H.F. 520. **MOTION PREVAILED.**

Rep. Knickerbocker questioned whether there were other TRA members who had not selected Medicare during the first referendum. Mr. Martin responded that there were 3,500 members who had not voted for Medicare the first time. TRA has stated that a new referendum would be very expensive.

S.F. 557 (Kelly); H.F. 690 (Winter): PERA; Disability Benefit and Workers Compensation

Rep. Johnson moved amendment LCPR93-42. **MOTION PREVAILED.**

Rep. Johnson moved S.F. 557; H.F. 690 as amended. **MOTION PREVAILED.**

S.F. 617 (Solon); H.F. 768 (Jaros): MSRS; Grain Handler Buyback

Sen. Terwilliger moved amendment LCPR93-40. **MOTION PREVAILED.**

Sen. Terwilliger moved S.F. 617; H.F. 768 as amended. **MOTION PREVAILED.** Discussion followed.

S.F. (....); H.F. 157 (Carlson): PERA-P&F; Minneapolis Park Police Buyback

Rep. Johnson moved amendment LCPR93-53. **MOTION PREVAILED.** Discussion followed.

Brian Rice, attorney for the Park and Recreation Board, responded to questions on this bill.

Rep. Johnson moved H.F. 157 as amended. **MOTION PREVAILED.**

S.F. (....); H.F. 270 (Sarna): St. Paul Fire; Refund to Decedent Estate

Rep. Reding moved amendment LCPR93-54. **MOTION PREVAILED.**

Rep. Reding moved H.F. 270 as amended. **MOTION PREVAILED.**

S.F. 616 (Solon); H.F. 769 (Jaros): TRA; Pre-Age 25 Service Credit Buyback

This item was referred to the Commission by the Subcommittee without recommendation. Mr. Martin reviewed the staff memo on this issue. Discussion followed. Members in support of this bill stated that it was a gender bias issue and they did not feel that consistent action by TRA could be proven. *Members in opposition felt that passage of this bill would be inconsistent with Commission policy which requires payment of full actuarial value for purchases of prior service and that often when members learn what full actuarial value will be, they choose not to buyback the prior service. Rep. Jaros spoke in support of his bill.

Rep. Johnson moved amendment LCPR93-49. **MOTION PREVAILED.**

Rep. Johnson move S.F. 616; H.F. 769 as amended. **MOTION FAILED.**

S.F. 587 (Larson); H.F. 667 (Haukoos): Volunteer Fire; Secretary of State Registration

Mr. Burek reviewed the staff memo on the bill. Rep. Haukoos spoke in support of the bill.

Rep. Reding moved amendment LCPR93-58. **MOTION PREVAILED.**

Rep. Reding moved amendment HA93-062 from the Secretary of State's office. **MOTION PREVAILED.**

Rep. Reding moved amendment HA93-061 from the Secretary of State's office. Sen. Stumpf moved an amendment to amendment HA93-061 which would strike the word "accept" on page 1, line 3, and the word "or" on page 1, line 4. **MOTION PREVAILED.** Rep. Reding renewed his motion on amendment HA93-061 as amended. **MOTION PREVAILED.** Discussion followed. Katy Engler, Secretary of State's office, stated that Minnesota Statutes, Chapter 5, provides the Secretary of State's office with discretion to accept documents that are in "substantial compliance" with the information that they have so they do not have a problem with the amendment as adopted by the Commission.

Sen. Terwilliger moved S.F. 587; H.F. 667 as amended. **MOTION PREVAILED.**

S.F. 853 (Stumpf); H.F. 972 (Reding): Volunteer Fire; Service Pension Maximums

Mr. Martin stated that agenda items d.1., d.2., d.3., d.4., d.5., and d.7 deal essentially with the same issue. He then explained the topic and the bills' similarities. Mr. Martin reviewed the staff memo on S.F. 853; H.F. 972. He stated that this bill is a general bill pertaining to volunteer fire relief associations and that the part of this bill that is similar to the local bills has to do with the appropriate upper end maximum benefit that is allowed to be paid to a volunteer firefighter. S.F. 853 provided an increase in the upper end maximum from \$3,000 to \$4,000.

Rep. Knickerbocker suggested that the Commission hear from the people affected by the local bills as they may have come from out of town. Sen. Riveness agreed.


Mayor Doug Tenpas, City of Eden Prairie, spoke in support of S.F. 792; H.F. 860, which dealt with the Eden Prairie Volunteer Fire.

Authors of the other volunteer fire bills that had constituents present stated that their constituents were there only to testify in rebuttal if it was needed.

Gus Welter stated that he supported either eliminating the upper end maximum or increasing the cap significantly. Discussion regarding fire state aid and the funding status of volunteer fire funds followed.

Sen. Riveness laid this item over until the 6:00 P.M. Monday, March 22, 1993, meeting.

The meeting adjourned at 4:10 P.M.


Jean Lieb Gott, Secretary

* The tape player was defective and did not record until this point approximately one hour into the meeting.