

March 22, 1993  
Room 112  
Capitol

7th 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 6:20 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

**S.F. 86 (Janezich); H.F. 55 (Rukavina): Eveleth Police and Fire Trust; Post Retirement Adjustment**

Mr. Lawrence A. Martin, LCPR Executive Director, reviewed the staff memo and the actuarial information calculated by staff on the Eveleth Police and Fire Trust Fund. Mr. Martin also reviewed the staff amendment, LCPR93-63, which would reset the amortization date of Eveleth's Police and Fire from 1991 to 1998. This would put Eveleth on a proper funding level. Rep. Rukavina supported the amendment. Discussion followed.

Rep. Johnson moved amendment LCPR93-63. **MOTION PREVAILED.**

Rep. Johnson moved S.F. 86; H.F. 55, as amended. **MOTION PREVAILED.**

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

Mr. Martin reviewed the statewide volunteer fire bill and noted that there is common ground between this bill and the six volunteer fire bills that follow this bill on the agenda. The common ground is the appropriate level of service pension benefits paid to volunteer fire retirees. Mr. Martin stated that flexible service pension maximums were established in 1979 and that the current statewide bill increases the cap from \$3,000 to a \$4,000 maximum benefit. Discussion regarding the history of the cap followed. Rep. Reding stated that the actuarial funding status of the volunteer fire relief associations caused the Legislature to set service pension maximum benefits.

Rep. Reding moved to strike Sections 1, 2, 3, and 7 in Article 1 which dealt with the definition of a volunteer firefighter. Gus Welter spoke in support of having a simplified definition of a volunteer firefighter. Discussion followed. The discussion also encompassed the firefighter situation in Edina. Further discussion followed regarding the purpose of the 1989 legislation excluding volunteer firefighters from PERA. Rep. Johnson suggested interim study of these issues. Rep. Reding renewed his motion. **MOTION PREVAILED.**

Sen. Stumpf requested the same phase-in language for the maximum benefit as was contained in the bill the Commission passed last session. Rep. Tim Pawlenty supported increasing the first step increment from \$3,250 to \$3,375. Sen. Stumpf stated that he believed these changes would respond to most of the concerns expressed regarding the maximum benefit. Mr. Martin reviewed LCPR93-76A to address the issues raised. Sen. Stumpf moved amendment LCPR93-76A. Discussion followed.

Robert Whetherille, Secretary of the Minnesota Fire Department Association, testified in support of the original bill's increase in service pension maximums and in opposition to amendment LCPR93-76A.

Keith Steenick, with the Brainerd Fire Department, testified in support of the original bill's increase in service pension maximums, in support of Brainerd's individual bill (S.F. 77; H.F. 110), and in opposition to amendment LCPR93-76A.

Sen. Stumpf renewed his motion. **MOTION PREVAILED.**

Mr. Martin reviewed the issue of IRA transfers on an institution to institution basis.

Sen. Stumpf moved S.F. 853; H.F. 972, as amended. **MOTION PREVAILED.**

Members agreed that since S.F. 853; H.F. 972, the Statewide Volunteer Fire bill, passed, the following bills would be laid over:

**S.F. 77 (Samuelson); H.F. 110 (Hasskamp): Brainerd Volunteer Fire**  
**S.F. 218 (Wiener); H.F. 239 (Pawlenty): Eagan Volunteer Fire**  
**S.F. 687 (Luther); H.F. 642 (Carruthers): Brooklyn Center Volunteer Fire**  
**S.F. 790 (McGowan); H.F. 956 (Limmer): Maple Grove Volunteer Fire**  
**S.F. 947 (Robertson); H.F. 957 (Abrams): Plymouth Volunteer Fire**  
**S.F. .... (....); H.F. 1281 (Knickerbocker); Minnetonka Volunteer Fire**

**S.F. 792 (Terwilliger); H.F. 860 (Pauly): Eden Prairie Volunteer fire; Service Pension Amount**  
Lawrence Martin reviewed the staff memo and referred members to the four changes in the benefit plan sought by the Eden Prairie Volunteer Firefighters Relief Association. Sen. Terwilliger provided a certified copy of a resolution from the City of Eden Prairie in support of this bill.

Mayor Doug Tenpas of Eden Prairie spoke in support of permitting Eden Prairie to have a fire program comparable to Bloomington's. He stated that Eden Prairie is trying to provide a benefit equal to 1/3 of the monthly salary of the 2nd highest paid patrol officer. Discussion followed.

Rep. Greiling questioned why the Commission was considering this bill since the Commission just passed a statewide volunteer fire bill. Mayor Tenpas stated that the City of Eden Prairie would like to have local control. Sen. Terwilliger supported the Mayor's comments. Discussion followed and it was noted that Eden Prairie currently is 74% funded.

Sen. Riveness asked for information showing this bill is necessary for recruitment purposes in Eden Prairie. Doug Andrews, President of the Eden Prairie Firefighters Relief Association, stated that active membership has gone from 87 last year to 76 currently.

Sen. Terwilliger requested that this bill be laid over for further review.

**S.F. 743 (Solon); H.F. 926 (Jaros): Employer Paid Health Insurance Coverage Early Retirement Window**

**S.F. 817 (Morse); H.F. 744 (Johnson, R.): Employer Paid Health Insurance Coverage Early Retirement Window**

Edward Burek, LCPR Deputy Executive Director, reviewed the staff memo on these bills and noted that a primary difference in the bills was the method of achieving 25 years of service. Mr. Burek reviewed the policy issues. Discussion followed regarding whether cost savings have been achieved in the past with this program.

