



H.F. 3320
(Nelson)

S.F. 2423
(Betzold)

Executive Summary of Commission Staff Materials

Affected Pension Plan(s): Teachers Retirement Association
Relevant Provisions of Law: Minnesota Statutes, 354A.12, Subdivision 3c
General Nature of Proposal: Clarification of special direct state aid allocation
Date of Summary: March 28, 2008

Specific Proposed Changes

- The proposed legislation clarifies the 2007 legislation updating the post-2000 division of the DTRFA state direct aid between SPTRFA and TRA, as successor to MTRFA, and permits late payment of the FY 2008 aid to TRA, with interest.

Policy Issues Raised by the Proposed Legislation

1. Accuracy of the contention that statutory provisions need clarification.
2. Appropriateness of continuing to reallocate previous DTRFA state aid.
3. Appropriateness of eventual perpetual direct state aid to TRA.
4. Appropriateness of interest on delayed October 2007 aid payment to TRA.

Potential Amendments

- H3320-1A continues SPTRFA aid to SPTRFA after SPTRFA becomes as funded as TRA rather than redirecting aid to TRA.
- H3320-2A terminates direct state aid to SPTRFA and TRA in 2037.
- H3320-3A eliminates interest payment from the State General Fund on unpaid 2007 TRA direct aid payment.
- H3320-4A sets interest payment from the State General Fund on unpaid 2007 TRA direct aid payment at actual short-term Treasurer's cash account investment performance rate rather than 8.5 percent.
- H3320-5A sets interest payment from the State General Fund on unpaid 2007 TRA direct aid payment at interest rate to be specified.

