



TO: Members of the Legislative Commission on Pensions and Retirement  
FROM: Edward Burek, Deputy Director  
RE: Summary of the 2003 First Special Session Pension Provisions  
DATE: June 10, 2003

This memo summarizes the pension-related provisions which passed during 2003. Most passed during the 2003 First Special Session. The primary pension bill was Senate File 22, introduced during the First Special Session and enacted as Laws 2003, First Special Session, Chapter 12. A few pension-related provisions also are found in the State Departments appropriations bill, enacted as Laws 2003, First Special Session, Chapter 1. A few provisions, including technical revisions of prior pension law, passed during the regular session.

The first major section of this memo, Fund-Specific Legislation, summarizes all pension-related legislation for individual plans and for plans of a specific category, such as the first class city teacher plans, local police and paid fire plans, or volunteer fire plans. The second major section, General Pension Provisions, summarizes pension legislation applying to all public plans or to miscellaneous plan groupings. The third major section, Miscellaneous Provisions, mentions technical corrections found in Revisor's bills and other legislation which in some cases is not related directly to pension plan law but which is of interest to Commission members and public sector retirees.

## I. FUND-SPECIFIC LEGISLATION

### A. Minnesota State Retirement System (MSRS)

#### MSRS-General

- Member on Medical Leave Permitted to Apply for Refund. A state employee who was placed on a medical leave of absence before April 1, 2002, and who remained on a medical leave on April 1, 2003, is eligible for a refund if the individual has not returned to covered MSRS employment. (Laws 2003, First Special Session, Chapter 12, Article 15, Section 4.)

#### MSRS-Legislators Plan

- Legislators Plan Shifted from Terminal Funding to Pay-As-You Go. The Legislators Plan is revised from a terminal funded plan to a pay-as-you-go plan, with appropriations to be made from the state general fund to the MSRS Executive Director as necessary to pay benefits. Benefit levels during retirement will be indexed to any increases provided by the SBI Post Fund. (Laws 2003, First Special Session, Chapter 1, Article 2, Sections 3 and 136.)

### B. Public Employees Retirement Association (PERA)

#### PERA-General

1. Red Wing Environmental Learning Center Employees Allowed to Continue PERA-General Coverage. Given the long association of Red wing Environmental Learning Center with the Red Wing School district, the school district may certify that Red Wing Environmental Learning Center employees are considered to be employees of Independent School District No. 256, Red Wing, solely for purposes of PERA-General coverage. Requires local approval by the school district board. (Laws 2003, First Special Session, Chapter 12, Article 4, Sections 2, 6, and 10.)
2. City Managers, Rescinding Irrevocable Election. City managers who elected to be excluded from PERA-General may reverse that irrevocable election and chose prospective PERA-General coverage. The election of PERA-General coverage is irrevocable and individuals switching to PERA-General coverage must sign a statement that the individual will not seek a service credit purchase for any prior period. (Laws 2003, First Special Session, Chapter 12, Article 4, Section 3.)

3. PERA Membership for St. Paul Port Authority Employees. In an effort to eliminate the pension plan providing coverage to St. Paul Port Authority employees, those employees who are under age 45 become PERA-General members for prospective service. Any St. Paul Port authority employee age 45 or older may elect PERA-General coverage or PERA Defined Contribution Plan coverage. St. Paul Port Authority employees who become PERA-General Plan members may use prior port authority employment for vesting purposes in PERA-General. The individuals may purchase past PERA-General coverage related to their past service provided to the St. Paul Port Authority at full actuarial value, and may use institution-to-institution asset transfers. (Laws 2003, First Special Session, Chapter 12, Article 4, Sections 1,2,4,5,7,8, and 9.)
4. PERA-General Coverage Election: Employees Transferred from the Minneapolis Community Development Agency. This provision for employees of the new Minneapolis Department of Community Planning and Economic Development passed in an omnibus tax policy bill. The treatment is somewhat similar to that used above for St. Paul Port Authority employees. Employees transferred from the Minneapolis Community Development Agency to the City of Minneapolis must elect within six months of the transfer whether to become PERA-General members for prospective service or whether to retain coverage by the prior plan. (An employee who had Minneapolis Employees Retirement Fund (MERF) coverage on the date of the transfer is permitted to retain that coverage.) Service prior to the election date with the Minneapolis Community Development Agency may be used for PERA vesting purposes, but will not otherwise be used in benefit computations unless prior service is purchased at full actuarial value. Institution-to-institution transfers may be utilized to fund the voluntary full actuarial value service credit purchase. Service that may be purchased is any prior service with the Minneapolis Community Development Agency that would be includable service if provided after the effective date of this provision. Effective upon local approval. (Laws 2003, Chapter 127, Article 12, Sections 31 and 34.)
5. Various St. Louis Park City Council Members, Service Credit Purchase Authorization. This is a special law service credit purchase authorization. Three St. Louis Park city council members, one who became a PERA-General member on January 29, 2000, another who became a PERA-General member on January 12, 2002, and the other who became a PERA-General member on March 9, 2002, may purchase service credit at full actuarial value for city council service that occurred prior to becoming members. The city is prohibited from paying any portion of the cost. (Laws 2003, First Special Session, Chapter 12, Article 6, Section 6.)
6. Bemidji City Council Member Authorized to Commence Receipt of PERA-General Annuity. A Bemidji city council member is authorized to commence receipt of a PERA-General annuity based on prior county employment without terminating city council service. (Laws 2003, First Special Session, Chapter 12, Article 15, Section 5.)

