

April 10, 1992  
Room 316 Capitol (House Caucus Room)

30th 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 9:17 A.M.

#### Commission members present:

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

Rep. Reding introduced the first issue for Commission consideration, the expansion of the automobile insurance premium tax to include members of the State Patrol Pension Plan.

Rep. Reding reviewed the proposal that came up on the floor of the House April 9, 1992. He stated that currently the State Patrol employer pension contributions come from the gasoline tax money and that a shift to inclusion of the State Patrol in the insurance premium tax money would increase the money available for Transportation Department use. He further stated that this would substantially reduce the amount of money going to the cities and counties. He spoke in opposition to this proposal as it would reduce the amount of money available to payoff the unfunded liability of the relief associations. Discussion followed.

Dick Nelson stated that the reduction would be approximately \$600 per officer if the pool was expanded.

Rep. Jefferson moved a resolution opposing a change in the usage of the 2% insurance tax.  
**MOTION PREVAILED.**

Rep. Reding introduced the second issue for Commission consideration, the second chance Medicare referendum.

Lawrence A. Martin, Executive Director of the Commission, stated that the second chance Social Security referendum bill for judges had passed the House and was pending in the Senate Finance Committee.

Mr. Martin then reviewed amendment LCPR92-107 which provided a second chance Medicare referendum for one person.

Sen. Waldorf stated that he would approve this amendment if it was a general provision.

Rep. Reding **LAID OVER** this provision.

Rep. Reding introduced the third issue for Commission consideration, the extracurricular activity plan.

Sen. Waldorf stated that he would like the bill narrowed to fewer extracurricular activities and proposed a refund of employee contributions plus 6% interest rather than provide a retroactivity clause.

Lawrence Martin, reviewed Sen. Waldorf's most recent proposal LCPR92-142. Mr. Martin stated that this proposal would exclude future contributions from being collected on certain extracurricular activities and provide a refund of employee contributions plus 6% interest retroactively.

Rep. Johnson asked several questions on this issue.

Mr. Martin noted that the citation shown on page 20, line 29 should be 354A.011, the reference on page 20, line 30 should be subdivision 7a, and the citation shown on page 21, line 2 should be 354A.38. Discussion followed.

Elton Erdahl, TRA Director, spoke in opposition to this bill as it would cause a \$3.5

million loss in contributions. He stated that approximately 25% of the 65,000 active teachers are involved in extracurricular activities. Mr. Erdahl further stated that in 1973, TRA went to a "high five" average salary formula from a career average salary. The career average salary formula included extracurricular activity service salary.

Rep. Bob Johnson stated that TRA gets a windfall from the employee and employer contributions for extracurricular activity service which occurs in early career years and ceases before the high five years begin. Discussion followed.

Rose Hermanson, MFT, questioned the positions included and not included. She also questioned when the refund for the extracurricular activity member contributions made prior to enactment of this legislation would occur. The response was that the refund would occur at retirement.

Sen. Waldorf stated that his intent was to include as many activities as possible that included heavy student involvement and possibly to permit the school districts to define the extracurricular activities included. Mr. Martin suggested that the language be changed to read "included but not limited to." Discussion followed.

Eugene Waschbusch, SPTRFA Director, expressed concern regarding the refund process.

Cheryl Furrer, MEA, spoke in support of the concept of this bill and called it a beginning step.

Sen. Pogemiller suggested interim study of this issue. Rep. Reding stated that he would prefer to take this first step. Sen. Waldorf stated that employees and employers are making contributions without receiving a benefit. Sen. Pogemiller questioned why summer school teachers were not included but coaches were. Discussion followed.

Sen. Renneke asked for clarification of Article 6. Mr. Martin responded that Article 6 deals with reimbursing the school districts for the work involved in documenting the extracurricular activity for past years.

Mr. Martin reviewed a technical amendment suggested by TRA as follows: page 1, line 9 and page 13, line 7 after "teacher" insert "receiving extracurricular activity compensation".

Sen. Waldorf moved amendment LCPR92-142 as amended. **MOTION PREVAILED.**

Rep. Reding introduced the fourth issue for Commission consideration, the first class city teacher plans' funding deficiency.

Sen. Waldorf reviewed the issue and stated that in 1998 MTRFA will begin spending down the principal of their fund. He would like to get language into a bill requiring that next year the Committees involved with education funding recognize and begin addressing this problem. He further stated that the Basic member employer contribution is 12.63% while the Coordinated member employer contribution is 12.13%. He suggested an increase in the Coordinated member employer contribution to 12.63% and also suggested that the State pay a supplemental contribution for coordinated members. Discussion followed.

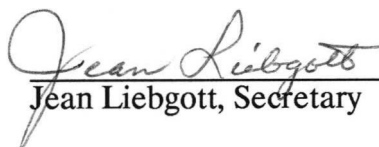
Sen. Waldorf reviewed amendment LCPR92-137 and proposed to change the amounts on page 3, line 5 to 0%; line 13 to 0%; line 14 to 1%; line 15 to 2%; and line 16 to 3%. He also proposed on page 4, line 8 to delete everything after "Section 1" to the period.

Rep. Reding moved LCPR92-137 as changed. **MOTION PREVAILED.**

Morgan Fleming, MTRFA Committee of Thirteen, spoke on this issue.

Sen. Pogemiller stated that he was uncomfortable with this amendment because he believed it would take money out of the classroom.

The meeting adjourned at 10:45 A.M.

  
Jean Liebgott, Secretary