

Legislative Commission on Pensions and Retirement

600 State Office Building

100 Rev. Dr. Martin Luther King Jr. Blvd.

St. Paul, MN 55155-1201

HOUSE MEMBERS

Representative Kaohly Vang Her, Chair
Representative Tim O'Driscoll, Secretary
Representative Kaela Berg
Representative Ethan Cha
Representative Danny Nadeau
Representative Michael Nelson
Representative Dan Wolgamott

SENATE MEMBERS

Senator Nick A. Frentz, Vice Chair
Senator Jeff R. Howe
Senator Erin P. Murphy
Senator Carla J. Nelson
Senator Sandra L. Pappas
Senator Jordan Rasmusson
Senator Judy Seeberger

COMMISSION STAFF

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March 27, 2023

Room 120, State Capitol

MINUTES

Call to order:

Chair Her called the meeting to order at 8:30 a.m.

Commission Members Present:

Representatives Her, ~~Berg~~, Cha, Nadeau, Nelson, O'Driscoll, Wolgamott
Senators Frentz, Howe, Nelson, Murphy, Pappas, Rasmusson, Seeberger

Agenda Items

Approval of meeting minutes

Sen. Frentz moved approval of the March 22, 2023, meeting minutes. **MOTION PREVAILED.**

HF 782, 1st Engrossment (Becker- Finn); SF 413, 2nd Engrossment (Pappas): Minnesota Secure Choice Retirement Program

Sen. Pappas and Rep. Jamie Becker Finn presented and testified in support of their bill.

Sen. Pappas moved Amendment H0782.S0413-DE2. **MOTION PREVAILED.**

Sen. Rasmusson moved Amendment H0782-S0413-3A and requested a roll call.

Members voting AYE:		Members voting NAY:	
Rep. O'Driscoll	Sen. Nelson	Rep. Her	Sen. Frentz
Rep. Nadeau	Sen. Howe	Rep. Nelson	Sen. Pappas
	Sen. Rasmusson	Rep. Cha	Sen. Murphy
			Sen. Seeberger

There being 5 ayes and 7 nays, the **MOTION FAILED.**

Sen. Rasmusson moved to amend H0782.S0413-DE2 on page 2, line 12, delete "five" and insert "ten".
MOTION FAILED.

Wade Laszlo, President, Minnesota Correctional Officers Retirement Association (MNCORA) submitted a letter in support of Amendment H0782.S0413-3A

Mary Jo George, Associate State Director, Advocacy, AARP Minnesota, testified in support of the bill.

Beth Kadoun, Minnesota Chamber of Commerce, testified that they are still concerned about the timeline for implementation.

John Reynolds, State Director, National Federation of Independent Business, testified that they would like to see "ten" rather than "five" as now amended.

McInnis, President, Minnesota State Retiree Council, AFL-CIO, submitted a letter in support of the bill.

Erin Leonard, Executive Director, Minnesota State Retirement System (MSRS), in response to a member's question, testified that MSRS offers the Minnesota Deferred Compensation Plan, and that there is an outside record-keeper from whom individuals can purchase advice, that MSRS provides education but not advice, and that she expects other vendors would have similar options.

In response to a member's question, Ms. George testified that other states contract out with a vendor, and that vendor is responsible for providing education.

Sen. Pappas moved HF 782/SF 413, as amended, be recommended to be approved and that recommendation be forwarded to the House and Senate committees of jurisdiction. **MOTION PREVAILED.**

Presentation and discussion of the draft budget spreadsheet for the Pension Omnibus Finance Bill.

Susan Lenczewski, Executive Director, Legislative Commission on Pensions and Retirement, reviewed the spreadsheet.

Brian Rice, representing the Minnesota Professional Firefighters and Minnesota Police Fraternal Association, provided a handout and testified in opposition to removing COLA's for basic plan retirees and in support of removing the triggers that terminate state aids to pension plans.

Louise Sundin, Committee of Thirteen, testified in support of reducing early retirement penalties and in support of increased cost of living adjustments, especially for Basic Plan members.

David Johnson, representing Minnesota Municipal Retirement Association, testified in opposition to the lack of long-term COLA improvement, especially for basic plan members, and on the PERA General allocation; and in support of a fairer allocation between retirees and active members.

Dr. Michael Landers, Minnesota Retired State Employees Association, testified that the draft spreadsheet provides relief for active members and one-time COLAs, but leaves significant unmet needs.

Kate Lynne Snyder, Lobbyist, Education Minnesota, testified on the TRA Scenario 1, which is a high priority for members, but the higher contribution rate will be a hardship for teachers.

Devin Bruce, Public Affairs Coordinator, Minnesota Association of Professional Employees, testified that they generally support the MSRS proposal, but hoped to see an increase to Correctional multiplier; that that they prefer TRA Option 2, which would be shared by both actives and retirees.

Michael Nelson, Vice-President, AFSCME MN Chapter 5 Retirees United, testified on the lack of plan improvements in the proposal for current recipients and that additional state dollars are needed.

Ethan Vogel, Legislative Director, AFSCME Council 5, & PEPC testified that the one-time funding isn't enough, the improvement in funding levels is disproportionately falling on employees, and that the state needs to add more money.

Timothy Moynihan, Vice-President/Legislative Committee Co-Chair, Retired Educators Association of Minnesota, testified that the target amount falls far short, should not be tied to possible tax relief, and does little to meet current needs.

Jay Stoffel, Executive Director, Teachers Retirement Association, testified in support of the 7% rate of return assumption, in support the allocation method using accrued liabilities, that TRA Option 1 puts all of the ongoing cost on teachers, Option 2 doesn't accomplish their goals, and that Option 3 could be of interest but the board has not discussed, and in opposition to eliminating the COLA delay.

Phillip Tencick, St. Paul Teachers Retirement Fund Association, testified that a 2% increase for actives would be too much to bear, that the 7% rate of return assumption change is not no cost and would increase liabilities by \$97 million, and in opposition to removing the COLA delay.

Erin Leonard, Executive Director, Minnesota State Retirement System, testified in support of the 7% rate of return assumption, one-time COLA, contribution reduction, removing the delayed COLA, extending the sunset date for supplemental funding, and the one-time State Patrol appropriation, but was hesitant to support the vesting change without further analysis of the provisions by their actuary.

Doug Anderson, Public Employees Retirement Association, testified that the PERA board does not have an official board position, and that he will provide specifics to the Commission in writing.

Adjournment

The meeting adjourned at 10:25 a.m.