#### PERA Privatized Employees Chapter (Chapter 353F)

- Renville County Hospital in Olivia is Added to PERA Privatized Employees Chapter. The Renville County Hospital in Olivia is added as a privatized medical facility in the PERA privatized employee chapter (Chapter 353F), permitting the privatized employees to be eligible for treatment under that chapter. Requires local approval and a finding by the actuary that the liabilities created by this treatment do not exceed the actuarial gain to PERA-General. (Laws 2003, First Special Session, Chapter 12, Article 5.)

#### PERA-Police and Fire (PERA-P&F)

- Survivor Benefit Provided to Surviving Spouse Who Did Not Qualify Under General Law. The surviving spouse of a St. Paul firefighter killed in a snowmobile accident who was not married long enough to qualify for a surviving spouse benefit is granted a surviving spouse benefit from PERA-P&F, retroactive to February 1, 2000. (Laws 2003, First Special Session, Chapter 12, Article 15, Section 3.)

#### PERA Defined Contribution Plan

- PERA Membership for St. Paul Port Authority Employees. In an effort to eliminate the pension plans providing coverage to St. Paul Port Authority employees, those employees who are under age 45 become PERA-General members for prospective service. Any St. Paul Port authority employee age 45 or older may elect PERA-General coverage or PERA Defined Contribution

Plan coverage. St. Paul Port Authority employees who become PERA-General Plan members may use prior port authority employment for vesting purposes in PERA-General. The port authority employees who become PERA members may purchase past PERA-General coverage related to their past St. Paul Port Authority service at full actuarial value, and may use institution-to-institution asset transfers. (Laws 2003, First Special Session, Chapter 12, Article 4, Sections 1, 2, 4, 5, 7, 8, and 9.)

### **C. Teachers Retirement Association (TRA)**

1. Service Credit Purchase for Sabbatical Leave Periods, Independent School District No. 191 (Burnsville-Eagan-Savage). Several teachers are permitted to purchase service credit for periods of sabbatical leave from Independent School District No. 191 that were not properly reported to TRA. The teachers pay the employee contributions that would have applied during the leave periods plus 8.5 percent interest. The school district pays the remainder of the full actuarial value. (Laws 2003, First Special Session, Chapter 12, Article 14, Section 2.)
2. Second Chance TRA Election, Riverland Community College Teacher. A Riverland Community College faculty member who received default Individual Retirement Account Plan (IRAP) coverage after failing to elect TRA coverage by the required deadline is permitted to elect TRA coverage and revoke IRAP coverage. (Laws 2003, First Special Session, Chapter 12, Article 15, Section 1.)

