

NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

EMPLOYEE BENEFITS PROGRAMS COMMITTEE

Monday, September 23, 2002
Harvest Room, State Capitol
Bismarck, North Dakota

Representative Bette Grande, Chairman, called the meeting to order at 9:00 a.m.

Members present: Representatives Bette Grande, Glen Froseth, Joe Kroeber, Francis J. Wald; Senators Ralph L. Kilzer, Karen K. Krebsbach, Stanley W. Lyson, Tim Mathern

Member absent: Representative Wayne W. Tieman

Others present: See Appendix A

It was moved by Representative Wald, seconded by Representative Froseth, and carried on a voice vote that the minutes of the August 15, 2002, meeting be approved as distributed.

At the request of Chairman Grande, committee counsel distributed a copy of the May 2002 *Retirement Today* newsletter, a copy of the May 2002 *Report Card* newsletter, and a copy of the September 2002 *Your Vested Interest* newsletter, which are on file in the Legislative Council office.

PUBLIC EMPLOYEES RETIREMENT SYSTEM

Defined Contribution Retirement Plan

Chairman Grande recognized Representative Duane DeKrey who reviewed Employee Benefits Programs Committee Bill No. 26 [30026.0100]. Representative DeKrey said the bill draft provides that members of the Legislative Assembly may participate in the defined contribution retirement plan. He said it is difficult to attract people to run for and serve in the Legislative Assembly and this bill draft is designed to make legislative service more attractive to potential candidates. However, he said, the bill draft should be amended to make participation optional and the bill draft should be funded by employee contributions.

Chairman Grande recognized Mr. Sparb Collins, Executive Director, Public Employees Retirement System (PERS). Mr. Collins distributed a copy of the technical comments prepared by The Segal Company, the consultant and actuary for the Public Employees Retirement System, for the bill draft, a copy of which is attached as Appendix B. He also distributed a summary of proposed legislation, identification of issues, and observations and suggested amendments to the Employee Benefits Programs Committee bill drafts affecting systems administered by the Public Employees Retirement System, a copy

of which is attached as Appendix C. He said the Public Employees Retirement System Board is suggesting that the bill draft be amended to provide an appropriation for the retroactive payment of contributions for the first six months of legislator eligibility as well as for future contributions and that the bill draft should be amended to clarify how the Public Employees Retirement System is to handle a legislator who is already in the defined benefit plan or who is later employed by an employer that provides Public Employees Retirement System coverage.

TEACHERS' FUND FOR RETIREMENT

Chairman Grande recognized Ms. Fay Kopp, Deputy Executive Director, Retirement and Investment Office, who reviewed Employee Benefits Programs Committee Bill No. 52 [30052.0100]. A copy of Ms. Kopp's written comments is attached as Appendix D, a copy of the actuarial analysis and technical comments prepared by Gabriel, Roeder, Smith & Company, the consultant and actuary for the Teachers' Fund for Retirement (TFFR), is attached as Appendix E, and a copy of the actuarial analysis and technical comments prepared by Gabriel, Roeder, Smith & Company for the amendments proposed by the Teachers' Fund for Retirement Board is attached as Appendix F. She said the bill draft incorporates administrative changes proposed by the Teachers' Fund for Retirement Board to clarify the statutes governing the Teachers' Fund for Retirement, enables the board to administer the plan more efficiently, and adds benefit payment options. In addition, she said, the bill draft incorporates various federal tax law changes to increase contribution limits and expand portability as authorized by the Economic Growth and Tax Relief Reconciliation Act of 2001. Finally, she said, the board is recommending an amendment to allow participating employers to purchase additional service credit on behalf of members under certain conditions. She said there are no actuarial costs to the bill draft.

In response to a question from Representative Wald, Ms. Kopp said the Teachers' Fund for Retirement Board is not expanding the definition of salary but codifying current practice and thus the bill draft will not require employers to increase their retirement contributions.

In response to a question from Representative Froseth, Ms. Kopp said all compensation that is not excluded as salary in the definition of salary is included as salary and employee housing allowances are excluded. She said if an employee and employer have a dispute as to whether compensation is included as salary for purposes of determining retirement benefits, that dispute is resolved by the Teachers' Fund for Retirement Board.

In response to a question from Representative Wald, Ms. Kopp said for purposes of the Teachers' Fund for Retirement, a teacher is disabled if that person is unable to teach due to a disability. However, she said, under that definition an individual may still be able to perform other activities, but if the teacher is unable to teach due to the disability, the individual is considered disabled for purposes of the Teachers' Fund for Retirement.

