



March 10, 1993
Basement Hearing Room
State Office Building

1st Meeting



Subcommittee to Review Proposed Special Legislation

of the LEGISLATIVE COMMISSION ON PENSIONS AND RETIREMENT

MINUTES

Rep. Leo Reding, Chair of the Subcommittee to Review Proposed Special Legislation, called the meeting to order at 2:50 P.M.

Subcommittee members present:

Representatives Bob Johnson, and Leo Reding
Senator Roy Terwilliger

S.F. 272 (Moe); H.F. 527 (Lieder): State Patrol; Post age-60 Benefit Accrual

Rep. Lieder reviewed the background on this bill and testified that this State Patrol member was not informed of the mandatory age 60 retirement age. He further stated that the State Patrol member was allowed to continue employment and contribute to his pension plan, but when he retired at age 63, his benefit was calculated on only the service credit and contributions made up to age 60.

Rep. Reding questioned whether this situation falls under the federal Age Discrimination laws. Lawrence A. Martin, LCPR Executive Director, responded that the EEOC views not crediting service credit at certain ages as a prohibited practice. He further stated that MSRS was dealing with the Age Discrimination issue in the administrative bill.

Doug Mewhorter, MSRS, testified that the EEOC is challenging MSRS on seven people and this person is one of the seven. It appears that MSRS will need to go back to 1/1/88, permit full service credit, and calculate benefits based on full service credit plus any post retirement increases that have occurred.

Rep. Johnson moved to **Lay Over S.F. 272; H.F. 527** due to potential action on this issue in the MSRS administrative bill for all employees involved. **MOTION PREVAILED.**

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

Sen. Kelly reviewed the background on this bill and testified that this bill will permit a PERA disabilitant to receive a combined benefit from PERA and Workers Compensation comparable to the salary the person would have received if the person was still working.

Mr. Martin reviewed technical amendment LCPR93-42 and noted that it clarified the language in the bill.

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

Rep. Johnson questioned what makes this situation unique to assure that a precedent is not being set.

Judy Strobel, PERA, testified in support of this bill and stated that this person is 99.6% disabled, in a coma, and unable to return to active service. It is her belief that this statute was enacted to encourage a less disabled person to return to active service.

Leo Eide, Assistant Commissioner for Workers Compensation, questioned what will happen when \$25,000 of permanent total disability has been paid on this claim from Workers Compensation and the offset begins to go the other way. Ms. Strobel responded that when supplementary benefits begin, PERA benefits will be reduced. Discussion followed.

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

S.F. 575 (Hottinger); H.F. 779 (Dorn): TRA; Optional Annuity Recomputation

Sen. Hottinger reviewed the background on this bill and testified that Mr. Kenneth Mattsson is requesting the opportunity to convert his term certain annuity to a single life annuity.

Gary Austin, TRA Executive Director, testified in opposition to this bill. He stated that Mr. Mattsson chose a term certain annuity rather than a survivor option and a bounceback option does not fit a term certain annuity. He further stated that passage of this bill would set a precedent.

Rep. Johnson questioned Mr. Mattsson's emotional state at the time that he selected the term certain annuity. Mr. Mattsson stated that he selected the term certain annuity to assure his terminally ill wife would receive a higher benefit if he were accidentally killed before she died. Discussion followed.

Rep. Johnson moved to deny S.F. 575; H.F. 779 because of the potential to set a precedent. **MOTION PREVAILED.**

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

Rep. Dorn reviewed the background and testified in support of this bill. He stated that his constituent mistakenly did not select Medicare when the original Medicare referendum was offered and would like to have the option to select Medicare again.

Mr. Martin reviewed the staff memo on this issue and stated that he did not believe many people would want this option due to the number of quarters of contributions required to qualify for Medicare coverage.

Gary Austin testified that TRA does not oppose this bill but would not support a new general referendum.

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

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

Sen. Solon reviewed the background and testified in support of this bill.

Rep. Reding asked Mr. Philip Sieber if he had withdrawn his contributions each time he was laid off. Mr. Sieber responded that he had not withdrawn his contributions and that the nine years and seven months of contributions were still in the fund.

Mr. Martin reviewed the author's amendment LCPR93-40. Mr. Martin stated that the amendment restricts the bill to Mr. Sieber only, grants him immediate vesting and permits him to receive an MSRS benefit for his existing service credit. Discussion followed.

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

Doug Mewhorter, MSRS, testified that MSRS does not have a position on this bill as amended.

