



S.F. 280
(Pappas)

H.F. 345
(Nelson)

Executive Summary of Commission Staff Materials

Affected Pension Plan(s): MSRS-General
Relevant Provisions of Law: Minnesota Statutes, Sections 352.01 and 352.029
General Nature of Proposal: MSRS-General coverage for MAPE employees.
Date of Summary: February 21, 2012

Specific Proposed Changes

- Adds Minnesota Association of Professional Employees (MAPE) employees to the definition of included state employees for retirement coverage by the General State Employees Retirement Plan of the Minnesota State Retirement System (MSRS-General), removes MAPE from the on-leave labor organization employee retirement coverage election provision, but retains the other requirements and limitations for labor organization employees covered by MSRS for MAPE employees in MSRS-General.

Policy Issues Raised by the Proposed Legislation

1. Appropriateness of extending retirement coverage to state employee union employees who are not state employees on a leave of absence
2. Appropriateness of the particular union specification and of limiting change to MSRS.
3. Impact on Minnesota public pension plan income tax qualification.
4. Appropriateness of mandatory retirement plan coverage rather than elective coverage.
5. Appropriateness of requested prospective public retirement coverage only; potential prior service credit purchase requests.
6. Appropriateness of including Minnesota Statutes, Section 352.029, Labor Organization Retirement Coverage Restrictions and Regulation.

Potential Amendments

S0280-1A provides for a comprehensive inclusion of all state employees labor organization employees in MSRS-General coverage.



TO: Members of the Legislative Commission on Pensions and Retirement
FROM: Lawrence A. Martin, Executive Director *Lawrence A. Martin*
RE: S.F. 280 (Pappas); H.F. 345 (Nelson): MSRS-General; Retirement Coverage for Minnesota Association of Professional Employees (MAPE) Employees
DATE: February 21, 2013

Summary of S.F. 280 (Pappas); H.F. 345 (Nelson)

S.F. 280 (Pappas); H.F. 345 (Nelson) amends Minnesota Statutes, Sections 352.01, Subdivision 2a, and 352.029, Subdivisions 2, 2a, 2b, 3, and 5, the General State Employees Retirement Plan of the Minnesota State Retirement System (MSRS-General) general membership inclusion and labor organization membership inclusion provisions, by adding employees of MAPE to the definition of included state employees for retirement coverage by MSRS-General, removes MAPE from the on-leave labor organization employee retirement coverage election provision, but retains the other requirements and limitations for labor organization employees covered by MSRS for MAPE employees in MSRS-General.

MAPE Employee Retirement Issue

The Minnesota Association of Professional Employees (MAPE) employs as union employees both State of Minnesota employees who are on a leave of absence from that employment or employees who initially were employed by another labor union and are no longer or who never were state employees on a leave of absence. The union desires to have retirement coverage for its employees by the General State Employees Retirement Plan of the Minnesota State Retirement System (MSRS-General), whether the employee was on leave from state employment, and eligible for MSRS membership under Minnesota Statutes, Section 352.029, or was not on a state leave. The MSRS-General coverage for union employees who are not current MSRS-General members would be prospective only, beginning on July 1, 2013.

Background Information on Labor Organization Employee Retirement Plan Membership

- **Attachment A:** Background information on the current statutory provisions governing defined benefit public employee pension coverage for labor organization employees and the development of those statutory provisions.

Discussion and Analysis

S.F. 280 (Pappas); H.F. 345 (Nelson) provides for retirement coverage by the General State Employees Retirement Plan of the Minnesota State Retirement System (MSRS-General), on a mandatory basis, all employees of the Minnesota Association of Professional Employees (MAPE), whether on leave from state employment or otherwise, but retains for all MAPE MSRS-General members the same regulation as currently applies to on-leave labor organization employees covered by MSRS-General.

