

Friday, April 6, 2001  
Room 316 Capitol

7<sup>th</sup> Meeting



LEGISLATIVE COMMISSION ON PENSIONS AND RETIREMENT

MINUTES

Senator Dean Johnson, Chair of the Legislative Commission on Pensions and Retirement, called the meeting to order at 12:22 p.m.

**Commission members present:**

Representatives Harry Mares, Mary Murphy, and Steve Smith  
Senators Don Betzold, Dean Johnson, Lawrence Pogemiller, and Roy Terwilliger

**Commission members absent:**

Representatives Philip Krinkie and Stephen Wenzel, and Senator Dan Stevens

**Agenda items discussed:**

**S.F. \_\_\_\_ ( ); H.F. 2029 (Haas): DOER Health Care Account Establishment**

Representative Haas recommended to the Commission to lay the bill over for work during the Interim to allow time to look at both the long-term and short-term fiscal impact to the state. The bill was laid over.

**S.F. 358 (Betzold); H.F. 557 (Haas): Osseo Volunteer Fire; Special Appropriation To Offset Liability Increase**

Mr. Lawrence Martin, Executive Director, Legislative Commission on Pensions and Retirement, reviewed the policy issues raised by the bill and discussed the proposed amendments.

In response to Representative Smith's question, Osseo Mayor Dan Sadler testified that he was not mayor at that time, but he believed the decision in question took place sometime in 1994.

Senator Betzold moved S.F. 358; H.F. 557 for inclusion in the omnibus pension bill. **MOTION DID NOT PREVAIL.**

**S.F. 1231 (Betzold); H.F. 1295 (Haas): VFRA's; Requiring Bonding or Insurance For Financial Consultants**

Senator Betzold reminded members that this bill was passed by the Commission at an earlier meeting, but there was a drafting error that needs to be corrected. The bill was laid over until later in the meeting to allow time to work out the appropriate changes.

**S.F. 804 (Kleis); H.F. 2314 (Schumacher): MSRS-Correctional; Coverage for Reshape Program Director**

Representative Schumacher testified in support of the bill and provided background information.

Mr. Robert Jungbauer, Director of the Reshape Program, testified in support of the bill, provided members with a written statement about his situation, and read from that statement.

Mr. Eric Skon, Assistant Commissioner, Department of Corrections, testified that, based on an assessment from the St. Cloud Correctional Facility Administration, Mr. Jungbauer's position does not meet the 75 percent contact requirement and that he should not be included in the plan.

Senator Pogemiller remarked that it would be difficult for the Commission to pass this legislation without the agency's recommendation. There was no further action on this bill.

### **Amendment to Clarify MnSCU Eligibility Administration, LCPR01-165**

Ms. Linda Skallman, MnSCU, testified that this proposal is intended to simplify the administrative process concerning coverage for those persons with multiple appointments.

Mr. David Bergstrom, Executive Director, MSRS, testified that he worked with TRA and MnSCU to clarify eligibility.

Senator Pogemiller moved Amendment LCPR01-165 for inclusion in the omnibus pension bill.

**MOTION PREVAILED.**

### **S.F. 1466 (Pogemiller); H.F. 1477 (Mares): MFRA; Recodification, Reorganization, and Clarification**

Senator Pogemiller presented the bill and asked staff to explain the amendments.

Mr. Lawrence Martin, Executive Director, Legislative Commission on Pensions and Retirement, reviewed the bill and discussed the proposed amendments.

Senator Pogemiller moved amendment A01-0297. **MOTION PREVAILED.**

Senator Pogemiller moved the handwritten amendment. **MOTION PREVAILED.**

Senator Pogemiller moved LCPR01-180. **MOTION PREVAILED.**

Senator Pogemiller moved LCPR01-174. **MOTION PREVAILED.**

Mr. Brian Rice, attorney representing the Minneapolis Fire Relief Association, testified in support of the bill.

Senator Pogemiller moved A01-0327, with the following verbal amendments: delete section 10; page 2, delete lines 27 to 36; delete all of page 3; page 4, delete lines 1 to 20; and to incorporate the written changes on page 4. **MOTION PREVAILED.**

Senator Pogemiller moved S.F. 1466; H.F. 1477, as amended, for inclusion in the omnibus pension bill. **MOTION PREVAILED.**

### **S.F. 1231 (Betzold); H.F. 1295 (Haas): VFRA; Requiring Bonding or Insurance For Financial Consultants**

Senator Betzold moved revised amendment SCS1231A-1 containing handwritten changes. **MOTION PREVAILED.**

Senator Betzold moved S.F. 1231; H.F. 1295, as amended, for inclusion in the omnibus pension bill. **MOTION PREVAILED.**

### **Consideration Of Administrative Amendments**

Mr. Burek referred members to amendments LCPR01-166, LCPR01-169, and LCPR01-175, all of which are derived from the various administrative bills and which contain provisions that are not benefit related but do raise some policy issues.

Mr. Burek reviewed amendment LCPR01-169, which is derived from S.F. 1705 (Pogemiller); H.F. 1692 (Murphy), and the related policy issues.

Senator Betzold moved LCPR01-169, verbally amended as follows: page 1, delete lines 3 to 15 and to fill in information in the appropriate blanks.

Mr. Jay Stoffel, DTRFA, testified in opposition to deleting the data privacy provision.

Senator Betzold moved LCPR01-169, in its entirety, for inclusion in the omnibus pension bill. **MOTION PREVAILED.**

Mr. Burek reviewed LCPR01-175, which is also derived from S.F. 1705 (Pogemiller); H.F. 1692 (Murphy), and the related policy issues.

