



HF 4358 (Brand); SF 5288 (Frentz): MSRS Correctional State Employees Retirement Plan; Adding “Registered Nurse – Supervisor” to List of Covered Positions, Modifying Other Lists of Covered Positions

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Introduction

- Affected Plan:** Minnesota State Retirement System (MSRS) Correctional State Employees Retirement Plan (MSRS Correctional)
- Laws Amended:** Minnesota Statutes, section 352.91, subdivisions 1, 3c, and 3f
- Brief Description:** The bill adds the position of “registered nurse – supervisor” to the list of positions covered by MSRS Correctional and moves the positions of “group supervisor” and “group supervisor assistant” from the list of DHS positions in section 352.91, subdivision 3f, to the list of positions in section 352.91, subdivision 1. For an employee with a position listed in subdivision 3f to be covered by MSRS Correctional, the employee is required to spend at least 75 percent of the employee’s time in direct contact with patients. The positions listed in subdivision 1 are not subject to this additional eligibility requirement.
- Attachment:** [Amendment H4358-1A](#)

Background

MSRS Correctional

MSRS Correctional covers state correctional officers, supervisors, and other specified Department of Corrections (DOC) and Department of Human Services (DHS) employees if at least 75 percent of the employee's working time is spent in direct contact with inmates or patients in a correctional facility, the state-operated forensic services program, the Minnesota Sex Offender Program (MSOP), or the Minnesota Specialty Health System-Cambridge. MSRS Correctional provides greater benefits to vested employees than is provided by the MSRS General State Employees Retirement Plan (MSRS General) but is also more expensive to employees and employers as shown in the chart below.

	MSRS General	MSRS Correctional
<i>Benefit Formula</i>	1.7% of average high five salary times years of service	2.2% of average high five salary times years of service
<i>Normal Retirement Age</i>	66	55
<i>Early Retirement Age</i>	55	50
<i>Employee Contribution Rate</i>	5.5%	9.6%
<i>Employer Contribution Rate</i>	6.25%	18.85%

The legislature recognizes, under current law for MSRS Correctional,¹ that special retirement benefits are provided to correctional employees. Correctional employees may need to retire earlier than other public employees due to the demands of working in state correctional facilities or other settings where employees covered by MSRS Correctional work, such as state forensic services programs.

Information from DHS and DOC

DHS conducted a review of the “registered nurse – supervisor” position description after the bill was introduced. DHS, in an email to LCPR staff, stated that, based on the position description, the registered nurse supervisor position does not meet the direct contact requirement. DOC, in an email to LCPR staff, stated that DOC has not evaluated the “registered nurse – supervisor” position, because it is not, under current law, a job category covered by MSRS Correctional.

According to DHS, there are 15 registered nurse supervisors employed at a forensic services program or MSOP. According to DOC, there are 12 registered nurse supervisors employed at DOC.

According to DHS, there are 52 group supervisors and 25 group supervisor assistants employed at a forensic services program or MSOP. Of these employees, one group supervisor and 11 group supervisor assistants are not currently covered by MSRS Correctional and would become eligible under the bill, as amended. DOC does not employ any group supervisors or group supervisor assistants.

Section- by- Section Summary

Section 1 amends section 352.91, subdivision 1, by adding “group supervisor” and “group supervisor assistant” to the list of covered positions in section 352.91, subdivision 1. If a position is listed in this subdivision, the employee is automatically eligible for MSRS Correctional and does not have to satisfy a direct contact requirement.

Section 1 adds a provision to section 352.91, subdivision 1, that would require a group supervisor or a group supervisor assistant to meet the direct contact requirement that currently applies to these positions in section 352.91, subdivision 3f (as explained below, this provision is removed by Amendment H4358-1A).

¹ Minn. Stat. §352.90

Section 2 amends section 352.91, subdivision 2, by adding the position of “registered nurse – supervisor” to the list of nursing positions covered by MSRS Correctional.

Section 3 amends section 352.91, subdivision 3f, by removing the positions of “group supervisor” and “group supervisor assistant” from the list of DHS positions covered by MSRS Correctional. The subsequent clauses are renumbered.

