



April 9, 2008
Room 5 State Office Building

3rd Meeting

LEGISLATIVE COMMISSION ON PENSIONS AND RETIREMENT

MINUTES

Call to order:

Representative Mary Murphy, Chair of the Legislative Commission on Pensions and Retirement, called the meeting to order at 9:35 a.m.

Commission Members Present:

Representatives Mary Murphy, Phyllis Kahn, Michael V. Nelson, Steve Smith, and Paul Thissen
Senators Don Betzold, Dan Larson, Ann Lynch, Mary A. Olson, and Betsy L. Wergin

Agenda Items

H.F. 2725 (Hansen); S.F. 2467 (Metzen): PERA-P&F; Revise Annuity to Provide Joint-and-Survivor Coverage to a Divorced Spouse Following Death of Retiree

Representative Rick Hansen testified in support of his bill.

Ms. Cheryl Kinney, the person affected by the bill, and Mr. Ed Meisinger, Ms. Kinney's counsel, testified in support of the bill.

Ms. Mary Vanek, Executive Director, PERA, testified in opposition to the bill. Ms. Vanek said that because Mr. Kinney indicated on his enrollment form that he was single and there was no disclosure of a divorce decree, there was no way for PERA staff to link Ms. Kinney to Mr. Kinney.

Senator Lynch moved H.F. 2725/S.F. 2467 be laid on the table. **MOTION PREVAILED.**

H.F. 3567 (Shimanski); S.F. 3150 (Dille): PERA; Waive Separation of Service Requirement for Certain Independent Contractor

Representative Ron Shimanski and Senator Steve Dille testified in support of their bill.

Mr. Derald Bielke, the person affected by the bill, testified in support of the bill, and his attorney, Mr. Don Walser, testified in support of the bill.

Ms. Mary Vanek, Executive Director, PERA, testified that PERA was in error in that their printed information was not clear regarding the separation of service requirement, but that the board has no authority to waive the repayment requirement. Ms. Vanek testified that PERA's documents now clearly state the requirement.

Representative Kahn moved H.F. 3567/S.F. 3150 be recommended to pass and be included in the omnibus pension bill. **MOTION PREVAILED.**

H.F. 228 (Paymar); S.F. 266 (Cohen): PERA; Service Credit Purchase, St. Paul School Board Member

Representative Michael Paymar testified in support of his bill.

Mr. Tom Conlon, the person affected by the bill, testified in support of the bill.

Mr. Lawrence Martin, Executive Director, Legislative Commission on Pensions and Retirement, reviewed amendments H0228-1A and H0228-2A.

Senator Lynch moved amendment H0228-2A. **MOTION PREVAILED.**

Representative Nelson moved H.F. 228/S.F. 266 be recommended to pass and be included in the omnibus pension bill. **MOTION PREVAILED.**

H.F. 3508 (Hausman); S.F. 3188 (Anderson): PERA; Service Credit Purchase, St. Paul Employee

Representative Alice Hausman testified in support of her bill.

Mr. Ron Ross, the person affected by the bill, testified in support of the bill.

Mr. Jerry Walthour, City of St. Paul, testified that the city does not oppose the bill or the payment.

Ms. Mary Vanek, Executive Director, PERA, testified that Mr. Ross would pay a minimum of \$7,697 and the city would pick up the remaining \$69,548.

Representative Thissen moved H.F. 3508/S.F. 3188 be recommended to pass and be included in the omnibus pension bill. **MOTION PREVAILED.**

7. H.F. 2194 (Kahn); S.F. 2006 (Pappas); Various plans; Reemployed Annuitant Earnings Limits; Actuarial Services; State Aid

Representative Kahn and Senator Sandra Pappas testified in support of their bill.

Mr. J. Michael Stoffel, Executive Secretary, DTRFA, testified that the fund administrators are willing to pay costs for the LCPR actuary for specific amendments.

Mr. Philip Kapler, Executive Director, SPTRFA, testified that SPTRFA is requesting a 25-year rolling target amortization date and distributed the SPTRFA version of amendment H2194-17A.

Mr. Martin reviewed the history of the retention of actuaries for the Minnesota pension plans since 1955.

