



February 8, 2000  
Room 10, State Office Building

4<sup>th</sup> Meeting



LEGISLATIVE COMMISSION ON PENSIONS AND RETIREMENT

MINUTES

Representative Mares called this meeting to order at 6:20 P.M.

**Commission Members Present:**

Representatives Harry Mares, Mary Murphy, Rich Stanek and Stephen Wenzel  
Senators Don Betzold, Dean Johnson, Lawrence Pogemiller, LeRoy Stumpf and Roy Terwilliger

1. **H.F. 2683 (Mares); S.F. 2337 (Betzold): PERA-P&F; Consolidation Account Merger Technical Corrections**

Mr. Lawrence Martin, Executive Director, Legislative Commission on Pensions and Retirement, said this bill relates to the 1999 legislation that merged various consolidation accounts into PERA-P&F, and cleans up a number of ambiguities in that legislation. Mr. Martin said it does not raise any items of significant policy question. Mr. Martin reviewed Amendment LCPR00-14, dated February 7, 2000, which improves the style and usage of various provisions without making any substantive changes. Sen. Betzold moved H.F. 2683; S.F. 2337 and Amendment LCPR00-14. **MOTION PREVAILED.**

2. **H.F. 2599 (Mares); S.F. 2360 (Johnson): PERA-P&F; Consolidation Accounts; Modify Survivor Benefits**

Mr. Edward Burek, Deputy Director, Legislative Commission on Pensions and Retirement, summarized the bill. Because of high increases paid to retirees under PERA-P&F adjustments, there has been a very sizable drop in the benefit level payable to the survivor when the retiree dies. This bill would provide somewhat higher survivor benefits than would be payable under existing law. Mr. Burek said Amendment LCPR00-46 would provide a 15% or 25% joint-and-survivor annuity option and would revise the language to insure that counseling was provided by PERA-P&F but would not mandate any direct interaction between PERA-P&F and the applicable retirees. Rep. Murphy moved LCPR00-46. **MOTION PREVAILED.**

3. **H.F. 2827 (Mares); S.F. \_\_\_\_ ( ): PERA Local Correctional Plan; Membership Eligibility Revision**

Mr. Martin said this bill was reviewed at the last interim Commission meeting in the form of LCPR00-15, and would amend the membership eligibility provision of PERA-Local Correctional. The related pension policy issues were summarized by Mr. Martin. He referred members to the February 7 staff memo which relates to Amendment LCPR00-56. This amendment was requested by the Association of Minnesota Counties and clarifies some of the issues that were raised the last time the bill was discussed. Amendment LCPR00-56 replaces the usage of the PELRA definition of "essential employee" with three specific positions for eligibility requirement.

Rep. Stanek asked how the Association of Minnesota Counties defined supervisory employees and why they are included in this bill. Mr. Kevin Corbid, Association of Minnesota Counties, said that they want to include supervisory personnel if they meet the criteria of custody and control of the facility, and the responding-to-incidents criteria.

Rep. Murphy asked if this changes the definition of "essential employee." Mr. Corbid said it eliminates the use of the PELRA definition and creates criteria that does the same thing without using that reference.

Sen. Pogemiller moved LCPR00-56, lines 1-13. **MOTION PREVAILED.**

Sen. Pogemiller noted line 14 of LCPR00-56 would delete lines 20 to 26, page 2, of LCPR00-15 and that this should be discussed as a separate issue. Mr. Martin said this is a technical matter since the issue is dealt with by the new language on line 5 of LCPR00-15. Mr. Corbid agreed with Mr. Martin. Sen. Pogemiller asked if there should be a small increase in the employee contribution in this amendment. Mr. Martin said that is a different amendment.

Mr. Larry Padany, Anoka County Sheriff, said that the Association of Minnesota Counties should be able to work with the language being proposed.