### **D. First Class City Teacher Plans**

Duluth Teachers Retirement Fund Association (DTRFA)

St. Paul Teachers Retirement Fund Association (SPTRFA)

Minneapolis Teachers Retirement Fund Association (MTRFA)

1. MTRFA: Termination Date on Prior Service Credit Purchase. A July 1, 2003, expiration date is set for a 2000 prior service credit purchase provision involving a deferred MTRFA member who is now a Hennepin County employee. (Laws 2003, First Special Session, Chapter 12, Article 14, Section 1.)
2. MTRFA: Teacher Permitted to Apply Retroactively to the Qualified Part-time Teacher Program. A Minneapolis teacher who entered into a job-share arrangement with another teacher during the 2001-2002 school district but failed to be enrolled in the qualified part-time teaching program is retroactively permitted to participate in that program, with the employee and Special School District No. 1 required to pay additional contributions plus interest. (Laws 2003, First Special Session, Chapter 12, Article 14, Section 3.)
3. DTRFA: Teacher Permitted to Have Qualified Part-Time Teacher Program Coverage. A Duluth teacher, who was not notified of an obligation to pay employee and employer contributions as required under the qualified part-time teacher program, is retroactively permitted to participate in the Qualified Part-Time Teacher program with payment of additional contributions plus interest. (Laws 2003, First Special Session, Chapter 12, Article 15, Section 2.)
4. Correction of Cross-References, First Class City Teacher Law Reduced Retirement Annuity Provisions. This applies to all three first class city teacher fund association, and is a technical correction found in a Revisor's bill. Cross-references in a reduced retirement annuity provision for retirement prior to normal retirement age, and a related actuarial reduction for early retirement provision, are corrected. (Laws 2003, Chapter 2, Article 1, Section 39 and 40.)

### **E. Local Police and Paid Fire Relief Associations**

1. Eveleth Retired Police and Fire Trust Fund; Ad Hoc Post Retirement Adjustment. The benefits payable to retired Eveleth police officers, firefighters, and surviving spouses payable from the Eveleth Police and Fire Trust Fund are increased by \$100 per month, retroactive to January 1, 2003. Requires local approval. (Laws 2003, First Special Session, Chapter 12, Article 10, Sections 3 and 4.)
2. Minneapolis Fire Relief Association: Increase in Executive Secretary Salary. The executive secretary's salary from the relief association is increased from 30 percent of the maximum salary of a first grade firefighter to 50 percent. The increase is effective on September 1, 2002, or any time thereafter as designated by the relief association board. (Laws 2003, First Special Session, Chapter 12, Article 11, Sections 1 and 4.)

3. Minneapolis Fire Relief Association: Increased Death Refund. Death refunds, payable if no surviving spouse benefit is payable, are increased by paying interest on the refunded member contributions from the date the contributions were made to the association, rather from the date of death. The revision is effective retroactive to September 25, 2001. (Laws 2003, First Special Session, Chapter 12, Article 11, Sections 2, 3, and 4.)

#### **F. Volunteer Fire Relief Associations**

1. Correction of Flexible Service Pensions Maximum Schedule, Relief Associations Offering Monthly Benefit Option. The flexible service pension maximum schedule for monthly pensions (found in Section 424A.02, Subdivision 3) is corrected by revising the schedule at levels of \$38 dollars and higher per month per year of service, correcting a drafting error that occurred several years ago. (Laws 2003, First Special Session, Chapter 12, Article 12, Section 1.)
2. Benefit Ratification; White Bear Lake. Notwithstanding the law in effect prior to the correction of the error noted in Item 1 above, service pension amounts specified in the bylaws of the White Bear Lake Fire Department Relief Association following bylaw amendments in January 1999 are ratified. (Laws 2003, First Special Session, Chapter 12, Article 12, Section 2.)
3. Marshall Volunteer Fire; Interest Treatment on Deferred Pensions. The Marshall Volunteer Firefighter Relief Association may amend its bylaws to provide interest on deferred lump sum pensions based on the rate of return actually earned by the fund as reported by the State Auditor, but not to exceed five percent. Requires local approval. (Laws 2003, First Special Session, Chapter 12, Article 12, Sections 3 and 4)
4. Plymouth Volunteer Firefighter Relief Association; Survivor Benefit Revision. Plymouth Volunteer Firefighter Relief Association special law is revised by:
  - Replacing the specified disability and survivor benefit amounts (\$255 per month and \$127.50 per month, respectively) with authority to set these benefits at levels consistent with the ancillary benefit requirements in volunteer fire general law;
  - Specifying that deceased child benefits must be consistent with general law ancillary benefit requirements; and
  - Revising the funeral benefit provision to ensure the liabilities associated with the funeral benefits are considered within the plan cost determinations.