The proposed legislation raises a number of pension and related public policy issues for consideration by and possible discussion by the Commission, as follows:

1. Appropriateness of Extending Retirement Coverage to State Employee Union Employees Who are Not State Employees on a Leave of Absence. The policy issue is whether or not it is appropriate to cover by MSRS-General all employees of a labor organization that is the collective bargaining agent of state employees rather than restricting MSRS-General coverage to labor organization employees who are state employees who are on a leave of absence. Before 1994, labor organization employee retirement coverage provisions did not restrict eligibility to only governmental employees who were on a leave of absence, but that leave of absence eligibility restriction was made uniformly applicable in 1994. The 1994 legislation arose as a solution to retirement coverage problems discerned from the dispute between a retiring Service Employees International Union (SEIU) local president and the Public Employees Retirement Association (PERA) and an alleged manipulation of covered salary for retirement purposes by that labor organization employee.

The inclusion of a labor organization's employees broadly in public employee retirement coverage has three precedents, in 1998 (Laws 1998, Ch. 390, Art. 4, Sec. 3, Subd. 4), in 2007 (Laws 2007, Ch. 134, Art. 11, Sec. 6), and in 2008 (Laws 2008, Ch. 349, Art. 5, Sec. 1):

- The 1998 legislation permitted an employee of the Middle Management Association who was hired in early 1994 from private industry and who did not exercise an option to become an MSRS-General plan member before the 1994 labor organization employee retirement coverage changes became effective to remain eligible to elect MSRS-General coverage and to purchase prior service credit, at full actuarial value, before July 1, 1999, for prior Middle Management Association employment.
- The 2007 legislation permitted any Middle Management Association employee hired from outside of employment by the State of Minnesota after January 1, 2007, to have coverage by MSRS-General.
- The 2008 legislation permitted any employee of the Minnesota Government Engineers Council who was not a state employee on a leave of absence to have prospective MSRS-General coverage.

No similar inclusions of labor organization employees in Public Employees Retirement Association (PERA) or Teachers Retirement Plan (TRA) for individuals who were not government employees on a leave of absence have occurred.

2. Appropriateness of the Particular Union Specification and of Limiting Change to MSRS. The policy issue is whether or not it is appropriate to limit the legislative change proposed on behalf of MAPE to that labor organization only and whether it is appropriate or not to limit any broadening of the labor organization employee to MSRS. According to the best information available to the Commission staff, the State of Minnesota has employees who are represented in collective bargaining by at least seven labor organizations, the American Federation of State, County, and Municipal Employees (AFSCME), the Minnesota Association of Professional Employees (MAPE), the Minnesota Governmental Engineer's Council, the Minnesota Law Enforcement Association, the Middle Management Association, and the State Residential Schools Education Association. Additionally, the Minnesota State Colleges and Universities System (MnSCU), partially covered by MSRS-General, has employees represented by three additional labor organizations, the Inter-Faculty Organization, the Minnesota State College Faculty, and the Minnesota State University Association of the Administrative Service Faculty. At the University of Minnesota, partially covered by MSRS-General, employees are represented by AFSCME and by the Teamsters Union. Beyond MSRS-General, members of the retirement plans administered by PERA and TRA are represented by a number of labor organizations. If public employee defined benefit retirement plan coverage is to be expanded beyond governmental employees on a leave of absence who are employed by a labor organization that represents Minnesota public employees and is to be applicable to all future employees of particular unions, perhaps that change should be made broadly rather than incrementally organization by organization.

Amendment S0280-1A provides for a comprehensive inclusion of all state employees labor organization employees in MSRS-General coverage.

3. Impact on Minnesota Public Pension Plan Income Tax Qualification. The policy issue is the potential impact of any recommended expansion of Minnesota public pension plan coverage to labor organization employees other than previous public employees who are on a leave of absence on the retirement plan's tax-qualified status as a governmental plan under the federal Internal Revenue Code. Public pension plans have historically been held by the Internal Revenue Service and the Internal Revenue Code to less stringent regulation than private sector retirement plans. The Employee Retirement Income Security Act of 1974 (ERISA), in section 3(32), defines a governmental plan as

“a plan established or maintained for its employees by the Government of the United States, by the government of any State or political subdivision thereof, or by any agency or instrumentality of any of the foregoing.”