Sen. Pogemiller moved adoption of line 14 of LCPR00-56. **MOTION PREVAILED.**

Sen. Pogemiller asked about the contribution rate increase. Rep. Mares said he would like to see the current law in place for one year before we address that issue. Mr. Corbid said the Association of Minnesota Counties felt it was appropriate to wait a year and testified in opposition to raising the contributions at this time. Rep. Mares suggested putting an increase in the bill for a year hence. Sen. Pogemiller moved LCPR00-19 as amended to include January 1, 2002 as the date for a contribution rate increase. **MOTION PREVAILED.** Sen. Pogemiller moved H.F. 2827; S.F. \_\_\_\_\_, as amended, be included in the omnibus pension bill. **MOTION PREVAILED.**

Sen. Pogemiller moved H.F. 2599; S.F. 2360, as amended, be included in the omnibus pension bill. **MOTION PREVAILED.**

Sen. Pogemiller moved H.F. 2683; S.F. 2337 as amended, be included in the omnibus pension bill. **MOTION PREVAILED.**

Mr. Martin noted that the current, ongoing version of the omnibus pension bill (LCPR00-41) is included in members' packets, noting that the last page of the bill shows the new version of the local approval clause suggested by the Office of the Revisor of Statutes.

**4. H.F. \_\_\_\_\_ ( ); S.F. \_\_\_\_\_ (Neuville): TRA; Purchase of Pre-Age 25, Pre-1957 Teaching Service Credit**

Sen. Neuville informed members that this bill has not yet been introduced. Mr. Burek summarized the bill and noted the original bill would have covered two individuals; amendments requested by the author restrict it to a single individual. Mr. Burek went over the background on prior service credit purchases of this nature. Mr. Burek directed members to pension policy issue #7 on page 4 of the staff memo. He said the language in law for full actuarial value procedures won't work in this particular case because the individual is retired. The amendments provided were modified to take that into account.

Rep. Mares said this is a buyback for someone who is already retired and asked if the Commission has ever approved a State-subsidized buyback like this one. Mr. Burek said he can remember one similar situation. Mr. Mares said the Commission would not act on this matter tonight because there is no bill in front of the Commission, and he didn't like the precedent this would set.

Sen. Neuville said the bill is before the Commission in the form of Amendment LCPR00-53, which would apply to a single individual with the purchase of contributions plus interest. Sen. Neuville said this bill was before the Commission in 1995, before his constituent retired, and a vote was never taken. Mrs. Shirley Norgaard testified on her behalf, saying she has been trying since 1968 to buy back this service time. She said she was prohibited from doing so because she didn't sign two amendments which she said she never saw. She has no retirement coverage at all for her pre-1957 years of service. Sen. Johnson asked if there is some responsibility by the school district in this situation. Rep. Mares said there have been cases where the school district has been held responsible. Rep. Murphy stated that she would like to hear from TRA on the matter.

Rep. Murphy moved this issue be taken up at a later date. **MOTION PREVAILED.**

5. **H.F. 2566 (Greiling); S.F. 2293 (Marty): TRA; Refund of Interest Charges Caused By Administrative Errors**

Rep. Greiling said this bill seeks to rectify, on a one-time basis, funding for administrative errors caused by TRA. Mr. Martin summarized the bill and noted that it would repay to an individual, who repaid a refund, a certain amount of the interest that person paid beyond April 15, 1999. Mr. Martin reviewed the pension policy issues related to the bill.

Mr. Gary Austin, Director, Teachers Retirement Association, testified that TRA processed double the normal amount of retirement applications last summer, that TRA was at fault for this error, and that the cost to TRA would be \$648.64. Sen. Pogemiller moved H.F. 2566; S.F. 2293 be incorporated into the pension omnibus bill. **MOTION PREVAILED.**

6. **H.F. 2512 (Greiling); S.F. 2288 (Marty): MSRS-General; Authorization of Late Disability Benefit Application**

Rep. Greiling mentioned that this bill has been heard before in the Commission. It allows her constituent, Mr. Scott Rostron, to apply for a disability benefit from MSRS-General. Mr. Rostron was unaware he could apply for disability prior to retirement. Rep. Greiling said Mr. Roston is asking for a prospective benefit, not retroactive. Sen. Pogemiller moved H.F. 2512; S.F. 228 become part of the omnibus pension bill. **MOTION PREVAILED.**

