

Legislative Commission on Pensions and Retirement

600 State Office Building

100 Rev. Dr. Martin Luther King Jr. Blvd.

St. Paul, MN 55155-1201

HOUSE MEMBERS

Representative Kaohly Vang Her, Chair
Representative Tim O'Driscoll, Secretary
Representative Kaela Berg
Representative Ethan Cha
Representative Danny Nadeau
Representative Michael Nelson
Representative Dan Wolgamott

SENATE MEMBERS

Senator Nick A. Frentz, Vice Chair
Senator Jeff R. Howe
Senator Erin P. Murphy
Senator Carla J. Nelson
Senator Sandra L. Pappas
Senator Jordan Rasmusson
Senator Judy Seeberger

COMMISSION STAFF

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February 13, 2023

Room 120, State Capitol

MINUTES

Call to order:

Chair Her called the meeting to order at 8:30 a.m.

Commission Members Present:

Representatives Her, Berg, Cha, Nadeau, Nelson, O'Driscoll, Wolgamott
Senators Frentz, Howe, Nelson, Murphy, Pappas, Rasmusson, Seeberger

Agenda Items

Approval of meeting minutes

Sen. Frentz moved approval of the February 6, 2023, meeting minutes. **MOTION PREVAILED.**

Presentation on investment portfolio and historic rates of return for the public pension funds at the State Board of Investment

Jill E. Schurtz, Executive Director and CIO, State Board of Investment (SBI) reviewed the presentation.

HF 1468 (Nelson, M.); SF 1377 (Rasmusson): Reducing the assumed rate of return to 7% for the Minnesota State Retirement System, Public Employees Retirement Association, Teachers Retirement Association, and St. Paul Teachers Retirement Fund Association.

Chad Burkitt, Deputy Director, reviewed the staff summary.

Sen. Rasmusson moved amendment H1468-1A. **MOTION PREVAILED.**

Doug Anderson, Executive Director, Public Employees Retirement Association, testified in support of the bill.

Erin Leonard, Executive Director, Minnesota State Retirement System, testified in support of the bill.

Jay Stoffel, Executive Director, Teachers Retirement Association, testified in support of the bill.

Phillip Tencick, Executive Director, St. Paul Teachers' Retirement Fund Association, testified in support of the bill.

Brian Rice, Minnesota Professional Fire Fighters and Minnesota Police Fraternal Association, provided three handouts and testified in opposition to the bill without also providing funding.

KateLynne Snyder, Lobbyist, Education Minnesota, testified in opposition to the bill without also providing funding and benefit changes.

Ethan Vogel, Legislative Director, AFSCME Council 5, and Public Employees' Pension Coalition, testified in opposition to removing the investment return assumption from Pension Commission control, and if the investment return assumption is lowered it should be funded and distributed equitably.

Edward Reynoso, Director of Political and Legislative Affairs, Teamsters Local 320, testified in opposition to removing the investment return assumption from Pension Commission control, and if the investment return assumption is lowered it should be funded and distributed equitably.

Dr. Michael J. Landers, Minnesota Retired State Employee Association, testified in opposition to the bill and in support of providing additional state aid.

Mark Haveman, Executive Director, Minnesota Center for Fiscal Excellence, testified in support of the bill and of looking at the investment return assumption and the discount rate separately.

The bill was laid over.

Presentation on the Department of Labor & Industry report: "Adequacy of Disability Benefits for Minnesota Police Officers."

Assistant Commissioner Kate Daly, Laura Zajac, Deputy General Counsel, and Ethan Landy, Compensation Attorney, Minnesota Department of Labor and Industry, reviewed the presentation.

Camila Fonseca, Director of Fiscal Research, Institute for Urban and Regional Infrastructure Finance, Humphrey School of Public Affairs, University of Minnesota, also reviewed the presentation.

Doug Anderson, Executive Director, Public Employees Retirement Association (PERA), testified that the number of PERA Police and Fire Plan disability claims are rising, that the impact of higher disability claims has an estimated cost of 4% of payroll, and that there will need to be corrective action soon.

Dan Greensweig, League of Minnesota Cities Insurance Trust Administrator, and Gerd Clabaugh, Minnesota Counties Insurance Trust Executive Director, on behalf of the Minnesota Cities and Minnesota Counties, provided a handout and testified there needs to be an honest and full conversation about what an expanded safety net will cost, how it will work, and if it is what stakeholders prefer.

Adjournment

The meeting adjourned at 10:15 a.m.