



Legislative Commission on Pensions and Retirement (LCPR)

Purpose, Operation, Composition, Staffing, History

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Prepared by LCPR Staff

Introduction

The Legislative Commission on Pensions and Retirement (“LCPR”) is a bi-partisan joint commission within the legislative branch of the State of Minnesota. It is called a “joint” commission because its members are legislators from both the House of Representatives and the Senate.

The LCPR is unique in the State’s legislative and executive branches in that it is the only body that is focused on pensions and retirement-related topics.

The LCPR was established as a permanent commission in 1967, when Minnesota Statute § 3.85 was enacted.

Purpose and Scope of Work

The purpose of the LCPR has evolved over time. Initially, its stated purpose was to “study and investigate public retirement systems.” (Minn. Stat. § 3.85, Subd. 1.)

The State’s pension plans are governed by a complex set of statutes

Today, the primary purpose of the LCPR is to consider and decide whether to recommend for passage legislation relating to the pension and defined contribution plans that provide retirement benefits for state, county, municipal, school district and other public employees across the State of Minnesota. Because the terms and conditions for benefits under these retirement plans are set forth in statute, legislation is required to make changes to benefits, adjust contribution levels, or enact measures to maintain the financial soundness of the plans.

In addition to its legislative work, LCPR performs the following functions:

LCPR oversees 3 statewide pension plans, a large school district plan, and over 700 volunteer firefighter plans

- Oversight of the operational and financial condition of the state-wide public pension funds: the Minnesota State Retirement System (MSRS), the Public Employees Retirement Association (PERA), and the Teachers Retirement Association (TRA);
- Oversight of the pension plan for the St. Paul school district and over 700 volunteer firefighter relief associations across the state;
- Review of the annual actuarial valuations and periodic experience studies for all the pension plans for public employees;
- Study and development of pension benefit design changes and, as appropriate, pension system reforms; and
- Consideration of retirement topics, in general, current events involving other states' public pension plans, changes in federal law related to pensions and retirement, and trends in the private sector for providing retirement benefits.

Operation and Procedures

During the legislative session, the LCPR functions like a House or Senate subcommittee with responsibility for bills related to pensions and retirement. The LCPR typically meets weekly to consider and hear testimony on proposed pension legislation introduced throughout the session. The Chair of the LCPR determines all meeting agendas and decides which bills will be heard.

When considering a bill, the LCPR takes testimony and engages in deliberations. Bills approved by the LCPR are typically compiled into a single omnibus pension bill. The LCPR concludes the legislative session with the approval of the omnibus pension bill. The LCPR then forwards the bill to the appropriate House and Senate committees with its recommendation. Currently, the committees of record for public pension bills are the House Committee on Government

Operations and Elections Policy and the Senate Committee on State Government Finance and Policy and Elections. Typically, committees do not schedule proposed pension legislation for a hearing until the legislation has been reviewed and recommended for approval by the LCPR.

The LCPR may meet during the interim between sessions. Interim meetings usually focus on pension and retirement issues that were raised during the legislative session but not resolved. Interim meetings give the LCPR more time to develop, research, and discuss new or complex issues in preparation for the upcoming legislative session.

LCPR staff drafts bills, conducts research, and prepares legal analysis at the request of legislators

If a legislator wishes to introduce a bill relating to pensions or retirement, the legislator or the legislator's staff may contact LCPR staff to request that a bill be prepared and to discuss any questions or concerns. LCPR staff will produce the bill, perform any related research of facts or law, and, if appropriate, prepare a memo that provides background information and analyzes the policy and legal implications. If the bill impacts one or more pension plans and the legislator has given consent, LCPR staff will work with staff at the pension plan to obtain additional background information and discuss possible alternatives for resolving the issue addressed by the bill.

Typically, when the legislator is satisfied with the form of the bill he or she wishes to introduce, the next steps are the following:

Steps for moving a pension bill through the legislature

- The legislator will introduce the bill in the House or Senate, as appropriate. Once the bill is introduced, it will be referred to the relevant committee of record, which will forward the bill to the LCPR for consideration.
- The legislator will contact the Chair of the LCPR to request a hearing on the bill at an upcoming meeting the LCPR.
- Staff will work with the legislator to provide as much notice as possible regarding when the bill will be considered by the LCPR and will arrange for testifiers, such as a pension plan director or the head of any agency impacted by the legislation.

