State of Minnesota \ LEGISLATIVE COMMISSION ON PENSIONS AND RETIREMENT

March 19, 1992
Room 125 Capitol

27th 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 4:55 P.M.

Commission members present:

Representatives Richard Jefferson, Bob Johnson, and Leo Reding
Senators Steven Morse, Earl Renneke, and Leroy Stumpf

Rep. Reding introduced the issue of the Governor's budget as it related to MSRS.
    David Bergstrom, MSRS Executive Director, reviewed the issue and stated that the Governor's budget reduced the employer and employee contributions for MSRS General Plan and MSRS Correctional Plan members. He further stated that the Finance Department recommended this reduction based on the sufficiency shown in the 1991 Actuarial Valuation performed by the Commission retained actuary, Milliman and Robertson. Mr. Bergstrom also stated that the MSRS actuary, Deloitte Touche, had reported a much smaller sufficiency than that reported by Milliman and Robertson. He provided a letter written by Thomas Custis of Milliman and Robertson which recommended making no changes to contributions based on this sufficiency. Discussion followed.

    Rep. Reding directed staff to request a letter from Milliman and Robertson to members of the Commission stating that Milliman and Robertson does not recommend changing contribution rates based on their first year MSRS valuation sufficiency.

Rep. Reding introduced the first item on the agenda, H.F. 757 (Lourey); S.F. 935 (Morse): Teachers Retirement Association; Optional Annuity Based on Statewide Average Salary.
    Sen. Morse reviewed the bill and amendment LCPR92-112. He stated that this bill would permit lower salaried full time teachers to receive a pension benefit based on 73% of the average statewide salary and that this benefit increase would be funded in the first year by a change in the actuarial salary assumption from 6.5% to 6%. Sen. Morse further stated that the change in the actuarial salary assumption was already used in H.F. 1902, the change in accrual rate, so that if both of these measures passed, it would necessitate an increase in TRA employee and employer contribution rates in the next biennium.

    Henry Stankiewicz, MEA Researcher, stated that the state's salary range runs from $25,000 in Lind to $52,000 in Burnsville.

    Rep. Johnson questioned how Social Security would effect this equation. Lawrence A. Martin, LCPR Executive Director, responded that the first portion of a person's salary would be replaced 90% by Social Security, the second portion would be replaced 40%, the third portion would be replaced 15%.

    Elton Erdahl, TRA Executive Director, spoke in opposition to this bill. He thought this was an urban/rural issue and that it was the personal choice of each teacher to work in an urban or rural school district. Discussion followed.

    Rose Hermanson, MFT, spoke in support of this bill.

    Cheryl Fuehrer, MEA, spoke in support of this bill and stated that it is part of their legislative agenda.

    Randy Ziemer, Paynesville MEA member, spoke in support of this bill.

    Sen. Morse moved amendment LCPR92-112. **MOTION PREVAILED.**

Sen. Morse moved H.F. 757 as amended. **MOTION PREVAILED**.

Rep. Reding introduced amendment SA92-336 and LCPR92-110.
Morgan Fleming, Committee of Thirteen, introduced Karen Kilberg.

Karen Kilberg reviewed the issue of disability benefits for MTRFA basic members and stated that currently MTRFA cannot transfer a disabilitant from a disability benefit to a retirement benefit even though they reach retirement age. This is inconsistent with the other teacher retirement plans. Discussion followed.
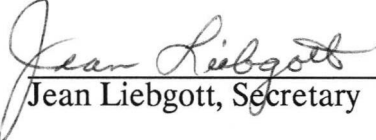
The amendments were laid over for further review.

Rep. Reding introduced a second issue relating to Minneapolis Teachers Retirement Fund Association.
Morgan Fleming reviewed the issue of service credit for out of state teaching service at full actuarial cost for MTRFA members. Discussion followed.

This issue was **LAID OVER**.

The meeting adjourned at 5:50 P.M.

Jean Liebgott, Secretary