Phil Kapler, Department of Finance, stated that no analysis of cost savings has been performed by the Department of Finance. Discussion followed. Mr. Kapler also briefly described the Governor's \$12 million dollar early retirement incentive.

Cheryl Fuehrer, MEA Director of Legislative Affairs, provided a handout and testified in support of early retirement incentives, particularly S.F. 817. She also stated that the incentive was available to TRA members for the first time last year and was used by approximately 78 employees. She stated that the incentive would have been more widely utilized if it were mandatory rather than discretionary for school districts. Additional testimony and discussion followed.

Stan Peskar, League of MN Cities, testified in opposition to the early retirement incentive if it was mandatory rather than discretionary for local units of government.

Eliot Seide, AFSCME Council 6, testified in support of the bills and stated that the average salary of AFSCME members is \$26,400. He stated that savings are achieved by not filling retirees positions or by filling the positions with lower paid employees.

Rose Hermanson, MFT representative, testified in support of S.F. 817 and stated that 63 districts used this early retirement incentive.

Kurt Lavang, Chair of the Principals Retirement Committee, testified in support of S.F. 817.

Sen. Riveness laid this item over for further review.

**S.F. .... (....); H.F. 388 (Sarna): Various Plans; Targeted Rule of 85 Early Retirement Provision**  
This item was laid over by request of the author.

**S.F. 656 (Piper); H.F. 783 (Haukoos): Albert Lea Fire Actuarial Assumption Change**  
Sen. Piper reviewed the bill. Sen. Piper noted that Albert Lea Fire is 93.2% funded and the bill does contain a local approval clause. Mr. Martin stated that the bill changes the interest assumption from 5% to 6% and the salary assumption from 3.5% to 4% for actuarial valuation purposes. He then reviewed the policy issues involved. Discussion followed regarding changing the assumptions on a statewide basis. It was agreed to make the assumption changes on a case-by-case basis until the Commission has an opportunity to study this issue further.

Rep. Reding moved S.F. 656; H.F. 783. **MOTION PREVAILED.**

**S.F. 980(Novak); H.F. ... (....): Columbia Heights Police; Benefit Increase**  
Sen. Novak reviewed the bill and stated that it provides benefit increases conditioned on an approval of consolidation with PERA by the membership and the Columbia Heights City Council. Mr. Martin reviewed the staff memo and stated that the bill would permit longevity pay to be considered in calculating benefits. He further stated that the bill permits a purchase of service for one member who has not been allowed to make contributions since he reached 25 years of service. Mr. Martin reviewed two amendments, one a technical staff amendment, the other a technical amendment provided by Brian Rice.

Sen. Terwilliger moved amendment LCPR93-67. **MOTION PREVAILED.**

Sen. Stumpf moved amendment LCPR93-79. **MOTION PREVAILED.**

Sen. Stumpf moved S.F. 980 as amended. **MOTION PREVAILED.**

**S.F. 662 (Pogemiller); H.F. 785 (Kahn): Minneapolis Police; Survivor Benefit Increase**  
Sen. Pogemiller reviewed the bill and stated that he will offer an amendment, LCPR93-72, to the bill. Mr. Martin reviewed the amendment and stated that it was requested by the Minneapolis Police Relief Association.

Sen. Pogemiller moved amendment LCPR93-72. **MOTION PREVAILED.**

Mr. Martin reviewed amendment LCPR93-71.

Sen. Pogemiller moved amendment LCPR93-71. **MOTION PREVAILED.**

Jerry Bridgeman, Secretary of the Minneapolis Police Relief Association, responded to a question regarding what is the surviving spouse benefit and stated that it was 27.5%.

Sen. Pogemiller moved S.F. 662; H.F. 785, as amended. **MOTION PREVAILED.**

**S.F. 685 (Pogemiller); H.F. 807 (Kahn): Minneapolis Fire; Service Pension Increase**  
Sen. Pogemiller reviewed the bill and noted that the bill does contain a local approval clause. Mr. Martin reviewed the staff memo. Mr. Martin then reviewed a staff amendment, LCPR93-70.

Sen. Pogemiller moved amendment LCPR93-70. **MOTION PREVAILED.**

Sen. Pogemiller moved S.F. 685; H.F. 807, as amended. **MOTION PREVAILED.**

**S.F. 937 (Riveness); H.F. 973 (Mahon): Bloomington Police; Service Pension and Survivor Benefit Increases**  
This item was laid over to a future meeting by request of the author.

**S.F. 664 (Pogemiller); H.F. 1228 (Kahn): PERA and MERF; Continued Coverage for Minneapolis Community Action Council Employees**

Sen. Pogemiller reviewed the bill and noted that the bill deals with two MERF covered employees and 28 PERA covered employees of a public agency which is being privatized. Mr. Burek reviewed amendment LCPR93-62. Discussion followed.

Sen. Pogemiller moved amendment LCPR93-62. **MOTION PREVAILED.** Discussion followed. Sen. Pogemiller moved to amend page 1, line 5, of LCPR93-62, by deleting "EMPLOYER" and inserting "EMPLOYEE." **MOTION PREVAILED.**

Sen. Pogemiller moved S.F. 662; H.F. 1228, as amended. **MOTION PREVAILED.**

The meeting adjourned at 9:40 P.M.

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Jean Liebgott, Secretary