



Date: February 8, 2024
To: PERA Board of Trustees
From: Doug Anderson, Executive Director
Amy Streng, Policy Coordinator
Subject: 2024 PERA Legislative Agenda

The 2024 legislative session begins on February 12, 2024. This memo presents legislative changes initiated by PERA staff that the Board will be requested to approve. The memo summarizes each topic and includes staff recommendations.

Executive Director Salary Range (Decision Item)

Minn. Stat. §353.03, subd. 3a sets the salary range for the executive director. Last year the Legislature eliminated the salary limit by striking the cap of 133 percent of the Governor's salary, thus removing the executive director's maximum statute. In addition, the requirement to add CPI-U adjustments annually was also removed. As a result of the cross-referencing being eliminated, there is no maximum salary or CPI-U adjustments for the executive director.

PERA staff worked with MSRS and TRA staff and the LCPR to determine language to address the salary range for the executive director. The language maintains the Board's authority to set the salary range and salary of the executive director. The language references a salary range in the managerial plan in effect under section 43A.18, subdivision 3. The board must designate the salary range and the salary of the executive director must not exceed the maximum for the salary range.

PERA staff recommends that the Board direct staff to work with MSRS and TRA staff to seek the legislation addressing the salary range for the executive director.

SVF Administrative Changes (Decision Item)

Minn. Stat. §353G.08, subd. 1 states that PERA shall determine the funding requirements of each account in the lump-sum division of the SVF Plan on or before August 1 of each year. Since the inception of the SVF Plan in 2010, PERA staff completes the annual reporting requirement. Due to the growth of the SVF Plan, staff has determined that this work would be more efficiently done via an automated process developed and executed upon by an outside vendor.

Annual reports include both a funding status update (funding ratio) and a determination of an annual contribution requirement for the governing body. Funding ratios for SVF plans tend to be relatively high. Very few plans are required to make a contribution. A significant amount of work is done to inform a very high percentage of plans that no contribution is required.

Staff recommends a change from an annual preparation of reports to bi-annual preparation of reports as an effective approach to significantly reduce administrative costs without adversely impacting the

commitment to inform stakeholders on the health and funding requirements of the plans. The SVF Advisory Board supports the change. The change from annual reporting to bi-annual reporting requires a legislative change.

PERA staff recommends that the Board direct staff to seek legislation to change annual reporting requirements from annual to bi-annual.