8. **H.F. 2289 (Carlson); S.F. 2121 (Junge): MTRFA; Purchase of School Social Worker Independent Contractor Service Credit**

Rep. Carlson said his constituent, Mr. Dean Larson, would like credit for his years of Minneapolis public school service. Mr. Larson testified on his own behalf. Mr. Jim Grathwol, Minneapolis Public Schools, said the district's position is that Mr. Larson was an independent contractor during the years of service he would like to purchase and was ineligible to participate in MTRFA. Mr. Grathwol directed the Commission to look at the settlement agreement signed by Mr. Larson stating the agreement settled all claims against the district. Ms. Karen Kilberg, Director, Minneapolis Teachers Retirement Fund, said she doesn't have all of the information to calculate a purchase payment amount at this time.

Sen. Pogemiller asked Rep. Carlson about the settlement agreement referred to by Mr. Grathwol. Rep. Carlson directed this question to Mr. Larson. Mr. Larson said his understanding of the settlement agreement was a matter of salary, not retirement. Sen. Pogemiller noted the settlement agreement said "full and complete settlement of any and all monetary claims against the district" and felt it was pretty straight forward. Mr. Larson said he had no idea he would be giving up pension benefits and his ability to negotiate a pension settlement. Rep. Murphy said PELRA doesn't allow pension issues in settlement agreements, according to PELRA, so the settlement agreement should not apply to Mr. Larson's pension. Testimony by Mr. Larson continued.

Rep. Mares said Amendment LCPR00-47 mandates the school district to pay the remainder of the full actuarial value after the individual makes an employee contribution plus interest. Amendment LCPR00-48 says the individual has to pay full actuarial value payment and the school district could cover part of the payment, but is not mandated to do so. Rep. Wenzel moved LCPR00-47. **MOTION DID NOT PREVAIL.** Sen. Pogemiller moved LCPR00-48. **MOTION PREVAILED.** Sen. Pogemiller moved H.F. 2289; S.F. 2121, as amended, be included in the pension omnibus bill. **MOTION PREVAILED.**

9. **H.F. 2476 (Orfield); S.F. 2318 (Spear): MTRFA; Service Credit Purchase for Loring Nicollet-Bethlehem Community Center Teaching Service**

Rep. Orfield said this bill allows his constituent, Mr. Joe Musich, to purchase service credit at full actuarial value for the period he was employed by Loring Nicollet-Bethlehem Community Center. Mr. Musich testified on his own behalf.

Ms. Kilberg encouraged the Commission to consider one of the Commission amendments which would clarify the language from the 1999 legislation that allowed teaching service credit purchases. Mr. Burek said Amendment LCPR00-54 and LCPR00-55 both revise the full actuarial value general law purchase of service credit. Mr. Burek said LCPR00-54

would add non-profit corporation teaching service to the bill. LCPR00-55 refers to non-profit, community-based corporation teaching service. Ms. Kilberg testified in favor of LCPR00-55.

Rep. Murphy asked if the community center was under contract by the school district. Mr. Burek said that it appears that in the early years there appeared to be no contract. When a contract occurred, this individual became a covered MTRFA member. The original bill attempts to deal with the period before a signed contract existed between the school district and this individual. Rep. Murphy moved LCPR00-55. **MOTION PREVAILED.**

Sen. Pogemiller asked if the district would be responsible for any purchase payment amount. Rep. Orfield said the employer may pay a portion of the full actuarial value payment, but is not mandated to do so. Sen. Pogemiller asked if this was a contracted school for Minneapolis at the time of Mr. Musich's employment. Mr. Musich said there was no contract between Minneapolis and Loring-Nicollet. Mr. Grathwol said they have no record of a contract with Mr. Musich. Rep. Murphy said the school district was getting state aid during this period and that they should take some responsibility for partial payment of this buyback.

Rep. Murphy moved H.F. 2476; S.F. 2318, as amended. **MOTION PREVAILED.**

Meeting adjourned at 8:12 P.M.



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Lisa Diesslin, Secretary