

Dear LCPR Committee Members

You have heard from hundreds of teachers around the state in your emails and have heard the testimony of teachers last week at your meeting. I applaud you for making time to let the frontline workers talk directly to the committee and share their stories.

The one thing we can all agree on is that there needs to be reform done in the teacher's pension system. Both to make it fair within the TRA system with Rule of 90 teachers and non-Rule of 90 teachers and also more competitive with the surrounding states if we wish to attract and retain new teachers in the state.

The hold up, from the legislative end, seems to be how we are going to pay for it. The TRA proposal, costed out by Jay Stoffel from TRA, is costed out. It gives you all the information you need. Is it costly? Some would argue too much. I would argue it is what it is because the state legislature has kicked this can down the road for nearly three decades and now it needs to be fixed.

As told to you by Jason Savage, back in the late 90s and early 2000s, the state legislature passed huge COLAs for retirees when the TRA fund was fully funded(125%). After that they agreed to lower the contribution level by the employer(STATE) to all-time lows and within a decade or so, the fund balance was only 80% funded. And the STATE has continued to underfund the account ever since.

TRA has a proposal that has been costed out. That proposal at one time had a one time infusion of 1.4 billion from the state. That has been changed to a one time infusion of \$480 million and an increase in contributions that is being put on the employee and the employer(STATE). Teachers are willing to do their part in making a more equitable system. Even with the proposed contribution increase, Minnesota is still far from national average in what the state contributes to teacher retirement.

The TRA proposal is costed out at a 7% return rate so it extends out the time by 5 years the time to get back to be fully funded. But using the state's own SBI numbers, the average rate of return over the last 30 years is 9.3%. I understand that past performance is not a guarantee of future performance but if you even split the difference and use 8%, how much more quickly will the fund reach full funding??

Current Minnesota teachers need your help in making a fair and equitable retirement system and future Minnesota teachers need your help in making Minnesota competitive with their retirement to attract and retain teachers. Both the EdMN proposal and the TRA proposal are good starts. The question is not if you can afford it(you can). The question is can you afford not to?

Sincerely

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