

March 22, 1994
Room 125 Capitol

24th 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 6:10 P.M.

Commission members present:

Representatives Mindy Greiling, Phyllis Kahn, and Leo Reding
Senators Lawrence Pogemiller, Phil Riveness, LeRoy Stumpf, and Roy Terwilliger

4. S.F. 2500 (Kelly); H.F. 3022 (Trimble): StPTRFA; Proportional Representation on Board of Trustees

Sen. Kelly reviewed the previous meeting's discussion on this bill and the delete everything amendment, LCPR94-121, that was the result of that discussion.

Lawrence A. Martin, LCPR Executive Director, reviewed the delete everything amendment and noted the three substantive changes from previous language on this issue. The first change provides for a more representative composition for the StPTRFA Board at six active and three retiree members. The second change provides that the chief administrative officer of the plan is the fund director. The third change provides a procedure for approving these changes by the StPTRFA Board and if approved they should occur at the first board meeting after the bill is enacted.

Sen. Kelly testified that it was his intention to permit active members to vote only for the active board members and retired members to vote only for the retired board members. Mr. Martin made that change in the new amendment.

Eugene Waschbusch, StPTRFA Secretary/Treasurer, testified that this was an agreed upon compromise that he believed his board could support including the modification to the member voting provisions.

Rep. Greiling moved approval of the handwritten amendment to LCPR94-121 which dealt with member voting provisions. **MOTION PREVAILED.**

Rep. Greiling moved approval of the following amendment to page 2, line 14, delete "fund secretary" insert "chief administrative officer of the fund." **MOTION PREVAILED.**

Rep. Greiling moved approval of amendment LCPR94-121 as amended. **MOTION PREVAILED.**

Rep. Greiling moved approval of S.F. 2500; H.F. 3022 as amended. **MOTION PREVAILED.**

1. S.F. 2251 (Solon); H.F. 2478 (Reding): First Class City Teachers; Administrative and Other Changes

J. Stoffel, DTRFA Executive Secretary, reviewed the bill. He testified that section 1 clarifies the definition of salary, section 2 allows coordinated members of the MTRFA to purchase service credit for an approved maternity leave, section 3 deals with reemployed annuitants.

Edward Burek, LCPR Deputy Executive Director, reviewed the staff memo and amendment LCPR94-87. He noted that the amendment is primarily a technical amendment, it authorizes bylaw amendments and it changes the interest for repayment of leaves of absence to 8.5%.

Sen. Riveness moved to amend LCPR94-87, page 1, delete lines 4 to 7; page 2, line 7, delete everything after "service"; page 2, delete lines 8 and 9; page 2, line 10, delete "made." **MOTION PREVAILED.**

Rep. Reding moved approval of LCPR94-87 as amended. **MOTION PREVAILED.**

Rep. Reding moved approval of S.F. 2251; H.F. 2478 as amended. **MOTION PREVAILED.**

3. S.F. 2357 (Morse); H.F. 2658 (Kahn): TRA; Waiver From Reemployed Annuitant Limits For Certain Part Time State University Faculty

Rep. Kahn reviewed the delete everything amendment, H2658A2. She stated that it provides a mechanism for TRA employees to phase into retirement by exempting them from the reemployed annuitant limit when they return to part-time work and also allows them to qualify for employer paid health insurance. Rep. Kahn referred members to a spreadsheet that showed that by not paying the employer pension contribution for these part-time employees, the savings would fund the health insurance premiums.

Sen. Riveness stated that he is concerned about the mandatory health benefit language in the amendment and would prefer it to be permissive.

Russ Stanton, State University Systems, testified that they worked at flexibility in this program but the mandatory health insurance provision is essential. Rep. Kahn stated that she would not object to permitting the employee to refuse the health insurance but could not support making the provision permissive on the part of the employer. Discussion followed regarding the lack of health benefits provided to younger part-time employees.

Sen. Riveness questioned language on page 1, lines 19 and 20, regarding the employer requiring up to one year notice. Mr. Stanton responded that this phrase parallels language in the contract. Sen. Riveness also questioned the language in the second sentence, subdivision b, page 2, which limits an individual to 10 calendar years on this program and upon completion the employee shall not be eligible to work for the system from which they retire. Mr. Stanton testified that this language is the result of discussions with the State University System and provides employer protections. Discussion followed.

A quorum was present at 6:45 P.M. and all previous motions were acted upon.

Sen. Riveness moved to amend H2658A2, page 2, strike lines 3 to 7, and page 3, strike lines 12 to 14. **MOTION PREVAILED.**

Rep. Kahn moved to amend H2658A2, page 1, line 20, and page 3, line 1, insert "of intent to participate in the program" and also on page 1, line 7, and page 2, line 24, after "which" insert "the." **MOTION PREVAILED.** Discussion followed.

Gary Austin, TRA Executive Director, questioned the meaning of page 2, subdivision f, which deals with an early retirement incentive. Mr. Martin clarified that the language refers to a collective bargaining agreement. Mr. Austin testified that it might make more sense for these employees to use the job-sharing program. He is also concerned with the potential for double-dipping with this program. Discussion followed.