The federal government does not consider nonprofit organization employees, even if the organization is tax-exempt, as governmental employees, even if they perform services to the public or receive more than one-half of revenues from governmental funding. Although the specific number of permitted non-public employees in a public pension plan has not been clearly indicated, a de minimis number of non-public employees does not upset the governmental plan character of a public pension plan. The Commission, in Policy Principle II.C.20, indicates that privatized public employees are not to be continued in public retirement plan coverage. If the Commission practice has been to avoid extending public pension plan coverage to privatized public employees, public pension plan coverage for public

sector labor organization employees as provided in this proposed legislation may not be consistent practice. The Commission should attempt to quantify the number of labor organization employees currently in public pension plan coverage or potentially included in public pension plan coverage and the number of other non-public employees currently in public pension plan coverage to ascertain whether or not that number is close to being more than de minimis.

4. Appropriateness of Mandatory Retirement Plan Coverage Rather Than Elective Coverage. The policy issue is whether or not it is appropriate to include MAPE employees in MSRS-General coverage on a mandatory basis as proposed in the proposed legislation rather than elective by the person involved as provided in Minnesota Statutes, Section 352.029. Commission Policy Principle II.B.2. provides for mandatory public pension plan coverage for all personnel employed on a recurring or regular basis, but that principle probably means personnel who are clearly in the public sector. Public labor organization personnel are on the fringe or border of that characterization. Public sector labor organization employees may be drawn from a wide range of prior employment and retirement coverage and may wish to structure their labor organization employment retirement coverage with that prior retirement coverage in mind. Portability provided by Minnesota public pension plans is limited to other statewide or major local Minnesota public retirement plans and as not available to other public or private retirement systems. If portability concerns should arise with this group of potential public pension plan members after the proposed legislation is enacted, the Commission may see requests or demands for membership exceptions for labor organization representatives in the future.
5. Appropriateness of Requested Prospective Public Retirement Coverage Only; Potential Prior Service Credit Purchase Requests. The policy issue is whether or not it is appropriate for the Commission to recommend proposed legislation that includes a group of employees in public pension plan coverage prospectively only, when the employee group either does or may have prior employment with the same employing unit and, upon approaching retirement in the future, may request an opportunity to purchase prior service credit. Any purchase of prior service is financially difficult for both the member and the pension plan and is made more expensive and difficult usually the later the purchase occurs. If the MAPE employees who are to be included in MSRS-General coverage under the draft proposed legislation have prior uncovered MAPE employment, it would be better to resolve the question of a prior service credit purchase early rather than having a request or requests for prior service credit purchases occurring periodically in the future. The Commission should consider requesting testimony from MAPE representatives about the potential prior service credit purchases, and, if MAPE is disinclined to request a prior service credit purchase option, to request that any affected MAPE employees submit signed documentation forswearing any subsequent prior service credit purchase requests.
6. Appropriateness of Including Minnesota Statutes, Section 352.029, Labor Organization Retirement Coverage Restrictions and Regulation. The policy issue is whether or not the inclusion of the various restrictions and limitations applicable to on-leave labor organization employees in Minnesota public pension plan coverage is appropriate for this general inclusion of MAPE employees in MSRS-General retirement coverage. The regulation of labor organization employee retirement coverage includes a limitation on covered salary, the applicability of reemployed annuitant earnings limitations, the employee responsibility for all retirement contributions, and an ineligibility for election to the retirement plan governing board. The restrictions arose out of perceived abuses practiced by a former Richfield School District employee who retained General Employees Retirement Plan of the Public Employees Retirement Association (PERA-General) plan coverage while serving as a labor organization local president and attempted to utilize an early retirement incentive. The Commission may wish to take testimony from the various retirement plans administrators and the various labor organization representatives to gain an appreciation for any need for a continuation of these regulations.