Local approval is required. (Laws 2003, First Special Session, Chapter 12, Article 13.)

#### **G. Hennepin County Supplemental Plan**

- Change in Applicable Authority: Hennepin County Supplemental Plan. The chief Hennepin County administrator, rather than the Hennepin County Board, is given responsibility to approve withdrawals from the Hennepin County Supplemental Plan due to termination of service or for unforeseeable emergency withdrawals by active members. Requires local approval. (Laws 2003, First Special Session, Chapter 12, Article 10, Sections 1, 2, and 4.)

#### **H. Ambulance Service Personnel Longevity Award Program**

In 1993 the Legislature established the ambulance service personnel longevity award program to encourage individuals to provide volunteer or low paid service to ambulance services. At the time the program was established, eligible individuals were ambulance attendants, drivers, and medical directors or advisors earning less than \$3,000 from the activity, and who provided service to ambulance services licensed in Minnesota. Funding for the program was reduced as indicated below.

- Decreased Funding: Ambulance Service Personnel Longevity Award Program. \$900,000, rather than \$1 million, is to be appropriated annually from the excess police state aid holding account to the ambulance service personnel longevity award program. (Laws 2003, First Special Session, Chapter 14, Article 6, Section 1.)

## **II. GENERAL PENSION PROVISIONS**

This portion of the memo summarizes provisions applying to all pension plans or to miscellaneous plan groupings.

- A. Full Actuarial Value Methodology. Items 1 through 5 below extend the current full actuarial value methodology (found in Section 356.55) and all service credit purchase provisions using that methodology from 2003 to 2004. The language extending these laws are found in Laws 2003, First Special Session, Chapter 12, Article 6, Sections 1 to 5, and 7.
1. Extension, Various Full Actuarial Value Purchase Provisions. The following provisions in TRA and first class city teacher fund association law will be extended to May 16, 2004, rather than expiring on May 16, 2003. These are the full actuarial value service credit purchase provisions governing:
    - Military service;
    - Prior-out-of-state teaching service;
    - Maternity leaves and maternity-related breaks-in-service;
    - Private, parochial, and quasi-public teaching periods;
    - Peace Corps and VISTA service;
    - Charter school teaching periods;
    - Uncredited part-time teaching section of law (found only in first class city teacher plan law); and
    - A provision of law which permits use of college supplemental fund to purchase service credit under all these provisions
  2. Extension, Parental and Family Leave Provision. The parental and family leave full actuarial value service credit purchase provision (Section 356.55) is extended to May 16, 2004, rather than expiring on May 16, 2003. The pension plans covered by this provision are:
    - General State Employees Retirement Plan of the Minnesota State Retirement System (MSRS-General);
    - State Correctional Employees Retirement Plan (MSRS-Correctional);
    - General Employee Retirement Plan of the Public Employees Retirement Association (PERA-General);
    - Public Employees Police and Fire Retirement Plan (PERA-P&F);
    - Teachers Retirement Association (TRA);
    - The first class city teacher funds (DTRFA, MTRFA, SPTRFA);
    - Minneapolis Employees Retirement Fund (MERF);
    - Minneapolis Police Relief Association (MPRA); and
    - Minneapolis Fire Relief Association (MFRA)
  3. Expiration Date Extension, Authority for Higher Education Teachers to Use Pre-Tax Assets to Purchase Service Credit. The expiration date on provisions enacted in 2000 which permit participants in the higher education supplemental retirement plan to use that supplemental account to purchase service credit in TRA or a first class city teacher plan, if applicable, under the various service credit purchase provisions enacted in 1999 is extended from May 16, 2003, to May 16, 2004.
  4. Expiration Date Extension, Authority for Higher Education Teachers to Use Pre-Tax Assets to Purchase Service Credit for Family Leaves. Authority for participants in the higher education supplemental retirement plan to use that account to purchase service credit in TRA or a first class city teacher plan for family leave is extended from May 16, 2003, to May 16, 2004.
  5. Extension of Full Actuarial Value Methodology. The methodology currently in use (found in Minnesota Statutes, Section 356.55) to compute the full actuarial value service credit purchase prices for all full actuarial value service credit purchases is extended to July 1, 2004, rather than expiring on July 1, 2003.
- B. The following provision adds an expiration date to two service credit purchase provisions involving University of Minnesota teaching service. An expiration date was inadvertently omitted when these provisions first passed. The provisions will expire in 2004, similar to all the service credit purchase provisions mentioned earlier in this section of the summary.
- Repealer: University of Minnesota Teacher Service Credit Purchase Provisions. Sections 354.541 and 354A.109, which permit teachers to purchase service credit in TRA or a first class city teacher plan, whichever provides the current coverage, at full actuarial value if the teacher had prior