It was moved by Representative Froseth, seconded by Senator Krebsbach, and carried on a voice vote that the committee approve the amendments to Employer Benefits Programs Committee Bill No. 52 requested by the Teachers' Fund for Retirement Board.

UNIFORM GROUP INSURANCE PROGRAM

Chairman Grande recognized Mr. Greg Sund, City Administrator, City of Dickinson, who reviewed Employee Benefits Programs Committee Bill No. 25 [30025.0100]. Mr. Sund said the bill draft allows retirees who have accepted a retirement allowance from a political subdivision's retirement plan to elect to participate in the uniform group insurance program without meeting minimum requirements at age 65, when the employee's spouse reaches age 65, upon the receipt of a benefit, or when the spouse terminates employment.

Chairman Grande recognized Mr. Collins who identified several issues and observations the Public Employees Retirement System Board has concerning the bill draft, which are included in Appendix C, and the technical comments and expected financial impact prepared by Deloitte & Touche, the health insurance consultant for the Public Employees Retirement System Board, a copy of which is attached as Appendix G. He said the board is proposing that the bill draft be amended to extend its provisions only to political subdivisions that are part of the Public Employees Retirement System health plan, to prohibit participation by temporary employees, and to change the eligible events to include when a political subdivision enrolls in the state uniform group health insurance program. He said Deloitte & Touche noted the bill draft could subject the Public Employees Retirement System health plan to significant adverse selection and does not allow retirees of political subdivisions joining the plan to enroll.

In response to a question from Representative Wald, Mr. Collins said the bill is not retroactive.

PUBLIC EMPLOYEES RETIREMENT SYSTEM MAIN SYSTEM

Chairman Grande recognized Mr. Collins who reviewed Employee Benefits Programs Committee Bill No. 53 [30053.0100]. A summary of issues, observations, and suggestions prepared by the Public Employees Retirement System Board is included in Appendix C and the technical comments prepared by The Segal Company are attached as Appendix H. He said the bill draft clarifies that elected county officials may elect to participate in the defined benefit plan within the first six months of their terms; clarifies that certain nonstate appointed officials, effective August 1, 1999, must participate in the defined benefit plan; changes the definition of governmental unit to exclude the Highway Patrol for members of the Highway Patrolmen's retirement plan; permits acceptance of trustee-to-trustee transfers from Internal Revenue Code Section 403(b) plans and governmental 457 plans through the defined benefit plan in order to purchase permissive service credit or repay a cashout amount; provides authority to the Public Employees Retirement System Board to establish deemed IRAs under Internal Revenue Code Section 408(q) within the defined benefit plan and to adopt rules to administer such deemed IRAs; clarifies the rules for an employee who has service credit in both the system and with the Teachers' Fund for Retirement and/or the Highway Patrolmen's retirement system, allowing employees with service in both the Public Employees Retirement System and the Teachers' Fund for Retirement or Highway Patrolmen's retirement system to count such other service when calculating final average salary; eliminates the provision that allowed vested employees in the defined benefit plan to purchase service in order to qualify for normal retirement and instead allows vested participants in the defined benefit plan to purchase up to five years of service unrelated to prior governmental service and any amount of prior service with a governmental unit outside the state, and that the employer may purchase permissive service credit for employees; clarifies that members or surviving spouses of members in the Highway Patrolmen's retirement system, Public Employees Retirement System, or Job Service North Dakota retirement plan are eligible to receive benefits from the retiree health benefits fund on the date retirement benefits are effective, rather than on the date received; provides rules for determining qualified status of a domestic relations order for members in the deferred compensation plan; and allows employers to purchase service credit for their employees, including periods of unused sick leave that are converted to service credit under the defined benefit plan at termination. He said the board is also proposing several technical

amendments that are included in Appendix C. He said the Public Employees Retirement System Board was recently advised by the Attorney General concerning the applicability of the Uniformed Service Employment and Reemployment Rights Act of 1994 to the statutes governing the Public Employees Retirement System and is proposing that this issue also be addressed in the amendments proposed by the board.

It was moved by Senator Mathern, seconded by Senator Lyson, and carried on a voice vote that the committee approve the amendments to Employee Benefits Programs Committee Bill No. 53 requested by the Public Employees Retirement System Board.