**Background Information on the
Provision of Defined Benefit Public Employee Pension
Coverage to Labor Organization Employees**

1. Comparison of Membership Provisions Relating to Labor Organization Employees.
 - a. MSRS-General. A state employee on leave of absence without pay to provide service as an officer or employee of a labor organization that is an exclusive bargaining representative may elect to be covered within 90 days of the start of the first leave of absence or 90 days of union employment, whichever is later, is responsible for both member and employer contributions unless union pays the employer contribution, with covered salary limited to 75% of the governor's salary, is subject to reemployed annuitant earnings limitations, and is excluded from MSRS board members. [352.029]
 - b. MSRS-Correctional. Same as MSRS-General. [352.029]
 - c. State Patrol. No provision.
 - d. MSRS-Unclassified. No provision.
 - e. PERA-General Coordinated. A PERA-General coordinated member on an authorized leave of absence and who is an employee of a labor organization that represents public employees who are members of PERA-General may elect to be covered by written election filed within six months of union employment, is responsible for member and employer contributions unless the union pays the employer contributions, salary is limited to 75% of the governor's salary, is subject to reemployed annuitant earnings limitations, is excluded from PERA board membership, and must terminate union employment to retire. [353E.017]
 - f. PERA-P&F. No provision.
 - g. PERA-Correctional. Same as PERA-General Coordinated. [353E.08]
 - h. TRA Coordinated. A teacher who is a member of the plan who is on an authorized leave of absence and is employed as an officer or employee of the labor organization that is the collective bargaining agent or by the union's state affiliate or by the association of school administrators may elect coverage within 90 days of employment by the union, with the member responsible for member and employer contributions unless the union pays the employer contributions, with salary limited to 75% of the governor's salary, with reemployed annuitant earnings limitation apply upon retirement, with an exclusion from board membership, and with an exception if the union official or employee is also a member of a first class city teacher retirement fund association for the same period of service. [354.41, Subd. 4, 4a, 4b, 5, 7]
 - i. DTRFA. No provision in Minnesota Statutes, Chapter 354A.
 - j. SPTRFA. No provision in Minnesota Statutes, Chapter 354A.
2. Development of Labor Organization Employee Membership Provisions. Public retirement plan membership has been extended to employees of public employee labor organizations since 1969. The following summarizes that development, including the former Minneapolis Employees Retirement Fund (MERF) and the former Minneapolis Teachers Retirement Fund Association (MTRFA):
 - In 1969 (Laws 1969, Ch. 914, Sec. 4), with respect to Minneapolis Municipal Employees Retirement Plan, eventually renamed the Minneapolis Employees Retirement Fund (MERF), a member of the contributing class granted a leave of absence without pay to serve as an employee or agent of a labor union representing plan members was permitted to continue in plan membership during the leave if member and employer contributions totaling the retirement allowance normal cost is deposited into the fund monthly and individuals employed by labor unions on July 1, 1969, were permitted to obtain past service credit for employment as a labor union agent or employee by paying the member and employer retirement allowance normal cost contribution amounts attributable to the period, plus interest, with all contributions based on the salary of the position, or its equivalent, held by the person immediately before the leave and any subsequently occurring salary adjustments.
 - In 1973 (Laws 1973, Ch. 133, Sec. 9), when the MERF governing law was recodified, the 1969 labor union employee membership provision was included, substantively unchanged except for the elimination of the prior service credit purchase portion.