Mr. Stoffel provided some history behind the amortization date, and recommended the addition of "401(k)" after "401(a)" on page 1, line 9.

Representative Murphy moved to amend LCPR01-175 on page 1, line 9, insert "401(k)," after "401(a)".  
**MOTION PREVAILED.**

Mr. Eugene Waschbusch, StPTRFA, testified in support of the amendment.

Representative Murphy moved LCPR01-175, as amended, for inclusion in the omnibus pension bill. There was not a quorum at this time, and the bill was laid over until such time that a quorum was present.

Mr. Burek reviewed LCPR01-166, which is derived from S.F. 1439 (Johnson, Dean); H.F. 1482 (Murphy) and the related policy issues.

Mr. David Bergstrom, Executive Director, MSRS, requested the removal of Section 1, deleting lines 3-24 on page 1, and deleting lines 1-9 on page 2.

At this time, a quorum was present.

Representative Murphy moved LCPR01-166, verbally amended on page 1 by deleting lines 3 to 24 and on page 2 by deleting lines 1 to 9, for inclusion in the omnibus pension bill. **MOTION PREVAILED.**

Representative Murphy moved LCPR01-175, as amended, for inclusion in the omnibus pension bill.  
**MOTION PREVAILED.**

### **S.F 1863 (Rest); H.F. 1896 (Skoglund), the Unofficial Engrossment: Legislators Plan; Create Coordinated Program**

Mr. Martin clarified for members the amendments the Commission previously passed which were incorporated into the unofficial engrossment.

Senator Pogemiller moved S.F. 1863; H.F. 1896, the unofficial engrossment, to pass but not be included in the omnibus pension bill. **MOTION PREVAILED.**

### **S.F. 810 (Pogemiller); H.F. \_\_\_\_ ( ): PERA; Funding Deficiency Correction S.F. \_\_\_\_ ( ); H.F. 855 (Mares): PERA; Funding Deficiency Correction Consideration of Other PERA Funding Deficiency Correction Options**

Representative Mares presented five points for discussion to address the PERA funding deficiency:

- 1) membership eligibility, tied in to the 50 percent standard that is applied in other funds;
- 2) proration of service credit;
- 3) extending the amortization date to 2031;
- 4) mortality experience and the Post Fund; and
- 5) contribution rates, to be left blank at this time.

Senator Pogemiller added two additional items:

- 1) LCPR01-179, a state aid appropriation of a blank amount; and
- 2) keep the transfer of school district employees from PERA to TRA.

Senator Pogemiller and Representative Mares also recommended keeping the language for the two proposed Interim studies regarding the major statewide pension systems administrative consolidation and the first class city teacher plan aggregation.

Ms. Kristin Dybdal, Executive Budget Director, Department of Finance, testified that the Administration's position continues to be that public pension funds should be self-sustaining and that personnel costs and pension costs, in particular, are a local employer and employee responsibility. As such, the Administration would recommend a full contribution rate increase, shared equally by employers and employees. They would also support the extension of the amortization target date to offset those increased costs. The Administration would have concerns with transferring sufficiencies from other plans to help solve PERA's deficiency.

Mr. Jim Ufer, Director of Budget and Finance, Hennepin County, testified as spokesman for a management group that is concerned for their employees, and requested that the Commission take a long-term approach to solving the funding problem, to include the possibility of transfers of sufficiencies from other plans, and to include a direct state appropriation. He stated that the Board determined that the opinion presented by the management group was consistent with the Board's resolution of January 2.

Mr. Robert Johnson, Teamsters Local 320, testified in regard to the study on the possible consolidation of the teacher plans. Mr. Johnson recommended that it would be appropriate to include representatives of the bargaining units and affected employees as participants in the study.

Representative Mares said that he agreed with Mr. Johnson, and that such language should be included.

Mr. Steve Hunter, AFSCME, urged the Commission to find a state subsidy to help address the problem.

Representative Mares moved H.F. 855, as amended by the following: membership eligibility, prorated service credit, amortization date extension, mortality experience, contribution rates, keeping open the possibility of state aid, the possibility of transferring school district employees from PERA to TRA, and study language for possible consolidation of various funds in the future to include employee participation language, for inclusion in the omnibus pension bill.

Mr. Martin clarified issues with regard to mortality gains and losses and the Post Fund, and recommended creating a mortality stability reserve.

Representative Mares moved LCPR01-170, Article 1, to be part of his previous motion.

Representative Mares renewed his motion on H.F. 855. **MOTION PREVAILED.**

#### **Consideration of Additional Amendments**

Representative Mares offered LCPR01-173, explaining the situation regarding a fire inspector and a fire chief employed by the city of White Bear Lake.

Representative Mares moved LCPR01-173 for inclusion in the omnibus pension bill. **MOTION PREVAILED.**

Representative Murphy offered LCPR01-167, which contains provisions concerning teachers collecting workers' compensation and proposes a partial post-retirement adjustment.

Senator Pogemiller recommended including the part concerning workers' compensation, but not to include the post-retirement adjustment language as it would constitute a benefit increase.

Representative Murphy moved LCPR01-167, page 1 and page 2, lines 1 to 9, for inclusion in the omnibus pension bill. **MOTION PREVAILED.**

Mr. Howard Bicker, State Board of Investment, testified that the previous amendment as it relates to the Post Retirement Investment Fund and mortality adjustments would not work and he alerted the Commission that the SBI will have suggestions on this issue.

The meeting adjourned at 2:40 p.m.



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Lisa Diesslin, Administrative Secretary