Chairman Grande recognized Mr. Collins who reviewed Employee Benefits Programs Committee Bill No. 54 [30054.0100]. A summary of the proposed legislation, identification of issues, and observations of the Public Employees Retirement System Board is included in Appendix C and the technical comments prepared by The Segal Company are attached as Appendix I. He said the bill draft provides a 2 percent postretirement increase for retirees and beneficiaries and prior service retirees who are receiving retirement benefits on July 31, 2003, and an additional 2 percent increase for those receiving benefits on July 31, 2004. He said it appears the bill draft will have an actuarial impact on the defined benefit plan.

Chairman Grande recognized Mr. Collins who reviewed Employee Benefits Programs Committee Bill No. 55 [30055.0100]. A summary of the proposed legislation, identification of issues, and observations of the Public Employees Retirement System Board is included in Appendix C and the technical comments prepared by The Segal Company are attached as Appendix J. He said the bill draft provides a 2 percent postretirement increase for judges and beneficiaries who are receiving retirement benefits on December 31, 2003, and an additional 2 percent increase for those receiving benefits on December 31, 2004. He said it appears the bill draft will have an actuarial impact on the defined benefit plan.

Chairman Grande recognized Mr. Collins who reviewed Employee Benefits Programs Committee Bill No. 56 [30056.0100]. A summary of the proposed legislation, identification of issues, and observations of the Public Employees Retirement System Board is included in Appendix C and the technical comments prepared by The Segal Company are attached as Appendix K. He said the bill draft changes the default form of retirement benefits for National Guard security officers and firefighters from a single life annuity to a level Social Security option, and the level Social Security option would not be reduced to an actuarially equivalent amount but would be subsidized by the system. That is, he said, under the level Social Security option, the amount of monthly retirement benefits would be increased prior to the age the participant

would receive Social Security benefits to account for the estimated amount of the Social Security benefits but would not be reduced below the original single life annuity amount once the participant reaches the age the participant would receive Social Security benefits. He said it appears the bill draft will have an actuarial impact on the defined benefit plan.

Chairman Grande recognized Mr. Wayne Kindem, Director, Administrative Services, Job Service North Dakota, who reviewed Employee Benefits Programs Committee Bill No. 60 [30060.0100]. A copy of Mr. Kindem's written comments is attached as Appendix L. He said the bill draft transfers administrative authority for the Job Service retirement plan from Job Service North Dakota to the Public Employees Retirement System Board.

Chairman Grande recognized Mr. Collins who reviewed the technical comments for the bill draft, a copy of which are attached as Appendix M. He said it does not appear the bill draft will have an actuarial impact on the defined benefit plan of the Public Employees Retirement System. He said the board is proposing an amendment to add an additional full-time equivalent position to implement and administer the new plan. However, he said, the purpose of the amendment is to convert a temporary position to a full-time position and thus no associated funding is being requested.

In response to a question from Representative Grande, Mr. Kindem said Job Service North Dakota supports the amendment.

In response to a question from Representative Froseth, Mr. Kindem said Job Service North Dakota employees hired since the Job Service plan was closed to new entrants in 1980 are members of the Public Employees Retirement System main system.

In response to a question from Representative Grande, Mr. Collins said one of the reasons the Public Employees Retirement System Board supports transferring administration of the Job Service retirement plan to the Public Employees Retirement System is because it will help the board lower its cost of administering each program by spreading its costs over more programs.

In response to a question from Senator Krebsbach, Mr. Kindem said if the Job Service retirement plan became underfunded, two events would be triggered. First, he said, an employer contribution to fund the normal cost of the system based upon the recommendations of its actuarial consultant would commence and, second, Job Service North Dakota would be able to reinstitute the federal government's amortization of the initial unfunded liability frozen when the plan became fully funded in 1997.

In response to a question from Representative Grande, Mr. Collins said the Job Service retirement plan is significantly different from the Old-Age and Survivor Insurance System plan because the Job Service plan is fully funded and all future liabilities are

accounted for while the Old-Age and Survivor Insurance System plan is a "pay as you go" plan.

It was moved by Senator Mathern, seconded by Representative Kroeber, and carried on a voice vote that the committee approve the amendments to Employee Benefits Programs Committee Bill No. 60 requested by the Public Employees Retirement System Board.

Chairman Grande recognized Senator Elroy N. Lindaas who reviewed Employee Benefits Programs Committee Bill No. 28 [30028.0100]. He said the bill draft provides that payments for overtime earned by employees of the North Dakota Mill and Elevator Association must be included as wages and salaries for purposes of calculating benefits under the Public Employees Retirement System. He said the Mill and Elevator Association is unique in that a large portion, sometimes more than one-half, of an employee's compensation is overtime which is not used in calculating that individual's retirement benefit.

