



TO: Members of the Legislative Commission on Pensions and Retirement

FROM: Ed Burek, Deputy Director *EB*

RE: Job Share Program Amendments, LCPR06-BA010 and LCPR06-B025

DATE: February 22, 2006

On February 15, 2006, the Legislative Commission on Pensions and Retirement reviewed an amendment that would permit a single individual who was in the job-share program to receive full-time equivalent service credit for the period in which she was in the program. That amendment was LCPR06-BA010, which is attached. While in this program the individual worked 50 percent time. The laws governing the program specified that individuals in the job-share program would receive fractional service credit. However, MSRS law governing other part-time employees who were not in the job-share program allowed full-time service credit for employees who worked less than full time, at least those who worked 50 percent time or more.

Therefore, an equity argument for adopting LCPR06-BA010 is that this individual was treated unfairly compared to comparable part-time employees who were not in the job-share program. Arguments for taking no action are that the service credit procedures were not questioned at the time, and by entering the job-share program the individual is accepting the terms of the program. Another argument for taking no action is that it is hazardous to try retrofitting old programs which no longer exist, at least not in their original forms, to impose current notions of fairness. At the time, these job-share service credit procedures were deemed reasonable by the Legislature. One problem with trying to change these procedures now is that it is impossible to equitably and uniformly apply any remedy. All the participants of the program cannot be identified. Some have left state employment, while others have already retired.

If the Commission does choose to apply a remedy to the job-share employees as a whole rather than a single member of that group, the Commission may wish to consider LCPR06-BA025. This amendment attempts to provide service credit to the job-share group based on the law that would have applied if their part-time service had not been included under the job-share program. As drafted, it would exclude individuals who are not active members.

LCPR06-BA025 shares the disadvantages of LCPR06-BA010, plus the likely inability to identify all eligible individuals without an extensive effort. Regarding cost, a very rough estimate can be provided. Mr. Dave Bergstrom, Executive Director of Minnesota State Retirement System (MSRS), spoke with an individual at the Department of Employee Relations who was involved in job-share program administration. Perhaps 200 individuals were at some point in that program, and perhaps 30 to 50 remain in MSRS-covered employment. If the cost were \$50,000 per eligible employee, the low-end estimate is a total cost of \$1.5 million, and the high-end estimate is \$2.5 million.

The cost would be higher if the language were revised to allow terminated employees and retirees to have their service credit revised. This would also raise further policy issues. Legislation authorizing revision of a retiree's annuity is very rare. Some individuals who terminated state employment and took refunds may now argue that they would not have taken a refund if they had known that they would at some point receive additional service credit. They might request further changes in law to allow them to repay the refund and create a deferred annuity.

..... moves to amend S.F. No.; H.F. No. ..., as follows:

Page ..., after line ..., insert:

"Sec. **REVISING MINNESOTA STATE RETIREMENT SYSTEM
GENERAL PLAN SERVICE CREDIT; CERTAIN PART-TIME JOB SHARE
EMPLOYEE.**

(a) An eligible person under paragraph (b) is authorized to receive the treatment prescribed in paragraph (c), upon satisfying all requirements under this section.

(b) An eligible person is a person who:

(1) was born on March 7, 1947;

(2) was first employed in a position covered by the Minnesota State Retirement System general plan on March 1, 1969;

(3) is currently employed in a position covered by the general plan; and

(4) entered the job share program under Minnesota Statutes 1982, sections 43A.41 to 43A.46, on July 2, 1983, and received fractional service credit under that program for all or part of the service provided while in that program, due to Minnesota Statutes, section 43A.44, subdivision 2, paragraph (a), and section 352.01, subdivision 11, clause 10, applicable during all or part of this period.

(c) Notwithstanding provisions of law stated in paragraph (b), an eligible person under paragraph (b) is authorized to receive full time equivalent service credit rather than part time service credit during the period of time in which the eligible person was in the job share program upon satisfying the requirements of this section.

(d) To receive the treatment specified in this section, an eligible person shall provide to the executive director of the Minnesota State Retirement System any relevant documentation necessary to implement this section that the executive director may request.

(e) This section should not be interpreted as authorizing more than one year of service credit for any one year period.

2.1 (f) The authority granted by this section to an eligible person is voided if the person
2.2 terminates from Minnesota State Retirement System general covered service before the
2.3 effective date of this section."

2.4 Page ..., after line ..., insert:

2.5 "Sec. **EFFECTIVE DATE.**

2.6 Section ... is effective the day following final enactment."

2.7 Renumber the sections in sequence and correct the internal references

2.8 Amend the title accordingly

..... moves to amend S.F. No. ...; H.F. No. ..."" as follows:

Page ..., after line ..., insert:

"Sec. ... **[352.1161] REVISED SERVICE CREDIT; JOB SHARE
EMPLOYEES.**

Subdivision 1. **Authorization.** An individual who entered the demonstration job sharing project enacted in 1980 in Laws 1980, chapter 572, or the job share program following recodification of the program into Minnesota Statutes, sections 43A.41 to 43A.46, is authorized to receive service credit in the Minnesota State Retirement System general plan based on the service credit provisions of law that would have applied given the individual's part-time employment if the individual had not been in the demonstration job sharing project or job share program.

Subd. 2. **Exceptions.** Subdivision 1 does not apply if the individual is not a current active member of the general plan or if, due to a refund, the active plan member lacks service credit for all or part of service provided under the demonstration job sharing project or job share program.

Subd. 3. **Documentation; restrictions.** To receive the treatment specified in this section, an eligible person shall provide to the executive director of the Minnesota State Retirement System any relevant documentation that the executive director may request. This section should not be interpreted as authorizing more than one year of service credit for any one year period."

Page ..., after line ..., insert:

"Sec. **EFFECTIVE DATE.**

Section ... is effective the day following final enactment."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly