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Rep. Ethan Cha
Rep. Danny Nadeau
Rep. Michael Nelson
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COMMISSION STAFF

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April 8, 2024

Room 120, State Capitol

MINUTES

Call to order:

Chair Her called the meeting to order at 8:38 a.m.

Commission Members Present:

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

Agenda Items

Approval of meeting minutes

➤ Sen. Frentz moved approval of the April 2, 2024, meeting minutes. **MOTION PREVAILED.**

Chair's discussion of the budget target for pensions

Chair Her discussed the 2024 budget target for pensions. Vice Chair Frentz also commented.

2024 Omnibus Pension and Retirement Bill

Delete- everything amendment H5040- DE1 to HF 5040 (Her); SF 4643 (Frentz)

- Chair Her moved HF5040/SF4643 in front of the commission.
- Chair Her moved delete-everything amendment H5040-DE1.

Susan Lenczewski, Executive Director, Legislative Commission on Pensions and Retirement (LCPR), reviewed the staff summary of the delete-everything amendment.

Devin Bruce, Director of Legislative and Political Affairs, Minnesota Association of Professional Employees (MAPE), testified in support of the Minnesota State Retirement System (MSRS) Correctional Plan Eligibility Work Group.

Bridget Peterson, Library/Media Specialist, Esko Public Schools, testified in support of the appropriation to the Teachers Retirement Association (TRA) and implementing the reduction in the normal retirement age for TRA one year earlier.

Doyle Turner, Special Education Teacher, Bemidji Area Schools, testified in support of the appropriation to TRA and implementing the reduction in the normal retirement age for TRA one year earlier.

Matt Massman, Minnesota Inter-County Association (MICA), testified to MICA's concern about the cost to local governments of increasing the benefit multiplier for the Public Employees Retirement Association (PERA) Correctional Plan and expressed that MICA would appreciate having continued conversations about county program aid and other ways to fund the cost of this change to local governments.

- Rep. O’Driscoll moved to amend H4050-DE1 as follows: page 74, line 11, delete “December 31, 2024” and insert “June 30, 2025” and page 74, lines 14, 15, and 22, delete “January 1” and insert “July 1.” **MOTION PREVAILED.**
- Chair Her renewed her motion on delete-everything amendment H5040-DE1, as amended. **MOTION PREVAILED.**

Amendment H5040- 1A

Ms. Lenczewski reviewed the summary of the amendment.

- Chair Her moved Amendment H5040-1A. **MOTION PREVAILED.**
- Having voted on the prevailing side, Rep. O’Driscoll moved to reconsider Amendment H5040-1A. **MOTION PREVAILED.**
- Rep. O’Driscoll moved to amend the amendment on page 16, after line 30, insert a new subdivision 3 requiring the executive directors of the pension funds to report annually to the board on the use of the provision to correct errors. **MOTION PREVAILED.**
- Chair Her renewed her motion on Amendment H5040-1A, as amended. **MOTION PREVAILED.**
- Chair Her moved Amendment H5040-2A.

Amy Strenge, Policy Coordinator, PERA, explained and testified in support of Amendment H5040-2A.

- Chair Her renewed her motion on Amendment H5040-2A. **MOTION PREVAILED.**
- Rep. Nadeau moved Amendment H5040-3A.

Mark Schulte, Consulting Actuary, VIA Actuarial Solutions, testified that there would be an initial cost of increased unfunded liability, about \$617M, and that the cost would go down over time.

Jay Stoffel, Executive Director, TRA, testified that the cost varies depending on the usage of the benefit, the more people who use it the more expensive it becomes.

- Rep. Nadeau renewed his motion on Amendment H5040-3A. **MOTION DID NOT PREVAIL.**
- Sen. Rasmusson moved Amendment H5040-4A. **MOTION DID NOT PREVAIL.**

Mr. Stoffel, in response to a member’s question, testified that there are 300-400 active members teachers between age 65 and 66, and those who delayed their pension are entitled to the benefits under the law in effect at the time they separate from employment; if they return to work for six months they are eligible for the new law in effect.

- Chair Her, having voted on the prevailing side, moved to reconsider Amendment H5040-4A. **MOTION PREVAILED.**

Holly Dayton, legislative liaison, TRA, testified that Amendment H5040-4A would impact the contribution sufficiency/deficiency for TRA due to the shorter amortization period.

- Chair Her moved Amendment H5040-4A. **MOTION PREVAILED.**
- Chair Her moved to authorize staff to make any necessary technical corrections to HF5040/SF4643. **MOTION PREVAILED.**
- Chair Her moved HF5040/SF4643, as amended, be recommended as the 2024 Omnibus Pension and Retirement Bill and this recommendation be forwarded to the House and Senate committees of jurisdiction. **MOTION PREVAILED.**

Adjournment

The meeting was adjourned at 10:17 a.m.