

Minutes of April 12, 1984 Meeting  
Room 83 State Office Bldg.  
8:30 A.M.

The chair, Rep. John Sarna, opened the meeting.

PRESENT: Senators Allan Spear, Earl Renneke, Donald Moe, Collin Peterson  
Frederickson  
Representatives Sarna, Rodriguez, Wigley, Metzen

Review/analysis of items amended to HF 1427/SF 1390 not previously analyzed by Commission: The following items were amended into HF 1427/SF 1390:

1. Prohibition against reduction of private pensions for legislators due to legislative service
2. Permit transfer of MSRS contributions to unclassified plan by legislative employees
3. Refund of the 2% employee contribution in 1983
4. Refund of employee and employer contributions for certain Owatonna city hospital employees
5. St. Paul Bureau of Health employee authorized to choose PERA pension
6. Remove 30 year service maximum accrual for MTRFA
7. Repeal MTRFA authorization for purchase of prior service credit

Sen Collin Peterson explained the proposals which the Department of Finance and Senator Peterson put together which are to be incorporated into SF 147 which was laid on the table last session. The proposals include the financing of the various funds, including the funding of the teachers' fund.

Ron Hackett, Department of Finance:

Relative to the funding of the teachers' fund, Mr. Hackett explained that it will cost \$20 million a year rather than \$26 million.

The 1 1/2% PERA additional from the State will not be necessary to fund PERA. That additional 1 1/2% would be kept by the cities --roughly \$12 million.

The TRA contributions are to be increased 1.6% or \$20 million per year; coming out of the General Fund (Coordinated only).

Benefits in this bill total \$238 million; not including \$30 million estimation for bounce-back. With the assumption changes to 6.5% and 8% all the funds will be funded.

James Bordewick, commission actuary, will work with the Department of Finance to check all the numbers.

Sen. Spear expressed an opinion that the proposals go further than needed before having adequate information, and questioned whether the three-year window for early retirement would be closed; that the proposals are not advantageous to the largest number of employees.

Sen. Spear moved to amend the "rule of 85" to the "rule of 90".

Rep. Sarna opposed the motion. The motion failed.

Sen. Donald Moe expressed strenuous objection to the proposal. He stated that it is designed to increase the benefit for those near retirement; that this package will not leave the funds funded; that it diminishes the funding for MSRS; that the rule of 85 benefits too few people.

Sen. Peterson moved the the Commission approve the proposal. Motion carried  
(Vote: 5 and 4)

Lyle Farmer, St. Paul Teachers, asked that the First Class Teacher Funds be included in this package. It is unfair to the First Class Teachers.

Sen. Peterson replied that these funds are not in the proposal at this time; that he has the language for this.

Rep. Rodriguez moved that the cities of the first class be included. Mr. Hackett stated that if the same assumptions are applied to the first class city teachers, there would be no need for additional money.

The chairman went over the review/analysis of items amended to HF 1427/SF 1390 not previously analyzed by the Commission:

1. Prohibition against reduction of private pensions for legislators due to legislative service: lay over
2. Permit transfer of MSRS contributions to unclassified plan by legislative employees: No
3. Refund of the 2% employee contribution in 1983: No
4. Refund of employee and employer contributions for certain Owatonna city hospital employees: Yes
5. St. Paul Bureau of Health employee authorized to choose PERA pension: Yes
6. Remove 30 year service maximum accrual for MTRFA: Yes
7. Repeal MTRFA authorization for purchase of prior service credit
8. Remove 30 day optional annuity waiting period for Correctional disabilitants

E. Diebel  
Commission Secretary