



April 2, 1991
Room 118
Capitol

5th Meeting

LEGISLATIVE COMMISSION ON PENSIONS AND RETIREMENT

MINUTES

Representative Leo Reding, Chair of the Legislative Commission on Pensions and Retirement, called the meeting to order at 7:15 PM.

Commission members present:

Representatives Richard Jefferson, Bob Johnson, Rich O'Connor, and Leo Reding
Senators Steven Morse, Lawrence Pogemiller, Earl Renneke, Leroy Stumpf, and Gene Waldorf

H.F. 272 (Ogren); S.F. 10 (Chmielewski): PERA; Purchase prior service, Carlton County employee.

Sen. Chmielewski spoke on behalf of his bill. Edward Burek, Deputy Executive Director, reviewed his memo and amendments. Mr. Burek noted that this individual wanted to buyback service credit for temporary employment which occurred on and off between 1945 and 1962. He further noted that the bill only required the payment of the employee and employer contribution plus interest rather than full actuarial value. Mr. Burek then stated that Rep. Lieder requested that he draft an amendment, LCPR91-72, to this bill which would include a buyback for a Polk County highway department employee for part-time service from May 1953 to October 1955 and September 1954 to December 1954. Discussion followed.

Rep. Reding spoke in opposition to setting a precedent by permitting part-time service buybacks.

Laurie Hacking testified that the full actuarial value for Sen. Chmielewski's constituent would be \$114,000 and the cost for employee and employer contributions plus 6% interest would be \$465. Sen. Pogemiller asked what is PERA's position on these issues. Ms. Hacking stated that PERA is opposed to setting a precedent by permitting buybacks for periods of part-time service and also is opposed to permitting buybacks at less than full actuarial value.

Sen. Chmielewski stated that he would not ask the Commission to set a precedent in this instance and if the Commission's policy changed, he would come back but at this point he thought the best solution would be to lay this bill over.

Rep. Reding stated that he would talk to Rep. Lieder about his constituent.

H.F. 1044 (Beard); S.F. 906 (Price): TRA; Purchase military service credit for ISD #833 employee.

Rep. Pat Beard spoke in support of his bill and introduced Gerald Critch, the individual for whom the bill was introduced. Mr. Critch provided background information on this issue. Ed Burek reviewed his memo on this bill and noted that this person had taken a three year extended leave of absence from the school district to go on active military duty. The individual served on active duty from 1981 to 1988 due to voluntary extensions of his active duty. This bill would permit the individual to buyback the additional military service time for contributions plus interest rather than full actuarial value. Mr. Burek also reviewed two amendments he drafted on this bill. The first amendment, LCPR91-75, changes the citation referred to in the bill to the citation covering the purchase of military service in TRA. The second amendment, LCPR91-76, would require the individual to purchase service credit at full actuarial value.

Elton Erdahl spoke in opposition to this bill as it would set a precedent in allowing purchase of military service for voluntary extensions of the service. Mr. Erdahl also was opposed to granting this individual an opportunity to purchase a fourth year of military service since the individual was not on a military service leave from the school district but on an extended leave of absence and there is some question about whether the fourth year of military service was voluntary or involuntary.

Sen. Leonard Price spoke in support of this bill. Discussion followed.

Sen. Waldorf moved amendment LCPR91-76 permitting the individual to purchase service credit at full actuarial value and changing line 5 of the amendment by deleting "all or any portion of" and inserting "one year." Discussion followed. **MOTION PREVAILED.**

H.F. 870 (Murphy); S.F. 646 (Solon): Duluth Police; Permit surviving spouse of officer killed in the line of duty to elect alternate survivor coverage.

Rep. Mary Murphy reviewed this bill. Ed Burek reviewed his memo and amendments on this bill. Mr. Burek noted that when a relief association consolidates with PERA-P&F, a member of the relief association has three opportunities to elect PERA-P&F benefits, within six months of consolidating, during the six month period before their 50th birthday, and on the date of termination from the police or fire department. Significant benefit improvements were passed for PERA-P&F in the 1989 pension bill and this officer may have wanted this improved coverage under PERA-P&F but was not eligible to make this election. Mr. Burek went on to review the amendments to this bill. The first, LCPR91-54, would permit an active member to select PERA-P&F benefits at any time after consolidation. The second, LCPR91-55, would permit an active member a six month window to select PERA-P&F benefits whenever the PERA Board determined there had been a significant benefit improvement in the PERA-P&F plan. The third, LCPR91-74, is a delete everything amendment that would provide an 180 day window to permit all active members of a consolidated relief association or the survivor of a member killed in the line of duty to select PERA-P&F benefit coverage.

Rep. Reding moved amendment LCPR91-74. Sen. Waldorf asked who pays for the additional cost of providing this added 180 day window to select PERA-P&F benefits. Mr. Burek responded that the local municipality would be required to fund any additional cost. Discussion followed.

Stan Peskar, League of Minn. Cities, spoke in opposition to any bill that would permit additional opportunities for individuals to select PERA-P&F especially if such a bill does not provide a local approval option.

Laurie Hacking, PERA Executive Director, stated that the PERA Board was uncomfortable with legislation that would provide a totally open window for selecting PERA-P&F benefits but would approve of a bill that would provide the 180 day window to permit consolidated relief associations another selection option due to the 1989 PERA-P&F benefit improvements.

Brian Rice, Best & Flanagan, reviewed the background on the consolidation law.

Sen. Pogemiller moved an amendment to permit a surviving spouse of an officer killed in the line of duty to select the best benefit. Discussion followed. **MOTION PREVAILED.**

Sen. Renneke moved H.F. 870 as amended. **MOTION PREVAILED.**

H.F. 100 (Cooper); S.F. 112 (Frederickson, D.J.): Ambulance Personnel; Provides state funding for ambulance personnel pension coverage.

Rep. Roger Cooper spoke in support of LCPR91-71, a delete everything amendment to H.F. 100. Ed Burek reviewed the staff memo and amendment LCPR91-71 and noted that this legislation would establish a defined contribution pension plan for certain volunteer ambulance attendants, ambulance drivers and medical directors. This plan would be funded by a \$2. increase in drivers license fees.

Sen. Morse questioned the 10% service activity requirement in the bill.

O.J. Doyle spoke in support of this legislation and the 10% service requirement and noted that the service requirement includes any activity

Sen. Stumpf questioned the need for an additional plan since PERA already has an ambulance plan. The response was that this bill addresses the funding for this ambulance plan. Rep. Cooper stated that the existing plan has only 250 members.

Sen. Renneke questioned whether this bill addressed first responders pension needs. Rep. Cooper stated that currently there is no criteria on which to measure first responders qualifications so they are not included in this legislation.

Larry Martin noted that page 5, line 13 should be amended by adding "service" after the word "ambulance".

Sen. Morse moved LCPR91-71 as amended above and amending page 5 lines 19 and 20 to delete "10 percent of all ambulance service activity, as certified" and add "currently certified with the department of health and considered active". **MOTION PREVAILED.**

Sen. Pogemiller asked what the \$2 license fee would raise. The response was \$800,000 or \$160 per person. Discussion followed.

Sen. Stumpf moved H.F. 100 as amended. **MOTION PREVAILED.**

The meeting adjourned at 10:30 P.M.


Jean Liebgott, Secretary