



Legislation Laid Over for Possible Inclusion in the 2016 Omnibus Pension Bill

Individual/Small Group Legislation

a. HF3606-Erhardt; SFxxxx: MSRS; Department of Corrections retiree, MSRS-General service credit transfer to MSRS-Correctional, pension adjustment.

Summary:

Provides for an increase in the pension benefit currently being paid to Daniel Ahlness, a retiree and former Dept. of Corrections security case worker, from MSRS-Correctional upon the transfer of service credit from MSRS-General to MSRS-Correctional for the period of 6/1/86-8/31/89, but only if (i) Mr. Ahlness pays the difference in employee contribution rates for the period, with interest, and (ii) the Department of Corrections pays the difference between the actuarial present value of the additional pension benefit and the amount to be paid by Mr. Ahlness. Assets will be transferred from MSRS-General to MSRS-Correctional equal to the value of his remaining benefit under MSRS-General. The pension increase is effective retroactively to the date of the first payment of his current pension, January 28, 2015.

Policy Considerations:

1. The Minnesota Constitution favors general legislation over special legislation and this legislation is precedent setting. The DOC anticipates that other similarly situated employees will request service transfers and increased benefits.
2. Cost to the DOC is approximately \$33,000.
3. The MSRS appeal process was begun but has not been completed. The MSRS board, with the benefit of the fact-finding by an administrative law judge, should be given the opportunity to complete its review and decision-making before resort to the legislature. Whether DOC committed error has not been established.
4. The cost to the DOC will be borne by Minnesota taxpayers, in favor of a non-resident of the State.

b. HF1919-Daniels; SF1972-Lourey: MSRS-General; Department of Corrections former Correction Counselor 1 Trainees, authorize purchases of prior service credit for Rule of 90 eligibility.

Summary:

Permits five current state employees to purchase service credit from MSRS-General for the two months they were trainees and ineligible for retirement coverage, making them eligible for Rule of 90.

Policy Considerations:

1. No evidence of employer or MSRS error.
2. The MSRS executive director, MSRS Board of Directors, and the MN Court of Appeals have all concluded that the individuals were not actually performing the duties of a corrections officer while in training and therefore not entitled to retirement coverage during training period.
3. Cost to the Department of Corrections is estimated to be approximately \$700,000.

c. HFxxxx-Whelan; SFxxxx (15-3939): MSRS; Service credit purchase for OLA internship, Rule of 90 eligibility.

Summary:

Permits Susan Rumpca to purchase service credit from MSRS-General for the four months she was an intern for the Office of the Legislative Auditor, a position that was not eligible for MSRS-General coverage.

Policy Considerations:

1. No evidence of employer or MSRS error.
2. No precedent for similarly situated individuals.

d. HF2560-Zerwas; SFxxxx: PERA; Duty disability benefits and benefit recalculation, former Fridley police officer.

Summary:

Permits Lawrence Farber to rescind his decision to receive a retirement annuity he began receiving on January 1, 2009, and instead receive a duty disability benefit from PERA-P&F, effective retroactively to January 1, 2009.

Policy Considerations:

1. Lack of evidence that injury prevented job performance at the time of retirement.
2. Mr. Farber would owe PERA approximately \$9,000 for retroactive disability benefit.
3. Cost to the City of Fridley would be approximately \$200,000 for health care coverage under Ch. 299A.

e. HF3351-Theis, SF2890-Pederson: MnSCU/TRA; Service credit purchase for St. Cloud State University employee.

Summary:

Permits Linda Donnay to purchase PERA-General service credit for the five years she was erroneously placed in MnSCU-IRAP.

Policy Considerations:

1. Evidence of MnSCU error.
2. Neither PERA nor MnSCU oppose the bill.

f. HF3422-Knoblach; SFxxxx: MnSCU/TRA; Refund repayment and prospective/retroactive TRA coverage election.

Summary:

Permits Janelle LeBlanc to elect retroactive and prospective TRA coverage for MnSCU academic advisor employment and to repay a previous PERA refund.

Policy Considerations:

1. Evidence of MnSCU error.
2. Past precedent for similarly situated individuals.
3. Neither TRA nor MnSCU oppose the bill.

g. HF3718-Metsa; SF3366-Tomassoni: MnSCU/TRA; Coverage election for two Mesabi Range Community and Technical College faculty members not offered an election upon reaching tenure.

Summary:

Permits Mary Kay Riendeau and Dawn Olson to elect retroactive and prospective TRA retirement coverage instead of current MnSCU-IRAP coverage due to MnSCU's failure to provide a retirement option election upon reaching tenure.

Policy Considerations:

1. Evidence of MnSCU error.
2. Past precedent for similarly situated individuals.
3. Neither TRA nor MnSCU oppose the bill.

Generally Applicable Legislation

h. HF2810-Howe, 1st Engr. (Sec. 2); SF2743-Pappas, 2nd Engr. (Sec. 3): PERA; Modifying public safety officer determination of "Killed in the Line of Duty" under PERA; in the form of Amendment H2804-4A.

Summary:

Amends the "killed in the line of duty" definition in Ch. 353 relating to PERA-P&F to include a death that is determined to be "killed in the line of duty" by the Commissioner of Public Safety under a new expanded definition that includes death due to heart attack, stroke or vascular rupture within 24 hours of an emergency response activity.

Policy Considerations:

1. Commissioner of Public Safety is not a PERA fiduciary.
2. Proposal amounts to an unfunded mandate to PERA, unlike other benefits under Minnesota's Hometown Heroes Act, which are funded by specific appropriations.
3. To the extent of the impact on PERA, the bill does not conform state law to federal law, because the federal Hometown Heroes Act does not apply to pension plans.

Amendment H2807-5A adds the language of HF2810, 1st Engr., Sec. 2/SF2743, 2nd Engr., Sec. 3, to the omnibus pension bill and also corrects a reference.

i. HF3136-Thissen, SF2853-Pappas: Increase the maximum permissible employer contribution to a supplemental laborers pension fund.

Summary:

Increases the maximum permitted employer contribution to a laborers national industrial pension fund or a laborers local pension fund under Minn. Stat. § 356.24, Subd. 1, Cl. (8). Section 356.24 generally prohibits public employers from contributing to any pension or deferred compensation plan that is supplemental to the State public pension plan in which the employer's employees participate. The bill affects the exception for a laborers pension fund (identified to be the LIUNA Pension Fund) by increasing the maximum employer contribution permitted from \$5,000 to \$7,000, per year per employee, effective August 1, 2016.

Policy Considerations:

1. "Employer contributions" are actually coming directly out of employee wages.
2. Public employers had no duty to bargain over pension benefits but, when they did, they may also have negotiated hold harmless protection from the union for this type of situation, involving a critically underfunded multiemployer pension plan. Retaining the current limit and level of employer contributions may ultimately only adversely affect the union.