Representative Kahn moved H2194-17A amendment (the SPTRFA version). **MOTION PREVAILED.**

Senator Betzold moved amendment S2423-A__. **MOTION PREVAILED.**

Representative Kahn moved H.F. 2194/S.F. 2006, as amended, be recommended to pass and be included in the omnibus pension bill. **MOTION PREVAILED.**

Teacher Rule of 90 Benefit Tier Extension Bills:

H.F. 3673 (Murphy, M., by request); S.F. 3266 (Prettner Solon): DTRFA

H.F. 3927 (Thissen); S.F. 3599 (Betzold): DTRFA

H.F. 627 (Kranz); S.F. 648 (Betzold): TRA

H.F. 3926 (Thissen); S.F. 2997 (Betzold): TRA

H.F. 3925 (Thissen); S.F. 3598 (Betzold): SPTRFA

Representative Scott Kranz testified in support of his bill.

Mr. Tom Doohar, President, Education Minnesota, testified in support of the Thissen/Betzold bills.

Mr. Lee Carlson, high school English teacher in St. James, testified in support of the bills and in opposition to the Post Fund bill exclusive of the Rule of 90 bills.

Ms. Mary Catherine Ricker, St. Paul teacher on leave, testified in support of the bills and in opposition to the Post Fund bill exclusive of the Rule of 90 bills.

Ms. Julie Seiler, St. Louis Park middle school band teacher, testified in support of the bills.

Mr. Erik Kendricksen, St. Louis Park teacher, testified in support of the bills.

Ms. Jan Alswager, Government Relations Manager, Education Minnesota, testified in support of the bills and in opposition to the Post Fund bill exclusive of the Rule of 90 bills.

Mr. Russ Stanton, Director of Governmental Relations, Inter-Faculty Association, testified that he agrees with Education Minnesota that the post-1989 teachers were not treated fairly, but disagreed that the Rule of 90 is the best solution and urged the Commission to look more creatively at alternatives.

Mr. Philip Kapler, Executive Director, SPTRFA, testified in support of the St. Paul bill if it is funded, and indicated that the school board holds a similar position to the SPTRFA board.

Mr. J. Michael Stoffel, Executive Secretary, DTRFA, testified in support of the Duluth teachers bills.

Ms. Laurie Hacking, Executive Director, TRA, distributed a handout and testified that TRA has no preference between the bills but that any extension needs to be accompanied by sufficient funding.

Mr. Kurt Schneidawind, Minnesota School Boards Association, testified that school districts can only spend their dollars once.

H.F. 3673/S.F. 3266, H.F. 3927/S.F. 3599, H.F. 627/S.F. 648, H.F. 3926/S.F. 2997, and H.F. 3925/S.F. 3598 were held over for second consideration.

H.F. 1953 (Kahn); S.F. 2154 (Olson, M.): IRAP/TRA; Transfer of Membership by Certain MnSCU Faculty Members

Representative Kahn presented the bill.

Mr. Russ Stanton, Director of Governmental Relations, Inter-Faculty Association, testified in support of the bill and distributed amendment H1953-3A, which would reduce the bill to a study.

Representative Kahn moved amendment H1953-3A.

Ms. Laurie Hacking, Executive Director, TRA, testified in support of the amendment. Ms. Hacking indicated that while the amendment requires the study of only tenure-eligible faculty, TRA intends to include all eligible faculty members.

Representative Kahn renewed her motion on amendment H1953-3A. **MOTION PREVAILED.**

Representative Kahn moved H.F. 1953/S.F. 2154, as amended, be recommended to pass and be included in the omnibus pension bill. **MOTION PREVAILED.**

H.F. 2170 (Kahn); S.F. 2153 (Olson, M.): MnSCU IRAP and Supplemental Plan Limit on Administrative Expenses and Required Unclaimed Account Procedures

Representative Kahn presented the bill.

Mr. Russ Stanton, Director of Governmental Relations, Inter-Faculty Association, testified in support of the bill and distributed amendment H2170-5A at the request of MnSCU, to remove the \$20 cap.

Mr. Gary Janikowski, MnSCU, testified that MnSCU prefers not to have the \$20 cap in order to have more flexibility, and that they get advice from their faculty advisory committee on reducing fees.