Chairman Grande recognized Mr. Jeff Stoa, employee, State Mill and Elevator Association. A copy of Mr. Stoa's written comments is attached as Appendix N. He discussed compensation issues at the State Mill and Elevator.

In response to a question from Senator Lyson, Mr. Stoa said mill employees are not adverse to putting in the overtime, but they would like it to be counted toward their retirement benefits.

Chairman Grande recognized Mr. Greg Olimb, employee, State Mill and Elevator Association. A copy of Mr. Olimb's written comments is attached as Appendix O. He discussed compensation issues at the State Mill and Elevator.

In response to a question from Senator Mathern, Mr. Ed Barchenger, Controller and Financial Manager, State Mill and Elevator Association, said the management of the Mill and Elevator Association opposes the bill draft and the Industrial Commission has not yet taken a position on the bill draft.

In response to a question from Representative Grande, Mr. Barchenger said part of the overtime situation is caused by the difficulty the Mill and Elevator Association is having in finding qualified employees. He said the unemployment rate is very low in Grand Forks and the mill has had difficulty finding qualified employees.

In response to a question from Representative Kroeber, Mr. Barchenger said the mill is authorized 121 full-time equivalent positions, 117 of which are currently filled.

Chairman Grande recognized Mr. Collins who reviewed the technical comments prepared by The Segal Company for the bill draft, which are attached as Appendix P. He said the bill draft should be amended to provide an appropriation to the Mill and Elevator Association to pay for the additional contributions required to fund the inclusion of overtime in retirement benefits and Section 2 of the bill draft,

which relates to the defined contribution retirement plan, should be eliminated.

Chairman Grande recognized Senator Mathern who said the management of the Mill and Elevator Association finds the current method of compensation attractive for competitive purposes, but noted that employees should be properly compensated and it is in the best interests of the mill to do so.

Chairman Grande recognized Senator Lyson who said if overtime is counted for purposes of determining retirement benefits for Mill and Elevator employees, it should be done for all members of the system so that all employees are treated equally.

Chairman Grande recognized Mr. Collins who reviewed Employee Benefits Programs Committee Bill No. 57 [30057.0100] and the technical comments prepared by The Segal Company for the bill draft. A summary of his identification of issues, observations, and suggested amendments for the bill draft is contained in Appendix C and the technical comments are attached as Appendix Q. He said the bill draft affects the Highway Patrolmen's retirement system and would allow the system to accept trustee-to-trustee transfers from Internal Revenue Code Section 403(b) plans and governmental 457 plans to purchase permissive service credit or repay a cashout amount; provides authority to the Public Employees Retirement System Board to establish deemed IRAs under Internal Revenue Code Section 408(q) within the defined benefit plan and to accept rules to administer such deemed IRAs; replaces the Rule of 80 with a service requirement of 25 years for normal retirement; clarifies the rules for an employee who has service in both the Highway Patrolmen's retirement system and with the Teachers' Fund for Retirement, TIAA-CREF, and/or the Public Employees Retirement System, allowing employees with service in both the Highway Patrolmen's retirement system and the Teachers' Fund for Retirement or the Public Employees Retirement System to count such other service when calculating average highest salary; eliminates the provision that allows vested employees in the system to purchase service in order to qualify for normal retirement and allows vested participants in the defined benefit plan to purchase up to five years of service unrelated to prior governmental service; allows employers to purchase service credit for their employees, including periods of unused sick leave that are converted to service credit under the defined benefit plan at termination; provides rules for confidentiality of employee records; and provides a 2 percent postretirement increase for retirees and beneficiaries who are receiving retirement benefits on July 31, 2003, and an additional 2 percent increase for those receiving benefits on July 31, 2004. He said it appears the bill draft will have an actuarial impact on the Highway Patrolmen's retirement system with respect to the 2 percent postretirement increases in 2003 and 2004.

It was moved by Senator Mathern, seconded by Representative Froseth, and carried on a voice vote to approve the amendments to Employee Benefits Programs Committee Bill No. 56 requested by the Public Employees Retirement System Board.

Chairman Grande recognized Mr. Brian Klipfel, Administrative Services Commander, Highway Patrol. A copy of Mr. Klipfel's written comments concerning the merger of the Truck Regulatory Division and the Highway Patrol in 1983 and the subsequent treatment of Truck Regulatory Division employees is attached as Appendix R.

