



TO: Members of the Legislative Commission on Pensions and Retirement
FROM: Rachel Barth, Deputy Director
RE: S.F. 436 (Pappas); H.F. 977 (O'Driscoll): MSRS-Correctional; Including additional Department of Corrections employment positions in plan coverage.
DATE: March 6, 2017
ATTACHMENT: Department of Corrections Recommendation Letter

Summary of S.F. 436 (Pappas); H.F. 977 (O'Driscoll)

S.F. 436 (Pappas); H.F. 977 (O'Driscoll) amends Minn. Stat. § 352.91, subd. 3g, by adding the Department of Corrections (“DOC”) positions of “food supervisor” and “medical assistant, certified” to the statutory list of positions that are eligible for retirement coverage under the Minnesota State Retirement System Correctional plan (“MSRS-Correctional”).

The coverage for “food supervisor” will be retroactive and prospective for the individual currently employed in the position. There is also an additional position that is currently vacant. The applicable employee is currently a member of the MSRS General plan. The MSRS-Correctional coverage is set to retroactively begin April 18, 2016, the date that the position became eligible for such coverage. If the member chooses to have retroactive coverage, the member and employer must pay the required amounts under section 352.955, subd. 3.

The coverage for “medical assistant, certified” will be prospective only for the two individuals currently employed in the position and an additional position, which is currently vacant. Neither the member nor the employer are required to pay additional amounts under section 352.955, subd. 3.

Background Information

Under section 352.91, subd. 3g, positions within the DOC that are eligible for MSRS-Correctional plan coverage must spend at least 75% of working time in direct contact with inmates and the commissioner of corrections must certify that the position satisfies that contact threshold.

In order for the commissioner of corrections to certify eligibility, the requirements and procedures established under sections 352.91, subd. 4a and 352.91, subd. 4b must be fulfilled. An evaluation of the position must be conducted to determine if the position requires that:

- (1) at least 75% of employee’s time is in direct contact with inmates or patients; and
- (2) the employee is regularly engaged in the rehabilitation, treatment, custody, or supervision of inmates or patients.

A review committee must look over all supporting documentation and determine if an employment position satisfies the above criteria. If the review committee approves the inclusion of the position in MSRS-Correctional coverage and the DOC commissioner agrees with the approval, the commissioner will submit a recommendation to include the position, along with supporting documentation, to the legislature by January 15.

Discussion and Analysis

1. **Cost.** Including additional employees in MSRS-Correctional coverage will result in additional costs to both the employer and employee. DOC employees who work in correctional facilities are either covered by MSRS-General or MSRS-Correctional. MSRS-General employee and employer contribution rates are currently both set at 5.5% of pay, which are lower than the current MSRS-Correctional employee and employer contribution rates of 9.1% and 12.85% of pay, respectively. The MSRS board recently approved a funding proposal that increases both MSRS-General and MSRS-Correctional employee and employer contribution rates and will maintain the difference in employee and employer rates between the two plans.

The addition of “food supervisor” and “medical assistant, certified” employment positions in the MSRS-Correctional plan will result in the employer and employee paying higher contribution rates. The current employee in the “food supervisor” position and the employer will also have to pay an additional amount due to the retroactive MSRS-Correctional coverage. Both the employer and the respective employees have consented to the additional costs in order to join the MSRS-Correctional plan.

MSRS has no objections to including these employees in the MSRS-Correctional plan so long as all additional contributions and payments under section 352.955 are paid. The addition of the employees in the MSRS-Correctional plan will not have a significant financial impact on the plan. Adding additional employees to a pension plan can have an impact on both the liabilities and assets. Although more people in a plan results in more benefits being paid out, which adds to the liability, the employee and employer contribution rates are intended to pay for that additional liability, aiming for a cost neutral outcome.

2. **Procedure.** As described above, the DOC must follow specific procedures in order to evaluate employment positions and recommend additions to the MSRS-Correctional plan. Based on the information provided by the DOC, a proper evaluation was conducted and the review committee and DOC commissioner approved the addition of the two employment positions. Further, the appropriate legislative committees were provided notice by the statutory deadline. There is no indication that the positions should not be included in the MSRS-Correctional plan based on the information the DOC provided regarding the position descriptions and other supporting documentation that all required procedures were followed.



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January 12, 2017

Honorable Tim O'Driscoll Chair
Legislative Commission on Pensions and Retirement
343 State Office Building
St. Paul, MN 55155

Dear Representative O'Driscoll:

This is to inform you that the Department of Corrections has used the established 'procedure for coverage change' provided for in M.S. 352.91, Subdivision 4b for the Correctional Employees Retirement Plan (CERP). As a result of that work with our employees' exclusive representatives, the Minnesota Management and Budget (MMB) and Minnesota State Retirement System (MSRS), we are recommending to add the classification of Food Service Supervisor and Medical Assistant, Certified.

The classification of Food Service Supervisor currently holds one incumbent and an additional position is vacant. The employee's date of service in this classification was April 18, 2016. This is the date the employee met the statutory requirements for inclusion in the CERP. Attached are the documents which support this request.

The classification of Medical Assistant, Certified currently holds two incumbents and an additional position is vacant. The committee recommended placement in CERP be prospective based on the date of legislative approval. Attached are the documents which support this request.

Should you have any questions or concerns about this work, please contact me at 651/361-7312. We look forward to working with you this year.

Sincerely,

Lori Kingston,
Human Resource Manager

cc: Commissioner Roy
Kathleen Lonergan
Erin Leonard
Edwin Hudson

Attachments