Senator Olson moved amendment H2170-5A. **MOTION PREVAILED.**

Representative Kahn moved amendment H2170-3A. **MOTION PREVAILED.**

Senator Olson moved amendment LCPR08-BA001. **MOTION PREVAILED.**

Mr. Martin reviewed the staff amendments.

Representative Kahn moved amendment H2170-1A. **MOTION PREVAILED.**

Mr. Stanton and Mr. Janikowski indicated that there may be a problem with the amendment because the reference to unclaimed plan accounts is in Revenue Procedure 94-22, not in the Internal Revenue Code.

Mr. Stanton suggested changing page 2, line 15 from six months to five years.

Senator Olson moved to amend H.F. 2170/S.F. 2153 on page 2, line 15, delete "six months" and insert "five years". **MOTION PREVAILED.**

Representative Kahn moved H.F. 2170/S.F. 2153, as amended, be recommended to pass and be included in the omnibus pension bill. **MOTION PREVAILED.**

H.F. 3223 (Mahoney); S.F. 3054 (Tomassoni); and H.F. 1331 (Murphy, M., by request); S.F. 920 (Betzold, by request): MSRS-General/Unclassified; Revise Plan Coverage Options for Certain Legislators, Elected State Officials, and Judges; Permit Election of General Plan Coverage

Representative Tim Mahoney testified in support of his bill.

Ms. Erin Leonard, MSRS, testified that the current law is unclear, that MSRS legal counsel has concluded that legislators and constitutional officers do not have the option of reverting to the General Plan, and that MSRS believes all Unclassified Program participants should be treated the same. Ms. Leonard pointed out that judges are only in the Unclassified Program when they reach their Judges Plan limit, and the employer contributions do not go to the Unclassified Program but rather to the Legislators Plan. Ms. Leonard indicated judges were not intended to be included in the proposal and amendment H3223-2A would resolve the issue.

Mr. Mark Shepard, House Research, recommended delaying the effective date of the proposal because, in theory, it could be construed to be a benefit increase for legislators.

Representative Nelson moved amendment H3223-1A, incorporating a January 6, 2009, effective date. **MOTION PREVAILED.**

Senator Betzold moved amendment H3223-2A. **MOTION PREVAILED.**

Representative Nelson moved H.F. 3223/S.F. 3054, as amended, be recommended to pass and be included in the omnibus pension bill. **MOTION PREVAILED.**

H.F. 2451 (Nelson); S.F. 2266 (Wergin): Minnesota Public Pension Plans; Mandating Joint-and-Survivor Annuity Unless Waived by Spouse

Representative Nelson presented the bill.

Ms. Mary Vanek, Executive Director, PERA, testified that the three fund administrators requested the delete-all amendment in order to facilitate the administration of the proposal.

Representative Nelson moved delete-all amendment H2451-DE1. **MOTION PREVAILED.**

Ms. Vanek reviewed the provisions of the amendment.

Representative Nelson moved to change the section effective dates to January 1, 2009. **MOTION PREVAILED.**

Representative Nelson moved amendment H2451-32A. **MOTION PREVAILED.**

Representative Nelson moved amendment H2451-35A. **MOTION PREVAILED.**

Mr. J. Michael Stoffel, Executive Secretary, DTRFA, testified in opposition to H2451-34A.

Ms. Vanek testified that she couldn't comment to amendments H2451-36A or -37A.

Ms. Erin Leonard, MSRS, testified that it would be consistent to apply the proposal to the MSRS-Unclassified Program, but MSRS could administer both ways.

Ms. Vanek testified that PERA could support amendments H2451-42A and -44A.

Representative Nelson moved amendment H2451-44A. **MOTION PREVAILED.**

Mr. Brian Rice, representing the Minneapolis Police and Minneapolis Fire Relief Associations, testified in support of amendment H2451-42A.

Representative Nelson moved amendment H2451-42A. **MOTION PREVAILED.**

Representative Nelson moved H.F. 2451/S.F. 2266, as amended, be recommended to pass and be included in the omnibus pension bill. **MOTION PREVAILED.**

Amendments Related to Duluth Police and Fire Amortization Aid Issue

This agenda item was not heard and was held over for consideration at a future meeting.

Adjournment

The meeting adjourned at 2:55 p.m.