- In 1975 (Laws 1975, Ch. 102, Sec. 4), with respect to the Public Employees Retirement Association (PERA), members of the association who are employees of a labor organization representing public employees who are association members were permitted to be coordinated program members for that labor organization employment unless specifically excluded from PERA membership if the election takes place before July 1, 1976, or within 30 days of being employed by the labor organization, whichever is later, with a requirement that the member has the responsibility to pay the member and employer contributions unless the labor organization pays the employer contributions, with authorization for pre-July 1, 1975, labor organization employees to purchase service credit for prior union employment with the payment of equivalent contributions, plus 6% interest before July 1, 1980, or retirement, whichever is earlier, and with board membership prohibited.
- Also in 1975 (Laws 1975, Ch. 306, Sec. 10-13), with respect to the Teachers Retirement Plan (TRA), a former member who was currently employed by the Minnesota Federation of Teachers or its state affiliated branches, the Minnesota Education Association, the Minnesota Association of School Principals, the Minnesota Association of Secondary School Principals, or the Minnesota Association of School Administrators was authorized to elect to be a coordinated program member unless the person was concurrently a member of a first class city teacher retirement fund association, with the election deadline set at July 1, 1976, if employed by one of the labor organizations on June 30, 1975, or upon commencement of labor organization employment if employed after June 30, 1975, with the employee responsible for both member and employer contributions unless the employing unit pays the employer contribution, with the employer responsible for remitting the contributions unless the person is on leave of absence, when the employer must forward the contributions to the pre-leave employer, and with a prior service credit purchase for pre-1975 labor organization employment with the payment of equivalent contributions with interest in a lump sum before July 1, 1980, or retirement, whichever is earlier.
- In 1977 (Laws 1977, Ch. 67, Sec. 6), the TRA labor organization employee retirement coverage provision was amended to add compound interest to the prior service credit purchase.
- Also in 1977 (Laws 1977, Ch. 429, Sec. 13), with respect to the Minnesota State Retirement System (MSRS), former state employees who were employees of labor organizations that were collective bargaining representatives of state employees to be covered by the system for that employment unless the person is specifically excluded from the definition of "state employee," if elected by July 1, 1977, or within 30 days of labor organization employment, whichever is later, with the employee responsible for paying the member and employer contributions unless the labor organization pays the employer contributions, with the labor organization responsible for remitting contributions, with the labor organization ineligible for elections to the system board, and with a prior service credit purchase for pre-July 1, 1977, labor organization employment with the payment of equivalent member and employer contributions plus interest, to be made before July 1, 1982, or retirement, whichever is earlier.
- In 1978 (Laws 1978, Ch. 796, Sec. 27, 41-42), the deadline for the election of labor organization employee coverage for PERA was extended from July 1, 1976, to July 1, 1978, and the TRA labor organization pre-1977 employment service credit purchase was clarified by a specification that the contribution equivalent rates were the rates in effect when the employment was rendered, that interest on the equivalent contributions was to be at the specified rate, that no prior service was creditable until the full prior service credit payment amount was received, and that the prior service credit purchase may be up to five years of service.
- In 1979 (Laws 1979, Ch. 216, Sec. 5), the expired election of labor organization retirement coverage 1978 deadline date for PERA was deleted from the statute.
- In 1981 (Laws 1981, Ch. 160, Sec. 5), relating to TRA, a teacher who was granted a leave of absence to serve as an elected officer of a professional teachers organization was allowed to purchase service credit for the leave with the payment of equivalent member contributions in force during the leave and applied to the person's salary as a teacher based on the school district contract in force immediately prior to the leave, plus 6% interest on any contribution shortages.
- In 1985 (1st Spec. Sess. Laws 1985, Ch. 7, Sec. 5), the MSRS labor organization employee retirement coverage provision was expanded to include state employees on leave of absence to serve as labor organization officers or employees, and with the 1977 deadline date for the current labor organization employees to make the election extended to December 31, 1985, and ongoing to 90 days from the start of the first leave of absence, with the prior service credit purchase for then-current labor organization employees excluded to December 31, 1985.

