

March 15, 1993  
Room 112  
Capitol

2nd Meeting



**Subcommittee to Review Proposed Public Pension Plan Administrative Legislation**  
of the LEGISLATIVE COMMISSION ON PENSIONS AND RETIREMENT

MINUTES

Senator LeRoy Stumpf, Chair of the Subcommittee to Review Proposed Public Pension Plan Administrative Legislation, called the meeting to order at 6:15 PM.

Commission members present:

Representatives Mindy Greiling, and Phyllis Kahn  
Senators Steven Morse, Phil Riveness, and LeRoy Stumpf

**S.F. 519 (Stumpf); H.F. 574 (Reding): Statewide Plans; Administrative Provisions**

Sen. Stumpf postponed discussion of the age discrimination sections of the bill until all members of the subcommittee arrived. Edward Burek, LCPR Deputy Executive Director, continued with the review of the staff memo and section-by-section summary of this bill that he began at the last meeting. The review began with Article 3, Section 1, the addition of a periodic repetitive leave provision for MSRS similar to the provision added by PERA last session.

Dave Bergstrom, MSRS Executive Director, testified that 26 days of leave without pay would be provided during which time the employee and employer would continue to make normal pension contributions. This provision does encourage phasing into retirement.

Sen. Riveness suggested delaying this provision to permit interim study of the whole issue of phasing into retirement.

Sen. Riveness and Rep. Greiling requested deleting page 44, lines 9 to 23. Sen. Stumpf suggested deleting section 1. Mr. Burek continued his review.

Section 3 would permit MSRS to provide a list of retirees names and addresses to certain organizations. It was noted that "notwithstanding" language may be necessary because of data privacy laws. Discussion followed.

Section 4 would permit MSRS to deduct dues for certain retiree organizations from retirees benefit checks. Discussion followed. Rep. Kahn suggested deleting sections 3 and 4.

Section 5 would permit MSRS to deduct health insurance premiums from retiree benefit checks. Sen. Stumpf suggested amending page 46, line 4, by deleting "may" and inserting "shall."

Section 7 would eliminate the refund of unclassified employees excess contributions when the employee retired under the MSRS General Plan. Mr. Bergstrom stated that this would affect about eight or ten employees per year. Sen. Stumpf suggested amending this provision to permit MSRS to determine the amount of refund based on unclassified employees excess contributions and deficient contributions.

Mr. Bergstrom requested consideration of the remainder of the unnumbered amendment discussed at the last subcommittee meeting. Members discussed and approved page 1, lines 3 through 16 of the unnumbered amendment.

Mr. Burek began a review of the PERA provisions of the administration bill with Section 12, the leave of absence provisions. He noted that the Commission may want to expand these provisions to include the other plans and that for consistency among provisions the interest charges should be changed to 8.5% interest. He further noted that PERA provides a two month parental leave and a one year sick leave without requiring contributions or interest.

Ms. Laurie Hacking, PERA Executive Director, testified that it has been historical practice to provide the leaves mentioned without requiring contributions.

Sen. Riveness asked for cost information on sick leaves of absence. Ms. Hacking stated that

PERA could provide the number of people utilizing the provision but not the cost of the provision.

Rep. Kahn moved to amend page 59, line 32, by deleting "less." MOTION PREVAILED.

Mr. Burek reviewed Section 13 which dealt with reemployed annuitants. Discussion followed.

Sen. Riveness moved to delete Section 13 for interim study. MOTION PREVAILED.

Section 15 appeared to be a method to circumvent the social security spousal offset by permitting a basic member to terminate employment and after 30 days become reemployed under PERA covered employment as a coordinated member. Mr. Burek stated that PERA currently has this as an administrative policy and is now putting it in law. Discussion followed.

The Subcommittee again took up Article 2 which dealt with the age discrimination issue. Ms. Hacking reviewed the proposed language which may address some of the Subcommittee's previous concerns. The "safe harbor" language states that automatic survivor coverage would extend to the later of age 65 or five years from the date of the disability.

Eugene Waschbusch, StPTRFA Director, testified regarding the way this issue is handled by St. Paul Teachers Retirement Fund Association. Discussion followed.

Mr. Burek reviewed Article 4, Section 21. He stated that this provision would authorize a \$50 monthly supplemental benefit to disabled basic members and would provide benefit improvement rather than simply compliance with the age discrimination laws. Discussion followed. Sen. Morse suggested providing this supplemental benefit for a term certain such as ten years. It was suggested that this should also apply to TRA.

Mr. Burek reviewed Article 4, Section 16. He stated that this provision would permit a basic PERA member on leave of absence to take a position with a labor organization and elect to be a PERA coordinated member. Ms. Hacking suggested amending the bill on page 62, line 33, after "current" insert "coordinated." Mr. Burek stated that this provision would provide a benefit retroactively. Discussion followed and it was decided to leave the retroactivity in temporarily and to get more background information for consideration when the full Commission takes up this bill.

Mr. Burek reviewed Article 4, Section 29, regarding the "cooling off" period permitted by PERA. Mr. Burek further suggested that if the Subcommittee approved this provision, the language in clause (b) should apply to all the funds and should be moved to Minnesota Statutes, Section 356.30. Discussion followed. Sen. Stumpf asked for further review of the language on page 72, lines 1 to 8.

Mr. Burek reviewed Article 4, Section 33, and noted that this provision authorizes a former PERA member who is currently an employee of the Minnesota police chief's association retroactive coordinated PERA coverage. Sen. Riveness stated that this provision should be removed from this bill and stand alone. Sen. Stumpf asked Rep. Reding to hear it in his Subcommittee.

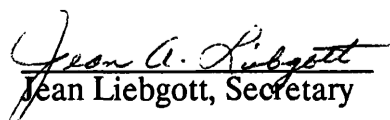
Mr. Burek reviewed Article 4, Sections 55 and 56. Discussion centered on retroactive effective dates. Ms. Hacking reviewed page 2, lines 6-11, of an unnumbered amendment.

Article 5, Section 1, permits fire inspectors, fire investigators and fire marshalls to obtain or retain PERA-P&F membership. Discussion followed and it was agreed to strike Article 5.

Mr. Bergstrom reviewed an amendment to a provision that was adopted for the MSRS General Plan that would make a corresponding change in the State Patrol Plan with regard to Workers Compensation and protecting the workers salary if a disability occurred during the high five years.

Sen. Riveness recommended S.F. 519; H.F. 574, as amended, be referred to the full Commission. MOTION PREVAILED.

The meeting adjourned at 9:15 P.M.

  
Jean Liebgott, Secretary

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