



07 - 0178

February 13, 2007

The Honorable Ann H. Rest, Chair
State and Local Government Operations and Oversight Committee
Capitol Building, Room 205
75 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155-1606

Dear Senator Rest:

During the 2004 legislative session, Minnesota Statute 354.44, subdivision 6, paragraph (f) was enacted. This provision states that "no retirement annuity is payable to a former employee with a salary that exceeds 95 percent of the governor's salary unless and until the salary figures used in computing the highest five successive years average salary... have been audited by the Teachers Retirement Association" and determined to be permissible salary under the Teachers Retirement Association Statutes. In addition, Chapter 267, Article 7, Section 9 was enacted that requires a report disclosing impermissible salary inclusion for superintendents, assistant superintendents and principals. A copy of this provision is enclosed.

During the 2006 calendar year, 23 superintendents, 2 assistant superintendents, and 86 principals retired. Of this group, 17 had salary that exceeded 95 percent of the governor's salary in the computation of their highest five successive years' average salary and were audited, in accordance with M.S. 354.44, subdivision 6, paragraph (f), by our association for compliance with the salary requirements and severance payment limitations.

You will receive a similar report before February 15, 2008, for the pertinent members during the 2007 calendar year.

If you have any questions, please feel free to contact me at 651-296-6523 or e-mail me at laurie.hacking@state.mn.us.

Sincerely,

Laurie Fiori Hacking
Executive Director

Enclosures Chapter 267, Article 7, Section 9
Report on Certain Salary Audit

- c. Senator Lawrence Pogemiller, Chair, Legislative Commission on Pensions and Retirement
- Representative Gene Pelowski, Jr., Chair, Governmental Operations, Reform, Technology and Elections
- Lawrence Martin, Executive Director, Legislative Commission on Pensions and Retirement

Chapter 267, Article 7, Section 9

Sec. 9. [TRA; REPORT ON CERTAIN SALARY AUDITS.]

(a) The executive director shall report to the chair of the Legislative Commission on Pensions and Retirement, the chair of the Committee on Governmental Operations and Veterans Affairs Policy of the house of representatives, and the chair of the State and Local Government Operations Committee of the senate on the number of superintendents, assistant superintendents, and principals who retired during the most recent calendar year, the number of superintendents, assistant superintendents, and principals where the preretirement salary audit under Minnesota Statutes, section 354.44, subdivision 6, paragraph (f), disclosed an impermissible salary inclusion amount, the school district or districts in which impermissible salary inclusions occurred, the average amount of the impermissible salary inclusions where there were impermissible salary inclusions, and the range of impermissible salary inclusions.

(b) When a report is due, the report must be filed on or before February 15.

(c) Reports under this section must be made for calendar years 2004 and 2005. A report under this section also must be filed for calendar years 2006 and 2007 if the report for calendar year 2005 indicates that there were impermissible salary inclusions that occurred during the calendar year.

Report on Certain Salary Audit

Chapter 267, 2004 Omnibus Pension Bill

District Name	Position	Amount	Type
Hopkins ISD #270	Principal	\$650	Salary paid not in administrative contract
Interim School District #917	Superintendent	\$17,000	Payment in lieu of benefit
Roseville ISD #623	Superintendent	\$27,200	Payment in lieu of benefit