

The **Association** report

from the **Capitol**

Mar. 4, 2010

Extensive discussions this week with key legislators indicate that changes are coming for our retirement system but will not likely happen this year and then only for employees hired in the future.

On Wednesday (Mar. 3) Association President Archie Daily and I met with house and senate members who are most involved with retirement legislation. This included a meeting with Sen. Charlie Shields who is pushing a change to a “defined contribution” retirement system for MPERS and MOSERS. Sen. Shields said the current system, that of “defined benefits” is “not sustainable.” He explained that MPERS investments are not keeping pace with benefit demands and the result is an increasing demand on highway funds to keep the system viable. Sen. Shields has said in the past that he favors a trend of higher, more competitive salaries for state employees with less emphasis on benefits and holidays.

Earlier in the day, we met with the House Retirement Committee Chairman, Rep. Jim Viebrock, who has a different plan for retirement legislation this year. Rep. Viebrock said he agrees that some of the state’s retirement plans need changes, however, he added that current economic conditions are not favorable for major structural changes in the retirement systems. Most experts in the field agree that a change from a defined benefit to a defined contribution system would cost millions in its first years of implementation.

Sen. Shields’ bill, SB896, was reported “do pass” in senate committee on Feb. 25. It is expected to come up for senate debate sometime after the legislative spring break which runs from Mar. 4 through Mar.15. It is uncertain whether Sen. Shields’ bill will pass the senate. However, Rep. Viebrock said if the senate does pass the bill, he does not intend for it to leave his committee in the house.

Mr. Daily and I also met with Sen. John Griesheimer and Rep. Charlie Schlottach, who are members of the MPERS board of directors. More bills making significant changes in the state’s retirement systems were filed on Monday. I’ll have more details about those bills and the progress of SB896 in reports after the legislative spring break.

**From Harry Hill, Lobbyist
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