

STATE OF MINNESOTA

Office of Governor Mark Dayton

130 State Capitol ♦ 75 Rev. Dr. Martin Luther King Jr. Boulevard ♦ Saint Paul, MN 55155

April 11, 2018

The Honorable Kurt Daudt
Speaker of the House of Representatives
Room 463, State Office Building
Saint Paul, Minnesota 55155

Dear Mr. Speaker:

Earlier this week, I wrote asking the Legislature to prioritize work on which we have expressed shared commitments. Given its broad bipartisan support, I ask that your first order of business in completing that work be stabilizing the pensions of over half a million Minnesota workers and retirees. The Senate has already unanimously passed a clean bill out of committee and off the Senate Floor. I urge the House to follow the good example of the Senate and expedite passage of this bill.

The compromise Pensions Bill would provide an immediate reduction in pension fund liabilities of \$3.4 billion, addressing the economic and demographic changes the pension plans are facing, and reverse their downward funding trajectories. In doing so, this bill reflects many of the recommendations of the Blue Ribbon Panel on Pension Reform, which I convened in 2016. I greatly appreciate their work, strongly support their recommendations, and am pleased to see these urgently needed solutions reflected in this year's Omnibus Pensions Bill.

Unfunded pension liabilities have adversely affected state, local, and school district bond ratings in recent years. These liabilities add millions of dollars in debt-service costs to schools, cities, counties, and to the state. Setting our pension plans on a course to continued stability will be viewed favorably by rating agencies, improve our state's finances, and keep our promises to hundreds of thousands of workers and retirees, who are depending on us to solve this problem.

The compromise Pensions Bill reflects a bipartisan consensus achieved by the members of the Pension Commission, led this year by Senator Julie Rosen and Representative Tim O'Driscoll. The bill also has the support of a remarkably large and diverse coalition of representatives of the affected retirees, school, city and county governments, public employees, and the pension systems. Each has contributed to the package by accepting lower COLAs, higher employee and employer contributions, and reduced benefits. In fact, for every \$1 invested by the state under this legislation, employees and retirees would contribute an additional \$2.90 in higher contributions and lower COLAs and benefits. The bill truly reflects shared sacrifices from all parties.

The Honorable Kurt Daudt

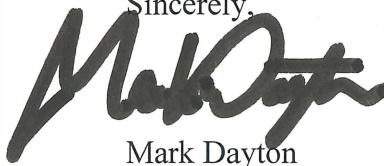
April 12, 2018

Page 2

I again thank Senate Majority Leader Gazelka and Chair Rosen for passing SF 2620 early, separately, and without disrupting the agreements among the interests involved. I urge the House to act quickly, so that I can sign the bill into law by the end of this month.

My Commissioners, staff, and I are ready to work with you at any time to expedite this important work.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark Dayton", written in a cursive, flowing style.

Mark Dayton
Governor

cc: The Honorable Paul Gazelka, Senate Majority Leader
The Honorable Tom Bakk, Senate Minority Leader
The Honorable Melissa Hortman, House Minority Leader
Senator Julie Rosen, Chair, Finance Committee and Pension Commission
Representative Tim O'Driscoll, Vice Chair Pension Commission