service teaching at the University of Minnesota without any retirement plan coverage, is repealed on May 16, 2004. (Laws 2003, First Special Session, Chapter 12, Article 6, Section 7.)

- C. Exception to the General Prohibition Against Employer Contributions to Supplemental Plans: Local Plumbers' and Pipefitters' Pension Fund. An exception is made to the general prohibition against employer contributions to supplemental plans by permitting an employer contribution, not to exceed \$2,000 per employee per year, to a local plumbers' and pipefitters' pension fund. (Laws 2003, First Special Session, Chapter 12, Article 7.)
- D. The following provision was included in Laws 2003, Chapter 133, an omnibus higher education finance bill. This provision was not heard by the LCPR. The provision (Laws 2003, Chapter 133, Article 4, Section 1) poses some drafting issues and possibly pension policy issues. The provision states in part that a MnSCU contract with a Chancellor, Vice-Chancellor, or President "may contain a deferred compensation plan" consistent with Section 457 of federal code. The need for the language is unclear. There is probably no need for language if only employee contributions will be made. There is a need for some language if employer contributions are to be made to this plan, but there is no clear statement that that will occur. There is, however, an implication that an employer contribution is intended because the drafting includes the statement "Notwithstanding Section 356.24..." That section prohibits employer contributions to supplemental plans unless an exception is provided under law. If employer contributions will be made, that raises the pension policy issue of whether an exception reflects good policy. There is also a placement issue. Section 356.24 contains a list of supplemental plans to which employer contributions are permitted. From a drafting standpoint, it may be preferable to include this new exception in that list, rather than as an amendment to a section found in Chapter 136F, Minnesota State Colleges and Universities.
- Exception to the General Prohibition Against Employer Contributions to Supplemental Plans: Contracts for MnSCU Chancellor, Vice-Chancellor, or President. Notwithstanding the general prohibition against employer contributions to supplemental plans found in Section 356.24, a contract with a MnSCU Chancellor, Vice-Chancellor, or President may include access to a Section 457 deferred contribution plan.
- E. MnSCU Added to Pension Fund Administrative Legislation Reporting Provision. MnSCU is added to Section 356B.05, which requires MnSCU to submit any pension-related draft legislation to the LCPR and state governmental committees by October 1, if the legislation is acted upon during the subsequent legislative session. (Laws 2003, First Special Session, Chapter 12, Article 8.)
- F. The following provision, impacting employees under the jurisdiction of the Legislative Coordinating Commission (LCC), may impact the retirement plans that cover these employees, primarily MSRS-General and MSRS-Unclassified. The provision is problematic for members of MSRS-Unclassified, which is a defined contribution plan. MSRS interprets the language as prohibiting employee contributions for the leave, and the employer contribution is optional. This will harm the value of Unclassified Plan accounts.
- Benefit Continuation, LCC Employees With Mandatory Leaves Without Pay. If the LCC requires employees under its jurisdiction to take leaves without pay prior to June 30, 2005, for the first 80 hours of each leave in each fiscal year, vacation, sick leave, seniority, healthcare benefits, and service and salary credit in the applicable pension plan continue to accrue as though the individual provided service during the leave period. The employer may make employer contributions to a defined contribution plan during this period. (Laws 2003, First Special Session, Chapter 1, Article 1, Section 2.)
- G. Benefit Continuation, Voluntary Leaves Without Pay. State government appointing authorities may allow employees to take leaves without pay for up to 1040 hours prior to June 30, 2005. Vacation, sick leave, seniority, and healthcare benefits continue to accrue during the leave period as though the individual provided service. To receive service and salary credit during the leave period in the applicable pension plan, employee and employer contributions must be made to the applicable plan. An appointing authority may, at its discretion, pay the employee contributions on behalf of the employee. (Laws 2003, First Special Session, Chapter 1, Article 2, Section 130.)