Representative Johnson moved S.F. 617; H.F. 768 as amended. **MOTION PREVAILED.**

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

Sen. Solon briefly reviewed the background on this bill. Mr. Martin reviewed the staff memo, background, and pension policy on this bill. He further noted that this bill does not require full actuarial value, it requires contributions at the pre-1957 contribution rate plus interest. Mr. Martin reviewed the author's amendment LCPR93-49 and stated that it would change the contributions required in the bill. The contributions would still be at the pre-1957 rate but interest would be paid only for three years using a 6% simple interest rate. This would reduce the purchase of service amount from the approximately \$7,700 required by the bill to the approximately \$850 required by the amendment.

Shirley Norgaard, a Faribault teacher, testified in support of the amendment and stated that she does not believe she was informed by the school district that she had an option to select TRA coverage prior to age 25.

Marie Pehler, a Duluth teacher, testified that in her research of this issue, certain counties did not permit participation in TRA for pre-age 25 teachers. In her third year of employment, she taught at Crookston and was given an option to join TRA but was discouraged from joining.

Gary Austin, TRA Executive Director, testified that in 1957 and 1959 opportunities were provided to either purchase the prior service at that time or agree to purchase it at a later date. Mr. Austin further testified that the pre-age 25 service did not become an issue until the 1969 legislation changing TRA from a money purchase plan to a defined benefit formula plan. The 1969 legislation also set a deadline for repayment of all arrears including the pre-age 25 service. Discussion followed regarding the TRA information given to pre-age 25, pre-1957 teachers and the possibility of discrimination. Discussion continued.

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

Rep. Johnson moved S.F. 616; H.F. 769 as amended. **MOTION PREVAILED.**

S.F. () ; H.F. 157 (Carlson): PERA-P&F; Minneapolis Park Police Buyback
Rep. Carlson reviewed the background on this bill and introduced the two officers involved, Jim Anderson and Robert Hammer.

James C. Anderson, Minneapolis Park Police officer, testified in support of this bill and stated that it corrects an error made in his and Mr. Hammer's pension plans. PERA has verified that their earnings and hours made them eligible for pension coverage in 1980 and 1981.

Robert C. Hammer, Minneapolis Park Police officer, testified in support of this bill and stated that they have received three years of service credit from the Park Board but want to purchase additional years of service credit.

Brian Rice, representing the Park and Recreation Board, referenced the Park Board's letter on this issue in which the Board requested the local approval clause be changed to the Park Board rather than the City of Minneapolis. Mr. Rice testified that the cost of the purchase of service under this bill would be \$7,000 for Mr. Hammer and \$9,500 for Mr. Anderson but the cost to the Park Board would be \$36,000 for Mr. Hammer and \$44,000 for Mr. Anderson. Mr. Rice further stated that it was his understanding that PERA coverage was optional until 1988 and then it became mandatory.

Tom Montgomery, Assistant Superintendent in Charge of Personnel at Minneapolis Park and Recreation, testified that it was his understanding that during the time period covered by this bill, police officers who were covered by a teachers pension fund were not eligible to participate in PERA.

Judy Strobel, PERA, testified that prior to 1978 a person who was covered 100% by another public pension fund was ineligible for coverage in PERA. In 1978 through 1989, PERA's statute, in the exclusionary section of their definition of public employee, said that a person covered by another public pension fund was excluded from PERA coverage except in certain circumstances and if a minimum salary and service requirement were met. In 1989 the law was changed to make PERA coverage mandatory if the minimum salary and service requirement were met and it was under this law that these employees received the three years of service credit mentioned in previous testimony.

Mr. Martin reviewed a one line handwritten amendment to page 3, line 34, to delete "city council" and insert "park and recreation board".

Rep. Reding moved the handwritten amendment. **MOTION PREVAILED.**

Mr. Martin reviewed a technical amendment LCPR93-41.

Rep. Johnson moved amendment LCPR93-41. **MOTION PREVAILED.**

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

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

Rep. Sarna reviewed the background on this bill. Mr. Martin reviewed amendment LCPR93-44 and stated that it clarifies the language to assure that the refund would be payable in accordance with Minnesota Statutes, Section 423.18, and from either the relief association or the consolidation account, as applicable.

Rep. Johnson moved amendment LCPR93-44. **MOTION PREVAILED.**

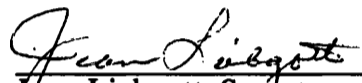
Rep. Hausman reviewed amendment HA93-086 which addresses a situation similar to this bill.

Al John, St. Paul Fire Relief Association President, reviewed the background on the 1991 law change that precipitated these bills and testified in support of these bills.

Sen. Terwilliger moved amendment HA93-086. **MOTION PREVAILED.**

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

The meeting adjourned at 4:40 P.M.


Jean Lieb Gott, Secretary