

Legislative Commission on Pensions and Retirement

55 State Office Building
Phone: 651-296-2750

100 Rev. Dr. Martin Luther King Jr. Blvd.
TDD: 651-296-9896; Fax: 651-297-3697

St. Paul, MN 55155-1201
www.lcpr.leg.mn

TO: Members of the Legislative Commission on Pensions and Retirement

FROM: Susan Lenczewski, Executive Director
Chad Burkitt, Analyst

DATE: December 13, 2019

SUBJECT: Supplemental Plans for the City of St. Paul and the St. Paul School District

Background

During the 2019 legislative session, the Commission was informed that the City of St. Paul and the St. Paul School District have been making employer contributions to a number of multiemployer plans on behalf of employees in the building and construction trades in violation of Minn. Stat. § 356.24, Subd. 1. This statute generally prohibits contribution of public funds to supplemental plans unless the supplemental plan is included in the list of exceptions in the statute. Contributions are permitted to multiemployer plans for five of the trades, but only up to the dollar limits in the statute. The City or School District were exceeding the limits in some cases and, in other cases, were making contributions to multiemployer plans for trades not listed.

The Commission approved a session law (*see Laws 2019, 1st Spec. Sess. Ch. 8, Art. 6, Sec. 4 & 5*) as part of the 2019 omnibus retirement bill that:

- Authorizes the City and School District to continue making contributions to both PERA and multiemployer plans in violation of the statute for one more year; and
- Requires the two employers and the affected trade employee unions to work with LCPR staff to prepare legislation for the 2020 legislative session that would resolve the statutory violations.

Update

Since the end of the 2019 session, Commission staff participated in six meetings with representatives from the City of St. Paul, the St. Paul School District, the building and construction trades, city and county associations, and the Public Employees Retirement Association (PERA) to gather the information needed to understand the issues and to prepare legislation, as directed by the session law, that will be acceptable to all of the parties. The parties have tentatively agreed to proposed legislation that is currently in the final drafting stages. The proposed legislation will be available for consideration by the Commission by the start of the 2020 legislative session.

As we worked on this over the last several months, related issues have been identified that may lead to additional legislation in the future. For instance, other public employers may be making similar contributions to multiemployer plans that may not be permitted under the statute and will require similar legislation.