### III. MISCELLANEOUS PROVISIONS

This section covers miscellaneous legislation, some of which is not directly related to pensions but which may be of interest to various retiree and public employee groups.

- A. The first item below applies to governmental employers with employees covered by the General Employee Retirement Plan of the Public Employees Retirement Association (PERA-General), the Public Employees Police and Fire Retirement Plan (PERA-P&F), or the Local Government Correctional Employees Retirement Plan of the Public Employees Retirement Association (PERA-Correctional).
- Local/County Governmental Units with Employees Covered by PERA-General, PERA-P&F, or PERA-Correctional Plans: Voluntary Hour Reduction and Voluntary Unpaid Leave of Absence Programs. Two programs were enacted to assist local and county government efforts to reduce their budgets. The first program is a voluntary hour reduction program. Public employees who previously worked at least half time may enter into an agreement with the employer to reduce work hour to less than half time. Contributions may be made to the applicable PERA plan as though the individual had not reduced hours. Thus, the employment reduction does not harm the individual's eventual retirement annuity. The second program involves voluntary leaves. If the individual makes the employee contribution to the applicable retirement plan during the leave, the employer must make the applicable employer contribution.
- Under both programs, all other benefits including health care coverage as provided under the collective bargaining agreement are retained. The programs apply to the period ending June 30, 2005. Inclusion in either program requires an agreement between the employee and employer, and the employer is authorized to designate job classifications or positions that qualify for each option. (Laws 2003, First Special Session, Chapter 12, Article 1.)
- B. The item below is a change involving the State Board of Investment (SBI) Supplemental Funds. The Supplemental Funds, which are mutual-fund-like investment vehicles invested or administered by SBI, are used to invest assets of the MSRS Unclassified Plan and serve as one of the investment options for the Higher Education IRAP, the Higher Education Supplemental Plan, and may be utilized by local police plans, and paid and volunteer fire plans. The Supplemental Funds are also investment vehicles for the MSRS Deferred Compensation Plan.
- More Frequent Valuation of Supplemental Fund. The Supplemental Fund must be valued at least monthly, but may be valued more frequently. (Laws 2003, First Special Session, Chapter 12, Article 2.)
- C. The Legislature passed a few provisions revising teacher extended leave provisions. The Legislature may need to revisit these issues. The Legislature recommended a change to permit school districts to enter into agreements with the exclusive bargaining representative on behalf of specific teachers to pay healthcare premiums during an extended leave. That change applies to all districts, both those covered by TRA and those covered by a first class city teacher fund association. The Legislature also provided authority, in TRA-covered districts only, for the school district to enter into agreements with the exclusive bargaining representative on behalf of specific teachers to have the employer pay the TRA employee contributions during an extended leave. No corresponding change was made in first class city teacher plan law, possibly because the LCPR was advised during testimony for the initial bills (H.F. 780 (Wardlow); S.F. 664 (Tomassoni)), that first class city teacher law already provided authority to have the employer pay employee contributions to the pension fund for an extended leave. However, we have not found language in law which provides that authority in the first class city school districts.

These newly enacted extended leave provisions included a new section requiring a study by the teacher plan directors. The study requires a summary of agreements entered into by the end of calendar 2004 under which school districts agree to pay the employee contribution to the applicable pension plan. The section of law requiring the study (Laws 2003, First Special Session, Chapter 12, Article 3, Section 3) specifically refers to agreements entered into under Section 354.094, Subdivision 1 (TRA's provision as revised in the 2003 First Special Session) and the first class city teacher plan provision, Section 354A.091, Subdivision 1. This first class city teacher plan provision does not authorize the employer to cover the employee contribution. We note, however, that Section 354A.091, Subdivision 1, appears to be misdrafted. As it now appears in statute, neither the

individual nor the school district is clearly authorized to make employee contributions on an extended leave.

- Extended Leave of Absence Provisions, Authority for Employers to Cover Employee Costs. School districts may enter into agreements with the exclusive bargaining representative of the teachers in the district to cover, for specific individual teachers, all or a portion of healthcare coverage premiums while the teacher is on an extended leave of absence. The provision applies to existing agreements and those entered into after the effective date, and any agreement must include a sunset of eligibility to qualify for the employer pick-up of the payment.

