



January 8, 1992
Room 10 State Office Building

21st 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 8:20 A.M.

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

Rep. Reding introduced the first item on the agenda, a Comparative Review of Leave of Absence and Related Service Credit Provisions.

Edward Burek, LCPR Deputy Director, reviewed the staff memo on leave of absence provisions. Mr. Burek stated that there is considerable variation in the range of leave provisions. He then referred members to Table 1, and noted that MTRFA has the most leave provisions while MERF has the least.

Mr. Burek reviewed the sabbatical leave provisions of TRA and the first class city teacher plans and noted that only teacher plans offer sabbatical leaves. He further stated that interest is not charged on sabbatical leaves and that this brought up a pension funding question. He stated that an employee benefitted greatly by taking a sabbatical and questioned subsidizing the sabbatical by not charging interest.

Mr. Burek next reviewed military leaves and noted that MSRS does not have a time limit for when contributions for military service leaves must be made whereas PERA and TRA have a five year limit. He continued by stating that contribution requirements are inconsistent. For example, the MTRFA basic member pays the employee and employer contribution but for a MERF member who is credited with wartime service credit, the employer pays both contributions. Discussion followed.

Mr. Burek reviewed a MERF statute that granted military leaves for wartime service only. However, a MERF member recently requested credit for peace time service. A Minneapolis city attorney provided an opinion at MERF's request and cited Chapter 192.262, dealing with the National Guard and protecting the rights of individuals who are in the service. Based on that information MERF established a policy to grant military service credit during peace time. Mr. Burek further stated that in his reading of 192.262, the statute referred only to wartime. Discussion followed.

Sen. Renneke stated that if there is no policy problem with these military leaves, the statute should be clarified. If there is a policy problem, the statute should be clarified and the policy should be established. Discussion followed and Mr. Burek continued his review.

Sen. Waldorf stated that he believed the Commission should be concerned with inconsistency or incorrect bylaws only if the state is involved.

Lawrence Martin, LCPR Executive Director, stated that there is a direct connection between the leave provisions and the requests for purchase of prior service.

Rep. Reding introduced the second item on the agenda, the Revised Pension Program for Ambulance and Emergency Services Personnel.

Rep. Cooper reviewed the background on the ambulance service plan and spoke in support of the revised plan.

Lawrence Martin stated that PERA was concerned about the tax qualification status of its other plans and did not receive favorable federal tax qualification status for the previous ambulance service plan. Mr. Martin reviewed the revised program and noted that the new program would be administered by the Commissioner of Finance and would be funded by a

\$2 surtax on drivers licenses as was the previous plan. Mr. Martin stated that this program was set up similar to a "rabbi" trust, it provided a gift and was not a contract which required a particular performance.

Rep. Cooper stated that this plan would cover approximately 4,000 - 5,000 volunteer ambulance service personnel. Discussion followed.

Sen. Renneke questioned whether there was a definition for volunteer ambulance service worker.

A. J. DeAntoni, Bloomington resident, provided members with a definition of "volunteer" from the dictionary.

Phil Kapler, Budget Officer in the Department of Finance, spoke in opposition to having the Department of Finance administer this program. He stated that the Department of Finance was not well prepared to administer a pension plan. Further, he raised several issues. He questioned if the purpose of the plan was to solve a recruitment and retention problem with volunteer ambulance service members. He stated that there is no clear link between the people paying for the program and the people receiving the service. He noted that the Legislators Plan and Elective State Officers Plan are administered by MSRS without tax qualification problems. He also noted the small administrative fee provided. Discussion followed.

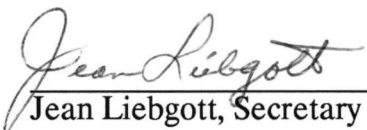
Rep. Reding introduced a third issue for Commission consideration, the Extracurricular Activity Proposal.

Lawrence Martin reviewed the background and current status of this proposal for members. He noted that the thrust of the extracurricular activity working group was to use the existing defined contribution plan, the State Deferred Compensation Plan, rather than to set up parallel defined contribution plans in each of the teacher pension funds. He continued with his review.

Eugene Waschbusch, SPTRFA Secretary Treasurer, stated that the fund directors have been making progress on this bill. He noted that on page 2 of the document there is not language providing credit for pre-service. He also suggested eliminating the laundry list of extracurricular activities and changing calendar year references to fiscal year references.

Rep. Reding asked if members would be available to meet before the session started. It was the consensus that members would not be available.

The meeting adjourned at 10:45 A.M.


Jean Liebgott, Secretary