



August 19, 1993
Room 15 Capitol

13th 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 1:25 PM.

Commission members present:

Representatives Bob Johnson, Gerald Knickerbocker, and Leo Reding
Senators Steven Morse, Lawrence Pogemiller, Phil Riveness, and Roy Terwilliger

Summary of Pension Legislation Enacted by the 1993 Legislature

Edward Burek, LCPR Deputy Executive Director, gave a brief review of the 1993 Summary of Pension Legislation memo.

Rep. Johnson commented on the early retirement incentive legislation passed last session. He stated that it seems to be quite successful for all public employees eligible for it. However, the definition of public employee used in the early retirement incentive bill references Minnesota Statutes, Chapter 179, which does not include charitable hospital employees. He further stated that he will introduce a bill at the beginning of the next session to correct the unintentional exclusion of charitable hospital employees.

Interim Project: Consideration of Regulatory and Other Pension Policy Issues In Connection With Deferred Compensation and Defined Contribution Plans. Continuation of Testimony Begun at Previous Commission Meeting

Mary Stanton, Director of Administrative Services for the State University System, began her presentation. Ms. Stanton stated that it is the intent of the IRAP plan administrators to request that the Legislature permit them to change the name of the plan to the Defined Contribution Retirement Plan (DCR) to avoid the confusion that currently exists with vendors who believe the plan is simply an IRA plan. She continued with her presentation and reviewed the materials she had provided for the Commission.

Rep. Johnson questioned who reviewed the proposals to provide options for investment of IRAP assets. Ms. Stanton responded that a committee consisting of 20 to 25 people made up of the State University Board, members of accounting firms, and employees within the system, reviewed the 18 to 20 proposals sent in response to their RFP. Discussion followed.

Rep. Johnson questioned whether IRAP members have portability between TIAA-CREF and Great West. Ms. Stanton responded that IRAP members are not locked in to either of those vendors and have complete portability between those funds as well as the State Board of Investment. Discussion followed.

A quorum was present

Sen. Riveness questioned what the deferred compensation issues were that members felt required legislative attention. Discussion followed.

Rep. Johnson stated that he has raised a number of points in regard to the deferred compensation issue. Some of the points he raised were that the Commission should receive a report annually on the status of the deferred compensation program and that a state board of deferred compensation should be established to oversee the program. He plans to offer a bill next session which would address those and other deferred compensation issues he has raised.

remain with the status quo with an increase in oversight.

Sen. Riveness referred members to the timeline memo and noted that it provided for this topic to be addressed at three Commission meetings and he would like the technical advisory group to meet possibly twice. He further stated that in addition to the course of study items provided in the memo, he would like to add that there would be an opportunity to take testimony from all interested parties on this topic. Sen. Riveness directed the technical advisory committee to work off the Commission staff memo and provide reactions to each of the phase-out models identified by Commission staff as well as other alternatives that the technical advisory committee might identify.

Discretionary Interim Projects: Indicated Commission Membership Preferences and Potential Project Timelines

Sen. Riveness noted that it was his intention to have the Commission address the Eden Prairie Volunteer Fire issue on an interim agenda. Mr. Martin reviewed the scoring procedure and the staff memo on the potential timeline for Commission interim projects.

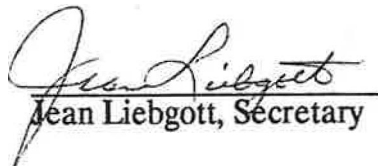
Sen. Morse questioned what happened to the suggestions members made that were not part of the original staff list. The response was that they were inadvertently left off of this memo. Sen. Morse requested the addition of the issue of statewide average teachers retirement benefits. This issue was added to the list of interim projects as item 22. Discussion followed.

Rep. Johnson questioned whether it was the Chair's intention to make recommendations on legislation in December and January prior to the beginning of the 94 Session. Sen. Riveness stated that it was his intention, at the beginning of the 94 Session, to set a deadline for the introduction of pension bills for three to four weeks after the beginning of the Session to enable the Commission time to hear the bills. Discussion followed.

Morgan Fleming, Committee of 13, testified that an important issue for his group was S.F. 609 (Kroening); H.F. 662 (Orfield), the purchase of service credit for interstate service credit. He stated that last session his group did not have all the information they needed for consideration by the Commission and he questioned how to again get this bill on the Commission's agenda. Sen. Riveness responded that Mr. Fleming's group should ask Sen. Kroening and Rep. Orfield to request a rehearing early in the next session and have all the information the Commission will need to make a recommendation on this issue.

Sen. Morse moved to accept the suggested timeline and amended priority list. **MOTION PREVAILED.**

The meeting adjourned at 3:00 P.M.


Jean Liebgott, Secretary