



October 7, 2003
Room 10, State Office Building

9th Meeting

LEGISLATIVE COMMISSION ON PENSIONS AND RETIREMENT

MINUTES

Call to order:

Representative Steve Smith, Chair of the Legislative Commission on Pensions and Retirement, called the meeting to order at 9:15 a.m.

Commission Members Present:

Representatives Sondra Erickson, Philip Krinkie, Eric Lipman, Mary Murphy, and Steve Smith
Senators Don Betzold, Geoff Michel, and Lawrence Pogemiller

Commission Members Absent:

Senators Keith Langseth and Cal Larson

Agenda items

Review of Prior Service Credit Purchase Provisions and Procedure for Estimating Full Actuarial Value (Second Consideration)

Mr. Lawrence Martin, Executive Director, Legislative Commission on Pensions and Retirement, reviewed the staff memo in Mr. Burek's absence.

Rep. Smith announced that the Commission would take additional testimony on this issue at its next meeting, tentatively scheduled for November.

Mr. Martin remarked that limiting purchases to some period of time prior to retirement or requiring purchases to be in full year increments might be of some help.

Sen. Betzold asked Mr. Martin if there is a trend as to when individuals make purchases. Mr. Martin replied that there is not enough data, but that the funds might be able to augment that data.

Mr. Gary Austin, Executive Director, TRA, provided handout materials and testified in support of continuing the provisions permitting purchase of prior service and in support of the current methodology for calculating the cost for purchases of service.

Rep. Erickson asked Mr. Austin if TRA tracks the reasons for service credit purchases. Mr. Austin responded that TRA does track that information. Rep. Erickson then asked Mr. Austin to provide that information to the Commission.

Rep. Krinkie asked Mr. Austin for clarification regarding the accuracy of the purchase cost calculation methodology and the accuracy of the analysis in the actuarial valuation regarding the change in accrued liability. Mr. Austin replied that he believes the analysis report is flawed rather than the methodology used to calculate the purchase price. Rep. Krinkie also asked Mr. Austin if TRA had polled its members regarding service credit purchases. Mr. Austin said that TRA did survey its members on the topic in the late 1990s, and that TRA can provide that information to the Commission.

Approval of Prior Commission Meeting Minutes

Rep. Erickson moved approval of the April 14, April 22, and September 9, 2003, meeting minutes.

MOTION PREVAILED.

Review of MSRS-Correctional Retirement Plan Membership Provisions and Potential Inclusions and Transfers (Second Consideration)

Mr. Martin reviewed the staff memo and related attachments on the topic. Mr. Martin recommended the Commission request that MSRS, the Dept. of Employee Relations, the Dept. of Human Services, and the Dept. of Corrections review Attachment E for accuracy and report back to the Commission staff.

Rep. Lipman moved that the Commission send Attachment E to those agencies for their response.

Sen. Pogemiller questioned whether Mr. Martin's recommendation rose to the level of requiring formal Commission action through a motion. Mr. Martin indicated that a formal motion would not be required, but that he wanted to make sure the Commission was interested in obtaining the information. Rep. Krinkie and Rep. Erickson suggested directing staff to request the information and if the agencies do not respond, formal Commission action could be taken at a later date.

Rep. Smith directed staff to provide Attachment E to MSRS, the Dept. of Employee Relations, the Dept. of Human Services, and the Dept. of Corrections for their review and response.

Rep. Lipman withdrew his motion.

Rep. Murphy and Rep. Krinkie raised issues regarding the amount of time the employees spend in inmate contact, the agencies' interpretation of the definition of inmate contact, and how the amount of inmate contact is determined and measured.

Appropriate Basis for the Allocation of Fire State Aid (Second Consideration)

Mr. Martin reviewed the staff memo and related attachments on the topic.

Sen. Betzold commented that the number of firefighters and population are strong indicators, and that the Commission should continue to look at this issue.

Rep. Lipman asked Mr. Martin if there were particular types of behaviors that the Commission and the Legislature should try to encourage. Mr. Martin responded that dedicating the use of fire state aid solely to pension funding seems to be an incentive to set up a volunteer firefighter relief association in order to use the aid, and he questions whether that practice should be encouraged. Mr. Martin also said that there have been discussions regarding the issue of wage and hour, and that paid firefighters cannot volunteer to their current employer.

Adjournment

The meeting adjourned at 11:35 a.m.