

The 2020 legislative session begins on February 11, 2020. PERA's legislative agenda includes five legislative proposals. The 2020 legislative agenda was approved by the PERA Board of Trustees at their December meeting.

PRIVATIZATION

The Board of Trustees considered two significant equity issues that exist within the privatization process. The first issue considered by the Board focused on the benefit inequity between Plan members. Currently individuals that cease to be PERA eligible due to the privatization of their local government employer may receive enhanced benefits beyond those available to the general membership. The second issue centered on the shift of costs from the privatized employer to the remaining participating employers and active members. When a public employer privatizes and no longer contributes to PERA, their portion of the unfunded liability is covered by other local government units that do continue to contribute. In considering these two issues, the Board approved three significant changes to the privatization process.

- Elimination of augmentation for future privatized employees.
- A reduction to two percent augmentation for current privatized employees and a subsequent elimination of augmentation for current privatized employees by December 2023.
- Future privatizing employers will be required to fully fund costs of benefits for their members.

LOCAL GOVERNMENT AID

During the 2019 legislative session, the PERA Board of Trustees voted to support the extension of the 1997 local government aid for PERA employers. The 1997 local government aid was established to offset increased employer costs until PERA reached full funding, however the aid is set to expire before PERA reaches full funding. The PERA Board of Trustees reaffirmed its support for the extension of the aid as part of 2020 legislative initiatives.

STATEWIDE VOLUNTEER FIREFIGHTER (SVF) PLAN

The PERA Board of Trustees reaffirmed support for the 2019 legislative changes that were not addressed during the 2019 session.

- A plan name change to Statewide Volunteer Firefighter Plan
- Allows for a fire chief to initiate a cost request
- Clarification of alternative service pension calculation rules
- Clarification of responsibility for coverage approval
- Language addressing vesting portability

In addition to these five legislative proposals. The PERA Board of Trustees approved language included in the 2019 Omnibus Retirement bill allowing for termination of participation in the SVF Plan. The last legislative proposal the PERA Board of Trustees supports is the State Auditor's Working Group recommendation regarding supplemental benefits.

PERA ADMINISTRATIVE CHANGES

The PERA Board of Trustees approved several administrative changes to PERA's governing statute Chapter 353. The administrative changes remove obsolete provisions, provide necessary clarification, and improve administration of the plans.

- **Phased Retirement (PRO):** This change clarifies that in order to participate in the PRO, an employee must remain in the same position. In addition, if a member violates a PRO agreement by exceeding the hours, the benefit is suspended the month the violation occurs.
- **Seasonal Employee Definition:** Currently, an employer must list an individual as a seasonal employee if they have met certain qualifications and have worked for the employer for 185 consecutive calendar days. The approved change modifies the 185 consecutive days to 6 months, which is consistent with the temporary employee timeframe.
- **Military Service Purchase:** In order to purchase prior military service, a member must be employed for six months. In addition, a member may purchase partial periods of service. The member must purchase the entire service period if under a year. If over a year, a member may purchase in six month increments.
- Other administrative changes include removal of obsolete provisions, consistency for retroactive payments, and clarification of minimum vesting requirements for Police and Fire survivor benefits.

RETIREMENT SYSTEMS ADMINISTRATIVE CHANGES

The PERA Board of Trustees approved several changes to Minnesota Statutes Chapter 356, which governs the retirement systems.

- Elimination of partial payments for refund repayments.
- Changes that address additional fee disclosure retirements, clarify the use of supplemental pension plans, and repeal unnecessary language.
- Provide for the ability for the executive director to reject incoming contributions that may jeopardize the plan's tax-qualified status.