

December 2, 1981 Meeting
Room 118, State Capitol
9:00 A.M.

MINUTES

Senator Collin Peterson, opened the meeting.

PRESENT: Sen. Peterson, Renneke, Frederickson
Rep. Sarna, Kaley, Reding, Rice

H.F. 1336 (Sarna); S.F. 1052 (C. Peterson): Highway Patrol: Benefit Increases and Modification of Refund Provisions

Bill provides for two benefit improvements for certain conforming changes relating to refunds; increase in the benefit accrual rate for the 21st to 25th inclusive years of service from 2% to 2.5%; extends survivors benefit coverage to be payable at the time of death rather than at age 55; refunds to be payable to estates of former members not entitled to any other benefits under Chapter 352B, the law governing the highway patrol fund.

A delete everything amendment has been drafted.

Paul Groschen, Executive Director of MSRS, explained the benefits and options for survivors--bill protects a person now on a disability benefit and the bill will cover him if he dies.

Mike McLaren advised that the PERA provision is the same as the MSRS provision. He does not think there is a case in their fund--same offsets.

The bill increases the unfunded liability and makes no provision to increase contributions. Karl Christey, Highway Patrol, advised that the members will increase their contributions to pay for the bill. The bill was laid over.

H.F. 1335 (Sarna); SF 1053 (C.C. Peterson): Highway Patrol: Benefit Increases for pre-73 Retirees and Surviving Spouses

Bill provides for an annual 6% increase, effective each July 1, in the benefits paid to retirees or surviving spouses, whose benefits were computed under the laws in effect prior to July 1, 1973. An annual appropriation from the Highway Patrol is designated to finance the increases. The estimated cost of the first year payment is \$32,728.

Karen Dudley went over the memo and discussion followed:

The proposal presents the following problems: would only benefit pre-73 retirees and surviving spouses of the Highway Patrol, would be financed through an appropriation from the assets of active members' fund; would violate the Commission's policy of uniformity among similar recipients from all major funds.

Karl Christey, Highway Patrol, stated that the members would support the bill as written; that the members would increase their contributions to pay for this. Karl Christey will talk to the members. Bill was laid over.

H.F. 475 (Reding); S.F. 425 (Wegener): Police State Aid: Retention of Aid Amounts in Excess of PERA-P&F Employer Contribution

Bill makes two changes in the operation of police state aid with the staff technical amendment. The required qualification for inclusion of a police officer in the police state aid is reduced from 6 months to one month. The bill allows the police state aid which is in excess of the required PERA-P&F employer contribution of 12% to be retained by the municipality for expenditure for other law enforcement purposes.

The PERA actuary, Davis H. Roenisch, stated in a letter which was distributed to the Commission members that it is "...our opinion that the state aid is no longer necessary to preserve the actuarial balance of the PERA police and fire program."

Stan Peskar, League of Minnesota Cities is in favor of the bill, stating that the money should be put to its best use at the local level; that there have been complaints from small cities that it is an unfair program; the money would pay for salary increases, equipment, etc.; the idea is to free up the money. Twelve million dollars per year come in on the program and goes out on a formula basis.

Sen. Renneke discussed the problem of setting up volunteer ambulance pension programs and suggested that this excess state aid could be used for that purpose. Stan Peskar talked about the new federal law offering ambulance drivers an IRA account--offering these drivers a per run or other compensation which can be put into an IRA account. This may take care of the volunteer ambulance problem.

Stan Peskar will try to work out some kind of a program for the ambulance drivers. He does not feel that this bill should be held up.

Mike McLaren, Executive Director of PERA, stated that the unfunded liability of the PERA Police and Fire would be funded in possibly five years; and that the Coordinated Fund is 115% funded.

Larry Martin, Executive Secretary of the Commission, explained that the 2% insurance premium tax is a long standing tax and that the question is dedicating that particular tax to that particular purpose.

Howard Nelson, Minnesota Association of Small Cities, advised that there are 720 small cities in the state and that 250 of them are paid members of the association; that a small city has a population of 5,000 or less. \$1100 was returned to the state last year and \$1400 this year; that roughly 25% is returned. He supports this bill, stating that the 2% can be used for law enforcement purposes.

Chuck Anderson, West St. Paul Police and Minnesota Peace and Police Officers, suggested that the money be sent back to the State to be distributed to the funds for their funding problems.

Dick Feider, Director of the St. Paul Relief, stated that it upsets him that this money is going to be diverted and suggested that the state aid based on a formula should not exceed the cost to fund a plan; that the bill should not be considered as long as there is unfunded liabilities.

Dick Nelson, Minneapolis Retired Police Association, opposes this bill.

Rep. Rice moved that this bill discussion be continued. The Disability Subcommittee needs a better understanding of where the funds are going.
Motion carried

E. Diebel
Secretary