- In 1987 (Laws 1987, Ch. 229, Art. 6, Sec. 1), the MSRS labor organization employee retirement coverage provision was revised as to language style and language usage without apparent substantive changes.
- In 1990 (Laws 1990, Ch. 570, Art. 10, Sec. 3), the MSRS labor organization employee retirement coverage provision was specifically broadened to include the Correctional State Employees Retirement Plan (MSRS-Correctional), by specifying MSRS-Correctional Plan contribution rate requirements.
- In 1991 (Laws 1991, Ch. 340, Sec. 19), the TRA labor organization employee retirement coverage provision was modified to include the professional teacher organization elected officer plan members and TRA staff members in the board membership ineligibility specification.
- In 1992 (Laws 1992, Ch. 432, Art. 1, Sec. 2-3), the MSRS labor organization employee retirement coverage was narrowed to eliminate eligibility for former state employees and the deadline for making the coverage election was extended from 1985 to 1992.
- Also in 1992 (Laws 1992, Ch. 598, Art. 3, Sec. 2), the interest rate on the TRA professional teacher organization elected officer prior service credit purchase payments was increased to 8.5%.
- In 1993 (Laws 1993, Ch. 307, Art. 4, Sec. 16), the PERA labor organization employee retirement coverage authorization was expanded to include PERA-General coordinated program members on an authorized leave of absence and the coverage election deadline date was extended to January 1, 1994, or to six months after employment by the labor organization, whichever applies.
- In 1994 (Laws 1994, Ch. 528, Art. 2, Sec. 5), the PERA labor organization employee retirement coverage provision was amended to specifically extend the reemployed annuitant earnings limitations to retired labor organization employees.
- Also in 1994 (Laws 1994, Ch. 528, Art. 4, Sec. 1-10), the MSRS, PERA, and TRA labor organization employee retirement coverage provisions were revised, with eligibility to elect public pension plan coverage restricted only to labor organization employees who are on a leave of absence from a public employer, with the covered salary for pension coverage purposes for labor organization employees set at actual compensation but not in excess of 75% of the governor's salary, with specification for PERA that a labor organization employee is required to terminate employment with the labor organization in order to be eligible to receive a retirement annuity, and with specification that the reemployed annuitant earnings limitations apply to a labor organization employee who retires and is subsequently reemployed by the labor organization.
- In 2000 (Laws 2000, Ch. 461, Art. 11, Sec. 4), a union business agent retirement coverage provision was added for the former Minneapolis Teachers Retirement Fund Association (MTRFA), that permitted a plan member on a leave of absence from Special School District No. 1 (Minneapolis) and employed by the employee organization representing school district employees to elect to be a coordinated program member within 90 days of being employed by the labor organization or going on a leave of absence, whichever is later, but does not apply to any other leave period eligible for MTRFA service credit, subject to the same covered salary limitation, the termination of active labor organization employment, the reemployed annuitant earnings limitations, contribution requirements, and board member ineligibility specifications that apply to MSRS, PERA, and TRA.
- In 2001 (1st Spec. Sess. Laws 2001, Ch. 10, Art. 12, Sec. 1), the specific designation of various labor organizations and similar associations, other than the association of school administrators, in the TRA labor organization employee retirement coverage provision was replaced by a generically applicable designation of employees or officers of labor organizations that are the exclusive bargaining agent, or that union's state affiliate.

1.1 moves to amend S.F. No. 280; H.F. No. 345, as follows:

1.2 Page 2, strike lines 23 to 26

1.3 Page 2, line 27, strike "(19)" and insert " (17)"

1.4 Page 2, line 28, delete "(20)" and insert "(18) " and delete "the Minnesota
1.5 Association of Professional Employees" and insert " a labor organization that is an
1.6 exclusive bargaining agent representing state employees"

1.7 Page 3, line 3, strike "a state employee on leave of absence without pay to provide
1.8 service as"

1.9 Page 3, line 5, strike "may elect under subdivision 2 to be" and insert "is"

1.10 Page 3, lines 11, 23, and 26, delete "(20)" and insert " (18)"

1.11 Page 4, lines 1 and 9, delete "(20)" and insert " (18)"

1.12 Page 4, after line 9, insert:

1.13 "Sec. 7. **REPEALER.**

1.14 Minnesota Statutes 2012, section 352.029, subdivision 2, is repealed."

1.15 Page 4, line 11, delete "6" and insert "7"

1.16 Renumber the sections in sequence and correct the internal references

1.17 Amend the title accordingly

SENATE
STATE OF MINNESOTA
EIGHTY-EIGHTH LEGISLATURE

S.F. No. 280

(SENATE AUTHORS: PAPPAS, Hayden, Saxhaug, Goodwin and Johnson)