- If the Chair so determines, the bill will be heard by the LCPR. Following testimony and member questions and comments, the Chair of the LCPR may take a vote to approve the bill or may decide to table the bill for further consideration at a future meeting.
- If the LCPR approves the bill, it is typically incorporated into the omnibus pension bill in process.
- At one of the last meetings of the LCPR, the LCPR will approve the omnibus pension bill and any amendments and return the bill, as amended, to the committee of record.
- The committee of record will hear the bill and the LCPR's recommendation and, typically, will approve the bill, possibly with amendments.
- The bill may need to be heard by other committees that have jurisdiction, such as the House or Senate finance or education committee.
- The final step in the legislative process is back to the House and the Senate for approval. If the bills in each chamber are not identical, they will proceed to a conference committee where a compromise bill is typically approved and then sent again to each chamber for final approval.

Typically, bills heard by the LCPR are effectively not subject to the deadlines by which a bill must have been favorably acted upon by the house of origin and thereafter by the other house, which would otherwise apply.

Composition and Members

The LCPR has 14 members

Currently, the LCPR consists of seven members of the House and seven members of the Senate, all of whom are appointed or re-appointed at the commencement of each biennium. A chair, vice-chair, and secretary are elected by the LCPR members at the commencement of each biennium. The officer positions alternate between House and Senate members each biennium.

2017-2018 Commission Officers



Chair
Sen. Julie A. Rosen



Vice Chair
Rep. Tim O'Driscoll



Secretary
Sen. Sandra L. Pappas

2017-2018 Commission Members

Senate Members



Gary H. Dahms



John R. Jasinski



Warren Limmer



Sandra L. Pappas



Julie A. Rosen



Dan Schoen



David H. Senjem

House Members



Tony Albright



Sarah Anderson



Mary Murphy



Tim O'Driscoll



Roz Peterson



Paul Thissen



Bob Vogel

LCPR Staff and Actuary

LCPR has three full-time non-partisan staff members

The LCPR has three full-time non-partisan staff members who assist the LCPR with meetings and other business and serve as a resource to any legislator interested in pension or retirement topics. The Executive Director and Deputy Director are attorneys, licensed and authorized to practice law in Minnesota.

LCPR Staff



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At the request of a legislator, LCPR staff will draft legislation, prepare background information, and provide policy and legal analyses of proposed legislation and existing law.

The LCPR retains its own consulting actuary, which performs work for the LCPR, at the request and with the oversight of the Executive Director or Deputy Director.

Check out the LCPR website: lcpr.leg.mn

The staff maintains a website (lcpr.leg.mn), which provides easy access to meeting agendas and materials, pending and approved pension bills, actuarial reports and experience studies on the pension funds, and issue briefs and background information on pension topics.

The Executive Director and the Deputy Director have access to a wide range of resources, including resources that provide answers to questions relating to federal law governing pensions and retirement. The staff subscribes to BNA's

Benefits Practice Resource Center and has memberships to the National Association of Public Pension Attorneys, National Council of State Legislators, and the Minnesota State Bar Association, which allow access to each of these entity's member resources.

Staff offices are located in Room 55 of the State Office Building. Room 55 is also the site of a collection of files and other information related to the LCPR and the State's public pension plans going back several decades.

LCPR History and Milestones

Over the years, the LCPR has operated in various forms and has dealt with an array of topics. The following is a timeline of the significant milestones leading up to the present day LCPR:

Timeline

1943: The Interim Commission to Study Minneapolis Pension System was created to review the Minneapolis public pension plans. Three Minneapolis Senators and three Minneapolis Representatives were appointed to the commission (Laws 1943, Ch. 449).

1945: The Interim Commission issued a report on the stability of the Minneapolis public pension plans, the fairness and cost of the benefits, and the possibility of plan consolidations.

1955: The Public Retirement Interim Commission was created to report on the state's public retirement plans in order to address PERA's severe underfunding and the need to provide a consistent source of employer funding for all plans (Laws 1955, Ch. 829).

1957-1965: The Public Retirement Interim Commission was reestablished four times to study pension problems and make recommendations through a biennial report (Ex. Sess. Laws 1957, Ch. 13; Ex. Sess. Laws 1959, Ch. 82; Laws 1963, Ch. 888, Sec. 9; and Laws 1965, Ch. 888, Sec. 5).