Effective Dates. Section 2 is effective on the first day of the first payroll period occurring after the date of enactment and applies to prospective service only. Sections 1 and 3 are effective August 1, 2024.

Amendment

Amendment H4358-1A removes a provision from the bill (at page 2, lines 3 to 5) that requires employees working as a group supervisor or group supervisor assistant, in order to be eligible for MSRS Correctional, to spend at least 75 percent of the employee’s working time in direct contact with patients, as certified by the Commissioner of Human Services.

Under the bill, as amended, any group supervisor or group supervisor assistant working for DHS, at a forensic services program or MSOP, that is not currently covered by MSRS Correctional would become a member of the plan, regardless of the employee’s level of direct contact with patients or inmates.

Public Policy Considerations

DHS and DOC Procedure for Adding Covered Positions

Section 352.91, subdivision 4a, sets forth a process for adding to the positions eligible for MSRS Coverage. Under the law, DHS or DOC, as applicable, must use an established procedure and a standing review committee to evaluate requests from employees and determine whether an employment position satisfies specific requirements under section 352.91, subdivision 4a. The procedure must provide for an evaluation of the position to determine if the employee:

1. routinely spends 75% of the employee’s time in direct contact with inmates or patients; and
2. is regularly engaged in the rehabilitation, treatment, custody, or supervision of inmates or patients.

If the employee satisfies the two requirements and the standing review committee recommends that the position be covered, the applicable commissioner may recommend that the employment position be included in MSRS Correctional coverage. The commissioner must submit the recommendation, along with supporting documentation, to the chair and executive director of the Legislative Commission on Pensions and Retirement, and the chairs of the state government committees in the House and Senate by January 15.

Compliance with Procedure, Appropriateness of adding Registered Nurse Supervisor

The procedure under section 352.91, subdivision 4a, was not followed for this bill. As noted previously, DHS determined that, based on the position description, the registered nurse supervisor position does

not meet the direct contact requirement. DOC, in an email to LCPR staff, stated that DOC has not evaluated the “registered nurse – supervisor” position, because it is not, under current law, a job category covered by MSRS Correctional.

Removing Eligibility Requirement for Group Supervisor, Group Supervisor Assistant

Under current law, there are 9 positions listed in section 352.91, subdivision 1. As stated above, all employees working in those positions at a state correctional facility, a state forensic service program, or MSOP, are automatically eligible for MSRS Correctional and do not need to satisfy a direct contact requirement.

For the other lists of positions in section 352.91, each employee in that position needs to meet the direct contact requirement in order to be covered by MSRS Correctional. As a result, some employees in each position may be covered, while other employees in the same position may not be covered. In total, there are over 100 positions listed in statute that are subject to the direct contact requirement. The bill, as amended, would eliminate the direct contact requirement for two positions, group supervisor and group supervisor assistant.

No Transfer of Past Service from MSRS General to MSRS Correctional

Section 352.995, subdivision 1, permits an employee to transfer eligible service from MSRS General to MSRS Correctional if the employee’s position is added to MSRS Correctional using the procedure under 352.91, subdivision 4a. Since that procedure was not followed in this case, employees in the newly added registered nurse supervisor position will not be permitted to transfer service credit from MSRS General to MSRS Correctional. The effective date for section 2, which pertains to the registered nurse supervisor position, specifically states the section applies to prospective service only.

If the Commission wishes employees in this position to be able to transfer past eligible service credit to MSRS Correctional, as has been done for similar legislation, an amendment to the bill is required. Under section 352.995, if the employee elects to transfer past service credit under section 352.995, a payment is required by the employee and employer before the transfer may occur.

Cost

Adding the registered nurse supervisor position to MSRS Correctional and expanding eligibility for some group supervisors and group supervisor assistants will result in additional costs to both the employer and employee. If an employee of DHS or DOC is not covered by MSRS Correctional, the employee is covered by MSRS General. MSRS General employee and employer contribution rates are currently set at 5.5% and 6.25% of pay, respectively. These rates are lower than the current MSRS Correctional employee and employer contribution rates of 9.6% and 18.85% of pay, respectively. The cost to the employer is an additional 12.6% of the covered payroll of the affected employees.