Rep. Kahn moved approval of amendment H2658A2 as amended. **MOTION PREVAILED.**

Rep. Kahn moved approval of S.F. 2357; H.F. 2658 as amended. **MOTION PREVAILED.**

5. S.F. 792 (Terwilliger); H.F. 860 (Pauly): Eden Prairie Volunteer Firefighters; Service Pension Amount

Sen. Terwilliger introduced Carl Schully, Eden Prairie City Manager, and George Esbenson, President of the Eden Prairie Volunteer Fire Relief Association and provided background on this issue. He also offered an amendment that stated that the increase in benefits would be subject to approval by the city council on an annual basis. Discussion followed.

Rep. Greiling referred members to the staff memo which noted that Bloomington firefighters contribute monthly to their benefit and questioned whether Eden Prairie firefighters will contribute to their benefit. Sen. Terwilliger responded that Eden Prairie firefighters would not contribute to their benefit. There are several differences in the two plans.

Stan Peskar, League of Minnesota Cities, testified in opposition to this bill and opposes providing these benefits to any other municipality. He recommends further study of this issue. Discussion followed.

Mr. Martin reviewed amendment LCPR94-110 and stated that it makes needed drafting changes that were intended by the author but were not previously included in the bill. The amendment provides an increase in the current \$30 per month of service to \$33.97 per month

of service for each year of service from 1994-2004 and indexed benefits thereafter. The amendment also deals with how Eden Prairie will report their actuarial work.

Sen. Terwilliger moved approval of LCPR94-110. **MOTION PREVAILED.**

Rep. Greiling testified in opposition to this bill because of the effect it might have on Roseville Volunteer Firefighters. Discussion followed.

Sen. Terwilliger moved approval of S.F. 792; H.F. 860 as amended. **MOTION FAILED.**

6. S.F. 2464 (Pogemiller); H.F. 2737 (Kahn): PERA; Purchase Service for Minneapolis Park Board Employee

Sen. Pogemiller stated that this bill provides Jim Schultz, a Minneapolis park police officer, an opportunity to purchase service in PERA for a six year period from 1978 to 1984 during which time he was a part-time employee but not a sworn law enforcement officer. During this six year time period Mr. Schultz may have been eligible for PERA coverage but may have been erroneously omitted from coverage. The estimated cost of the purchase of service is \$9,000. Mr. Schultz would pay \$3,000 and the Park Board would pay \$6,000. The bill has a local approval clause.

Mr. Burek reviewed the staff memo on this bill.

Sen. Pogemiller moved approval of S.F. 2464; H.F. 2737. **MOTION PREVAILED.**

2. S.F. 2398 (Morse); H.F. 2284 (Johnson, R.): State Patrol and MSRS-Correctional; Benefit Improvement

Mr. Martin reviewed the bill and amendment LCPR94-111. The amendment was requested by the Senate author. Mr. Martin stated that the bill provides a benefit improvement for the State Patrol Plan and the MSRS-Correctional Plan by increasing the multiplier from 2.5% to 2.65%. This benefit improvement would be funded by an increase in the employer and employee contribution rate for the MSRS-Correctional Plan. However, amendment LCPR94-111 provided that the benefit improvement for the State Patrol Plan would be funded by increasing only the employee contribution rate. Discussion followed.

Dennis Olson, State Trooper Association, testified in support of the bill as amended. He testified that it is the hope of the State Trooper's Association that in the future the funding could be changed to include an employer contribution rate increase. Discussion followed.

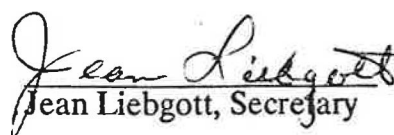
Dave Bergstrom, MSRS Executive Director, testified that the MSRS actuary has prepared actuarial cost estimates for this benefit improvement. He testified that the State Patrol benefit improvement would cost 2.14% of payroll and they currently have a contribution sufficiency of 1.44% which would require a total contribution increase of .70% or \$285,000 per year. The amendment eliminated the state cost for this benefit improvement. The MSRS Correctional Plan benefit improvement cost would be 1.03% and they currently have a sufficiency of .20% which would require a total contribution increase of .83% or \$500,000 per year. There would be a 60/40 split of that cost and the state's obligation would be \$290,000. Mr. Martin requested a copy of the complete actuarial cost estimate.

Sen. Stumpf moved approval of amendment LCPR94-111. **MOTION PREVAILED.**

Rep. Reding stated that he could support the benefit increase for the State Patrol as it is wholly employee funded but does not believe the state can yet afford the increased employer contribution for the MSRS-Correctional Plan. Discussion followed.

Sen. Stumpf moved approval of S.F. 2398; H.F. 2284 as amended. **MOTION FAILED.**

The meeting adjourned at 8:10 P.M.


Jean Lieb Gott, Secretary