In response to a question from Representative Wald, Mr. Collins said if the issue is normal retirement date, aged 55, then Truck Regulatory Division employees could be included in the National Guard retirement system because those members participate in the Social Security system just like the employees of the Truck Regulatory Division, whereas participants in the Highway Patrolmen's retirement system do not receive Social Security benefits.

Mr. Collins distributed an individual case analysis comparing the retirement benefits of a member of the Highway Patrol who has been employed for 24 years, is eligible to retire at the age of 55, and would have 32.5 years of service at retirement. A copy of the analysis is attached as Appendix S.

DEFINED CONTRIBUTION RETIREMENT PLAN

Chairman Grande recognized Mr. Collins who reviewed Employee Benefits Programs Committee Bill No. 58 [30058.0100] and the technical comments prepared by The Segal Company for the bill draft. A summary of the proposed legislation, identification of issues, observations, and suggested amendments is included in Appendix C and a copy of the technical comments is attached as Appendix T. He said the bill draft clarifies the timing at which a participant in the defined contribution plan, or the participant's surviving spouse, is eligible to receive benefits from the retiree health benefits fund; provides that temporary employees may participate in the defined contribution plan if the temporary employee makes or has made an election to participate within 90 days of employment until reclassification as a permanent employee or termination of employment; allows participants in the defined contribution plan to make voluntary pretax contributions to the defined contribution plan; and increases the period during which a former participant may waive receipt of his or her vested account balance from the defined contribution plan following termination of employment from 30 days to 100 days. He said it does not appear that a governmental defined contribution plan can allow employees to make voluntary pretax contributions under Internal Revenue Code Section 401(a) and allowing temporary employees to participate in the plan will have an

actuarial impact on the retiree health benefits fund resulting in the 1 percent employer contribution not being sufficient to fund the benefit for this group. Thus, he said, the Public Employees Retirement System Board is withdrawing this bill draft from further consideration by the committee and is including the two sections that remain in the bill as a part of the amendments to Employee Benefits Programs Committee Bill No. 53.

Chairman Grande recognized Mr. Collins who reviewed Employee Benefits Programs Committee Bill No. 18 [30018.0100]. A copy of the technical comments prepared by The Segal Company is attached as Appendix U, an estimate of the projected costs for the bill prepared by the Public Employees Retirement System Board is attached as Appendix V, and a copy of a letter sent to participants in the current defined contribution retirement plan is attached as Appendix W. He said the bill draft would allow existing and newly hired classified and nonclassified state employees, except Supreme Court and district court judges and employees under the jurisdiction of the Board of Higher Education, to participate in the defined contribution retirement plan. He said the board is estimating that it will cost \$553,588 in administrative expenses to fund the bill.

UNIFORM GROUP INSURANCE PROGRAM

Chairman Grande recognized Mr. Collins who reviewed Employee Benefits Programs Committee Bill No. 59 [30059.0100]. A copy of the review prepared by Deloitte & Touche is attached as Appendix X, and a memorandum concerning the renewal rate differences between Deloitte & Touche and Blue Cross Blue Shield of North Dakota is attached as Appendix Y. He said the bill draft increases the minimum number of weekly hours eligibility requirement to participate in the uniform group insurance program from 17.5 to 20 hours for new employees hired after August 1, 2003. He said the bill draft also mandates that any retiree who has met the eligibility requirements and continually paid the required premiums may continue to remain eligible to participate in the uniform group insurance program. He said Blue Cross Blue Shield of North Dakota is proposing a 6 percent per year increase for providers which is half of the 12 percent total increase assumed by Blue Cross Blue Shield for each year of the next biennium.

In response to a question from Representative Wald, Mr. Collins said the proposed health care increase equates to approximately \$35 million for state employees. He said if political subdivision employees are included, the health care increase will be higher. Of the \$35 million increase, he said, approximately \$17 million of the increase is for providers.

Concerning the bill draft, Mr. Collins said the Public Employees Retirement System Board is

proposing several amendments to the bill draft in light of the review by the consultants. He said as a result of the renewal process with Blue Cross Blue Shield of North Dakota, the board is proposing several changes to make the health plan more competitive. He said these changes include revising the statutes governing the bidding process, allowing for self-administration, and developing an independent provider network. To address rising costs, he said, the board is seeking authorization to establish incentives for employer-based wellness programs and as a result of federal law requirements, the Public Employees Retirement System needs to make several changes to its confidentiality statutes. To implement the provisions to make the Public Employees Retirement System more competitive, and to create a wellness program, he said, the board is requesting one additional full-time equivalent position and associated appropriation authority. A copy of the proposed amendments are included in Appendix C.

