



May 5, 2005
Room 118 Capitol

9th Meeting

LEGISLATIVE COMMISSION ON PENSIONS AND RETIREMENT

MINUTES

Call to order:

Senator Lawrence Pogemiller, Chair of the Legislative Commission on Pensions and Retirement, called the meeting to order at 8:10 a.m.

Commission Members Present:

Representatives Mary Murphy, Dennis Ozment, Steve Smith, Paul Thissen, and Lynn Wardlow
Senators Don Betzold, Keith Langseth, Cal Larson, Geoff Michel, and Lawrence Pogemiller

There is no audio recording of this meeting due to a recording malfunction.

Agenda Items

S.F. 264 (Betzold, by request); H.F. 1757 (Smith): MSRS-General; Employee and Employer Contribution Rate Increases.

Mr. David Bergstrom, Executive Director, MSRS, testified in support of the bill and distributed handout materials.

Ms. Bonnie Wurst, Mercer Human Resources Consulting, reviewed the actuarial information and basis for the contribution rate increases.

S.F. 997 (Betzold, by request); H.F. 1753 (Wardlow): MSRS-Correctional; Employee and Employer Contribution Rate Increases.

Mr. Bergstrom testified in support of the bill and distributed handout materials.

Ms. Wurst reviewed the actuarial information and basis for the contribution rate increases.

Mr. Bergstrom informed members that disability claims have increased and that MSRS would like to discuss that issue during the legislative interim.

Mr. Edward Burek, Deputy Director, Legislative Commission on Pensions and Retirement, reviewed amendment LCPR05-146, which would change the amortization date.

Ms. Wurst said it would be consistent with actuarial principles and that she would have to look at what date that would be.

S.F. 998 (Betzold, by request); H.F. 1754 (Smith): State Patrol Plan; Employee and Employer Contribution Rate Increases.

Mr. Bergstrom testified in support of the bill and distributed handout materials. Mr. Bergstrom also noted that MSRS is looking at assumption changes regarding mortality and lower turnover.

Ms. Wurst reviewed the actuarial information and basis for the contribution rate increases.

S.F. 286 (Betzold, by request); H.F. 1755 (Smith): PERA-General; Employer and Employee Contribution Rate Increases.

Mr. Mary Vanek, Executive Director, PERA, testified in support of the bill and distributed handout materials.

Ms. Bonnie Wurst, Mercer Human Resources Consulting, reviewed the actuarial information and basis for the contribution rate increases.

Ms. Vanek testified that the PERA board believes the deficiency is severe and is convinced that the deficiency will continue to worsen. Ms. Vanek requested that the Commission consider giving the PERA board the authority to implement minor contribution rate revisions.

S.F. 621 (Betzold, by request); H.F. 1756 (Smith): PERA-P&F; Employee and Employer Contribution Rate Increases.

Mr. Vanek testified in support of the bill and distributed handout materials. Ms. Vanek noted that while PERA-P&F is currently 101% funded, the funding level is expected to drop below 100% in 2005 and that the normal cost has gone up significantly due to the 2003 assumption changes.

Additional Testimony from Interested Parties

In response to a question from Senator Pogemiller, Mr. Bergstrom said MSRS would agree with giving the MSRS board authority to make minor contribution rate changes in addition to PERA.

Mr. Curt Yoakum, Association of Minnesota Counties, testified that all 87 counties have discussed this issue and are expecting and support the contribution rate increases and they also support the proposal to give the board the flexibility to make minor adjustments. Mr. Yoakum also urged the Commission to consider the S.F. 620 augmentation the rate change proposal.

Mr. Keith Carlson, Executive Director, Metropolitan Inter-County Association, testified in support of S.F. 286, that the cities, counties and major employee groups are all on board, and that the proposal should not be delayed. Mr. Carlson said that they also believe the change in the augmentation schedule is a fair proposal. Regarding PERA-P&F, Mr. Carlson said that they have not taken a formal position but based on an informal polling it would be better to take the issue on now rather than waiting. Mr. Carlson expressed preference that the increases be phased in, and also noted concerns about generous disability benefits.

Ms. Laura Offerdal, League of Minnesota Cities, testified that League board supports S.F. 286 and would encourage the Commission to consider the S.F. 620 augmentation rate changes. Ms. Offerdal indicated the League also supports the PERA-P&F increases and the phase-in, and fixing the disability issues.

Mr. Carlson noted that they also support the basic outline of the plan to cap post-retirement benefit increases at 5%.

Ms. Vanek testified that the PERA board supports the S.F. 620 augmentation rate changes, but requests that all of the major retirement systems have the same augmentation rates. She provided some historic information regarding the augmentation rates.

Mr. Frank Miskowicz, President, SEIU Local 63, testified in opposition to S.F. 286, stating that the funding problem should not be resolved by an increase in employee contribution rates that does not result in increased benefits.

Ms. Janelle Rau-Clauson, Political/Communications Director, SEIU Local 284, testified in opposition to S.F. 286.

Ms. Cheryl Furrer, Education Minnesota, testified in opposition to the contribution rate increases, stating that there are 8,000 non-teaching members who make around \$14,000-21,000 per year and an increase would hit them hard.

Mr. Bob Johnson, representing Teamsters 320, the Police Federation, Minneapolis Police and Fire, and the Peace Officers of Minnesota, testified that their members understand the need for contribution rate increases

There was no action on the bills.

Adjournment

The meeting adjourned at 10:05 a.m.



Lisa Diesslin, Administrative Secretary