



06 - 0608

February 14, 2006

The Honorable Linda Higgins, Chair
State and Local Government Operations Committee
75 Rev. Dr. Martin Luther King Jr. Blvd.,
Room 328
St. Paul, MN 55155

Dear Senator Higgins:

During the 2004 legislative session, Minnesota Statute 354.44, subdivision 6, paragraph (f) was enacted. This provision states that "no retirement annuity is payable to a former employee with a salary that exceeds 95 percent of the governor's salary unless and until the salary figures used in computing the highest five successive years average salary...have been audited by the Teachers Retirement Association" and determined to be permissible salary under the Teachers Retirement Association Statutes. In addition, Chapter 267, Article 7, Section 9 was enacted that requires a report disclosing impermissible salary inclusion for superintendents, assistant superintendents and principals. A copy of this provision is enclosed.

During the 2005 calendar year, 30 superintendents, one assistant superintendent, and 77 principals retired. From this group, eight had payments that were considered impermissible under TRA's salary definition. The attached report shows the disclosed impermissible salary inclusions.

You will receive a similar report before February 15, 2007, for the pertinent members for the 2006 calendar year.

If you have any questions, please feel free to contact me at 651-297-4853 or e-mail me at luther.thompson@state.mn.us.

Sincerely,

Luther Thompson
Interim Executive Director

- c. Representative Steve Smith, Chair, Legislative Commission on Pensions and Retirement
- Representative Kathy Tingelstad, Chair, Committee on Governmental Operations and Veterans Affairs Policy
- Lawrence Martin, Executive Director, Legislative Commission on Pensions and Retirement



Teachers Retirement Association

60 Empire Drive • Suite 400 • St Paul MN 55103-4000

February 14, 2006

The Honorable Steve Smith, Chair
Legislative Commission on Pensions and Retirement
543 State Office Building
St. Paul, MN 55155

Dear Representative Smith:

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60 Empire Drive • Suite 400 • St Paul MN 55103-4000

February 14, 2006

The Honorable Kathy Tingelstad, Chair
Committee on Governmental Operations and Veterans Affairs Policy
403 State Office Building
St. Paul, MN 55155

Dear Representative Tingelstad:

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- Senator Linda Higgins, Chair, State and Local Government Operations Committee
- Lawrence Martin, Executive Director, Legislative Commission on Pensions and Retirement

Sec. 9. [TRA; REPORT ON CERTAIN SALARY AUDITS.]

(a) The executive director shall report to the chair of the Legislative Commission on Pensions and Retirement, the chair of the Committee on Governmental Operations and Veterans Affairs Policy of the house of representatives, and the chair of the State and Local Government Operations Committee of the senate on the number of superintendents, assistant superintendents, and principals who retired during the most recent calendar year, the number of superintendents, assistant superintendents, and principals where the preretirement salary audit under Minnesota Statutes, section 354.44, subdivision 6, paragraph (f), disclosed an impermissible salary inclusion amount, the school district or districts in which impermissible salary inclusions occurred, the average amount of the impermissible salary inclusions where there were impermissible salary inclusions, and the range of impermissible salary inclusions.

(b) When a report is due, the report must be filed on or before February 15.

(c) Reports under this section must be made for calendar years 2004 and 2005. A report under this section also must be filed for calendar years 2006 and 2007 if the report for calendar year 2005 indicates that there were impermissible salary inclusions that occurred during the calendar year.

Report on Certain Salary Audit

Chapter 267, 2004 Omnibus Pension Bill

<u>District Name</u>	<u>Position</u>	<u>Amount</u>	<u>Type</u>
Fridley, ISD 14	Superintendent	\$ 23,475.23	Auto Allowance, Payment in Lieu of Benefit, & Additional salary payment not covered in contract
Chaska, ISD 112	Superintendent	\$ 4,473.13	Payment in Lieu of Benefit, & Additional salary payment not covered in contract
North Branch, ISD 138	Superintendent	\$ 4,000.00	Auto Allowance
Brooklyn Center, ISD 286	Superintendent	\$ 239.84	Additional salary payment not covered in contract
Intermediate ISD #287	Superintendent	\$ 1,913.88	Payment in lieu of benefit
N St Paul / Maplewood, ISD 622	Superintendent	\$ 14,400.00	Auto Allowance
Roseville, ISD 623	Principal	\$ 38,100.00	Auto Allowance, Payment in Lieu of Benefit
Roseville, ISD 623	Superintendent	\$ 8,100.00	Auto Allowance