In response to a question from Representative Grande, Mr. Collins said he will request Deloitte & Touche to compare health care costs and increases for state health insurance systems for which it provides consultant services.

It was moved by Senator Mathern, seconded by Representative Kroeber, and carried on a voice vote that the committee approve the amendments to Employee Benefits Programs Committee Bill No. 59 requested by the Public Employees Retirement System Board.

Chairman Grande recognized Mr. Collins who reviewed the technical comments for Employee Benefits Programs Committee Bill No. 69 [30069.0100], a copy of which is attached as Appendix Z. He said the bill draft expands participation in the state's uniform group insurance program by permitting permanent and temporary employees of private sector employers and uninsured private citizens to participate in the Public Employees Retirement System's plans subject to certain conditions.

Chairman Grande recognized Mr. Michael L. Fix, Director of the Life/Health Division and Actuary, Insurance Department. A copy of Mr. Fix's written comments concerning health care cost trends, companies providing coverage in North Dakota, and the uninsured population in North Dakota is attached as Appendix AA.

Chairman Grande recognized Mr. John Graham, Centralized Services (Unemployment Insurance) Director, Job Service North Dakota. Mr. Graham reviewed Employee Benefits Programs Committee Bill No. 61 [30061.0100] which increases primary insurance benefits under the Old-Age and Survivor Insurance System fund. He said Job Service North Dakota is also proposing to transfer administration of the Old-Age and Survivor Insurance System to the Public Employees Retirement System. A copy of his testimony is attached as Appendix BB, and an

amendment to transfer authority to administer the Old-Age and Survivor Insurance System to the Public Employees Retirement System is attached as Appendix CC.

In response to a question from Representative Froseth, Mr. Collins said the Public Employees Retirement System Board has agreed to accept responsibility to administer this program.

In response to Mr. Collins' comments, Senator Mathern said this proposal is good in that it increases governmental efficiency by centralizing all retirement plans within the Public Employees Retirement System.

It was moved by Senator Mathern, seconded by Representative Kroeber, and carried on a voice vote that the committee approve the amendments to Employee Benefits Programs Committee Bill No. 61 requested by Job Service North Dakota.

LAW ENFORCEMENT AND CORRECTIONAL OFFICER RETIREMENT PROGRAM STUDY

Chairman Grande recognized Mr. Collins who reviewed the revised technical comments for the bill draft [30017.0200] relating to a law enforcement and correctional officer retirement program, a copy of which is attached as Appendix DD. He said using asset transfer Method 1, the Rule of 85 will cost an additional \$91,473 or .79 percent of compensation, a normal retirement date of aged 50 with 20 years of service will cost an additional \$230,923 or 1.99 percent of compensation, a multiplier of 2.20 percent will cost an additional \$336,111 or 2.89 percent of compensation, and a multiplier of 2.50 percent will cost an additional \$774,933 or 6.66 percent of compensation.

Chairman Grande recognized Mr. Matthew Wilke, Bismarck Firefighters Relief Association. Mr. Wilke said the Bismarck Firefighters Relief Association may want to be considered for inclusion in the law enforcement retirement bill draft.

Chairman Grande recognized Mr. Terry Wagner, Fargo Firefighters Relief Association. He said Fargo firefighters do not receive Social Security benefits and thus would not want to be considered for inclusion in the law enforcement retirement bill draft at this time. However, he said, at some future date, the Fargo firefighters may wish to be included. He said Grand Forks and Minot firefighters participate in the Social Security system.

Chairman Grande recognized Senator Mathern. He said since the bill draft contains a normal retirement date of age 55 and there are several law enforcement and correctional officers eligible for the plan who would meet the Rule of 85 before age 55, the law enforcement and correctional officer retirement plan should include a Rule of 85 so that these individuals will not be required to work longer than they would under existing law.

It was moved by Representative Kroeber, seconded by Senator Lyson, and carried on a voice vote that the Legislative Council staff be requested to redraft the bill draft relating to a law enforcement and correctional officer retirement program to include a Rule of 85.

Chairman Grande announced that the next meeting will be Monday, October 28, 2002, at which time the committee will receive the July 1, 2002, actuarial valuations for the Teachers' Fund for Retirement and the Public Employees Retirement System as well as final actuarial information on each of the bill drafts submitted to the committee.

No further business appearing, Chairman Grande adjourned the meeting at 4:15 p.m.

Jeffrey N. Nelson
Committee Counsel

ATTACH:30