1965: The Public Retirement Interim Commission recommended creating a permanent Legislative Commission on Pensions.

1967-1971: The Commission transitioned from an interim commission focused on producing a biennial policy report to a policy advisory commission focused on processing proposed pension legislation. The Commission continued to issue a biennial report until the early 1980s.

1971: Legislation was enacted to eliminate the June 30, 1973 sunset date for the Commission.

1975: The Commission's name was changed to the Legislative Commission on Pensions and Retirement (Laws 1975, Ch. 271, Sec. 3).

1984: LCPR's duties were expanded to include issuing standards for public pension actuarial work and hiring an actuarial consulting firm to prepare the annual actuarial valuations of the state's largest public pension plans (Laws 1984, Ch. 564, Sec. 1-2).

1994: An independent consultant, retained by the Office of the Legislative Auditor, conducted a review on the adequacy of the oversight of local public employee pension plans and prepared a report for the Legislative Audit Commission.

1995: The LCPR, along with other legislative commissions, was scheduled to sunset on July 1, 1996. However, after conducting review hearings, the Legislative Coordinating Commission elected to continue the operation of the LCPR (Laws 1995, Ch. 248, Art. 2, Sec. 6).

1997: LCPR membership was increased from 10 members (five members from each body) to 12 members (six members from each body) (Laws 1997, Ch. 202, Art. 2, Sec. 5).

1999: LCPR membership was reduced to 10 members (Laws 1999, Ch. 222, Art. 20).

2004: The public pension plans were allowed to jointly retain a consulting actuary to issue the actuarial valuations and

experience studies rather than the LCPR's consulting actuary (Laws 2004, Ch. 223, Sec. 6).

2008: Each public pension plan was authorized to retain its own consulting actuary. The LCPR was permitted to retain a consulting actuarial firm to audit or review the plans' actuarial work (Laws 2008, Ch. 349, Art. 10).

2011: LCPR membership was increased from 10 members to 14 members. A new restriction was enacted that limited the number of members from each body that are from the majority political party to no more than five of the seven members, effective on January 16, 2013 (1st Spec. Sess. Laws 2011, Ch. 10, Art. 3, Sec. 1).

2016: Governor Dayton vetoed the omnibus pension bill for the first time in the history of the State.

2017: After the omnibus pension bill was combined with other unrelated bills, adopted by both the House and the Senate, and sent to Governor Dayton for signature, the Governor vetoed the bill and issued a statement that the veto was because of the non-pension articles in the bill.

LCPR Budget

Until 1995, the LCPR received a specific direct appropriation from the Legislature. A statutory change in 1995 modified that process, combining various joint legislative agency budget amounts into a single appropriation to the Legislative Coordinating Commission ("LCC") and specifically allocating appropriation amounts only to the Office of the Revisor of Statutes, the Legislative Reference Library, and the Office of the Legislative Auditor. This began the current practice in which the LCC allocates to the LCPR its biennial budget and those of other legislative commissions and offices.

During each legislative session in which a budget is approved (*i.e.*, in the odd-numbered years), the LCPR Executive Director prepares a budget proposal within the guidelines

established by the LCC, which is incorporated into the LCC's budget for approval by the LCC, and eventually by the House State Government Finance Committee and the Senate State Government Finance and Policy and Elections Committee.

The LCPR budget includes funding for staff salaries and benefits, per diems and other expenses for legislators, fees for the retained consulting actuary, office supplies and equipment, and staff education and training.

Other States

Minnesota is not the only state with a body devoted to the oversight of pensions and retirement. According to a 2015 report published by the National Association of State Retirement Administrators, the following states have a joint legislative committee or commission focused on pensions and retirement:

- Arkansas
- Iowa
- Kansas
- Maryland
- Missouri
- Nevada
- New Mexico
- North Dakota
- South Carolina
- Tennessee
- Virginia
- Washington
- West Virginia
- Wisconsin

A number of states have standing committees in either the state's house of representatives or senate or both houses that have direct responsibility for pensions and retirement.

Finally, a number of states have pension-related commissions, panels, or boards located within the executive branch:

- California
- Kentucky
- Massachusetts
- New Jersey
- Ohio
- Oklahoma
- Pennsylvania
- Rhode Island
- Texas
- Vermont
- West Virginia