For TRA-covered districts only, TRA statute (Section 354.094, Subdivision 1) is amended to permit the employer to enter into agreements with the exclusive bargaining representative of the teachers in the district to cover, for specific individual teachers, all or a portion of the employee contribution to the retirement while the teacher is on an extended leave of absence. The provision applies to existing agreements and those entered into after the effective date, and any agreement must include a sunset of eligibility to qualify for the employer pick-up of the payment, and authority to qualify for payment must not be a part of the collective bargaining agreement.

By February 1, 2005, the Executive Directors of TRA and the three first class city teacher fund associations shall report to the LCPR summarizing agreements entered into by the end of calendar 2004 under the revised TRA extended leave of absence contribution provision (Section 354.094, Subdivision 1) and the first class city teacher plan provision (Section 354A.091, Subdivision 1). (Laws 2003, First Special Session, Chapter 12, Article 3.)

- D. Actuarial Study for Restructured Statewide Teacher Plan. The LCPR-retained actuary must create an actuarial valuation report to merge TRA and the three first class city teacher fund associations into a single state-wide pension fund. The report is to be based on the July 1, 2003, actuarial data for the four retirement associations and proposals contained in a merger proposal report mandated by the 2001 Legislature, including changes in post-retirement adjustments, benefits, and restructured administrative costs, including asset transfers. The cost is to be paid by the applicable retirement funds, with the Minneapolis Teachers Retirement Fund Association (MTRFA) covering the initial full cost, with TRA and the other associations reimbursing the MTRFA for their respective share. The report must be filed by January 15, 2004, with the chairs of the LCPR, Senate State and Local Government Operations Committee, and House Committee on Governmental Operations and Veterans Affairs Policy. (Laws 2003, First Special Session, Chapter 12, Article 9, Section 1.)
- E. Option to Lower Per Diem Payments. During the biennium ending June 30, 2005, any legislative commission or subcommittee of the Legislative Coordinating Commission may adopt a resolution to lower per diem payments below those permitted by rules of the House and Senate. (Laws 2003, First Special Session, Chapter 1, Article 1, Section 2.)
- F. Mandatory Retirement, Administrative Law Judges. Effective June 30, 2003, administrative law and compensation judges must retire by age 70. The chief administrative law judge may appoint a retired judge to hear any proceeding properly assignable to an administrative or compensation law judge. (Laws 2003, First Special Session, Chapter 1, Article 2, Section 30).

Some revisions to MSRS, PERA, TRA, and Higher Education IRAP and Supplemental Account law were contained in an omnibus tax policy bill, Laws 2003, Chapter 127. The MSRS law being revised is an MSRS-General provision, but the change would also apply to MSRS-Correctional and any other MSRS plan to which the revised provision applies. Similarly, the change in PERA-General law would also apply to PERA-P&F, and possibly PERA-Correctional.

- Estate Tax Applicable to Pension Plan Benefits. Any portion of an estate derived from benefit payments from MSRS, PERA, TRA, Higher Education IRAP, or the Higher Education Supplemental Account plans are made subject to estate taxes. (Laws 2003, Chapter 127, Article 3, Sections 16 and 18 to 22.)

G. The following four provisions are technical corrections found in a Revisor's bill.

1. Correction of Cross-Reference to Pension Plans in General. Cross-references in a definition section found in Retirement Systems, Generally (Chapter 356), and in an employer pick-up

provision in that same chapter are revised to correct an obsolete reference listing applicable pension plans. (Laws 2003, Chapter 2, Article 1, Sections 41 and 42.)

2. Correction of Cross-Reference to Pension Plans in General. A cross-reference to public pension plans in general in an LCPR provision (Section 3.85, which authorizes the LCPR to request information from any Minnesota public plan) is corrected. (Laws 2003, Chapter 2, Article 1, Section 1.)
3. Removal of Obsolete Reference in Police State Aid Provision. A police state aid provision (Section 69.021, subdivision 5) is revised by removing reference to a provision that was repealed in 2001. (Laws 2003, Chapter 2, Article 1, Section 9.)
4. Correction of Reference in State Aid Shortfall Provision. References in a state aid shortfall provision are corrected to cite proper taxation laws. (Laws 2003, Chapter 2, Article 1, Section 9.)

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