DATE	D-PG	OFFICIAL STATUS
02/06/2013	160	Introduction and first reading Referred to State and Local Government

1.1 A bill for an act
 1.2 relating to retirement; general state employees retirement plan of the Minnesota
 1.3 State Retirement System; providing retirement coverage for employees of the
 1.4 Minnesota Association of Professional Employees; amending Minnesota Statutes
 1.5 2012, sections 352.01, subdivision 2a; 352.029, subdivisions 1, 2a, 2b, 3, 5.

1.6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.7 Section 1. Minnesota Statutes 2012, section 352.01, subdivision 2a, is amended to read:

1.8 Subd. 2a. **Included employees.** (a) "State employee" includes:

1.9 (1) employees of the Minnesota Historical Society;

1.10 (2) employees of the State Horticultural Society;

1.11 (3) employees of the Minnesota Crop Improvement Association;

1.12 (4) employees of the adjutant general whose salaries are paid from federal funds and
 1.13 who are not covered by any federal civilian employees retirement system;

1.14 (5) employees of the Minnesota State Colleges and Universities who are employed
 1.15 under the university or college activities program;

1.16 (6) currently contributing employees covered by the system who are temporarily
 1.17 employed by the legislature during a legislative session or any currently contributing
 1.18 employee employed for any special service as defined in subdivision 2b, clause (8);

1.19 (7) employees of the legislature who are appointed without a limit on the duration
 1.20 of their employment and persons employed or designated by the legislature or by a
 1.21 legislative committee or commission or other competent authority to conduct a special
 1.22 inquiry, investigation, examination, or installation;

1.23 (8) trainees who are employed on a full-time established training program
 1.24 performing the duties of the classified position for which they will be eligible to receive
 1.25 immediate appointment at the completion of the training period;

- 2.1 (9) employees of the Minnesota Safety Council;
- 2.2 (10) any employees who are on authorized leave of absence from the Transit
2.3 Operating Division of the former Metropolitan Transit Commission and who are employed
2.4 by the labor organization which is the exclusive bargaining agent representing employees
2.5 of the Transit Operating Division;
- 2.6 (11) employees of the Metropolitan Council, Metropolitan Parks and Open Space
2.7 Commission, Metropolitan Sports Facilities Commission, or Metropolitan Mosquito
2.8 Control Commission unless excluded under subdivision 2b or are covered by another
2.9 public pension fund or plan under section 473.415, subdivision 3;
- 2.10 (12) judges of the Tax Court;
- 2.11 (13) personnel who were employed on June 30, 1992, by the University of
2.12 Minnesota in the management, operation, or maintenance of its heating plant facilities,
2.13 whose employment transfers to an employer assuming operation of the heating plant
2.14 facilities, so long as the person is employed at the University of Minnesota heating plant
2.15 by that employer or by its successor organization;
- 2.16 (14) personnel who are employed as seasonal employees in the classified or
2.17 unclassified service;
- 2.18 (15) persons who are employed by the Department of Commerce as a peace officer
2.19 in the Insurance Fraud Prevention Division under section 45.0135 who have attained the
2.20 mandatory retirement age specified in section 43A.34, subdivision 4;
- 2.21 (16) employees of the University of Minnesota unless excluded under subdivision
2.22 2b, clause (3);
- 2.23 (17) employees of the Middle Management Association whose employment began
2.24 after July 1, 2007, and to whom section 352.029 does not apply;
- 2.25 (18) employees of the Minnesota Government Engineers Council to whom section
2.26 352.029 does not apply; ~~and~~
- 2.27 (19) employees of the Minnesota Sports Facilities Authority; and
- 2.28 (20) employees of the Minnesota Association of Professional Employees.
- 2.29 (b) Employees specified in paragraph (a), clause (13), are included employees under
2.30 paragraph (a) if employer and employee contributions are made in a timely manner in the
2.31 amounts required by section 352.04. Employee contributions must be deducted from
2.32 salary. Employer contributions are the sole obligation of the employer assuming operation
2.33 of the University of Minnesota heating plant facilities or any successor organizations to
2.34 that employer.

2.35 Sec. 2. Minnesota Statutes 2012, section 352.029, subdivision 1, is amended to read:

3.1 Subdivision 1. **Qualifications.** Unless already specifically included under section
 3.2 352.01, subdivision 2a, or unless specifically excluded under section 352.01, subdivision
 3.3 2b, a state employee on leave of absence without pay to provide service as an employee
 3.4 or officer of a labor organization that is an exclusive bargaining agent representing state
 3.5 employees may elect under subdivision 2 to be covered by the general state employees
 3.6 retirement plan of the Minnesota State Retirement System for service with the labor
 3.7 organization, subject to the limitations set forth in subdivisions 2a and 2b.

3.8 Sec. 3. Minnesota Statutes 2012, section 352.029, subdivision 2a, is amended to read:

3.9 Subd. 2a. **Limitations on salary for benefits and contributions.** (a) The covered
 3.10 salary for a labor organization employee who is a member under section 352.01,
 3.11 subdivision 2a, paragraph (a), clause (20), or who qualifies for membership under this
 3.12 section or section 352.75 is limited to the lesser of:

3.13 (1) the employee's actual salary as defined under section 352.01, subdivision 13; or
 3.14 (2) 75 percent of the salary of the governor as set under section 15A.082.

3.15 (b) The limited covered salary determined under this subdivision must be used in
 3.16 determining employee, employer, and employer additional contributions under section
 3.17 352.04, subdivisions 2 and 3, and in determining retirement annuities and other benefits
 3.18 under this chapter and chapter 356.

3.19 Sec. 4. Minnesota Statutes 2012, section 352.029, subdivision 2b, is amended to read:

3.20 Subd. 2b. **Earning restrictions apply.** A retirement annuity is only payable, if the
 3.21 person has met any other applicable requirements, upon the termination of employment by
 3.22 the labor organization by the person who is a member under section 352.01, subdivision
 3.23 2a, paragraph (a), clause (20), or who elected coverage under subdivision 1 of employment
 3.24 by the labor organization. The reemployed annuitant earnings limitation set forth in
 3.25 section 352.115, subdivision 10, applies in the event that the person who is a member
 3.26 under section 352.01, subdivision 2a, paragraph (a), clause (20), or who elected coverage
 3.27 under subdivision 1 retires and is subsequently reemployed while an annuitant by the labor
 3.28 organization or by any other entity employing persons who are covered by the Minnesota
 3.29 State Retirement System by virtue of that employment.

3.30 Sec. 5. Minnesota Statutes 2012, section 352.029, subdivision 3, is amended to read:

3.31 Subd. 3. **Contributions.** The employee and employer contributions required
 3.32 by section 352.04, or by section 352.92 for employees covered by section 352.91, are
 3.33 the obligation of the employee who is a member under section 352.01, subdivision 2a,

4.1 paragraph (a), clause (20), or who chooses coverage under this section. However, the
4.2 employing labor organization may pay the employer contributions. Contributions made by
4.3 the employee must be made by salary deduction. The employing labor organization shall
4.4 pay all contributions to the system as required by section 352.04, or by section 352.92
4.5 for employees covered by section 352.91.

4.6 Sec. 6. Minnesota Statutes 2012, section 352.029, subdivision 5, is amended to read:

4.7 Subd. 5. **Board membership excluded.** Employees of a labor organization who
4.8 become members of the system under section 352.01, subdivision 2a, paragraph (a),
4.9 clause (20), or under this section are not eligible for election to the board of directors.

4.10 Sec. 7. **EFFECTIVE DATE.**

4.11 Sections 1 to 6 are effective July 1, 2013.