



# Teachers Retirement Association

60 Empire Drive • Suite 400 • St Paul MN 55103-4000

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February 14, 2008

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 2007 calendar year, 13 superintendents, 0 assistant superintendents, and 29 principals retired. Of this group, 10 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.

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](mailto: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

<b>District Name</b>	<b>Position</b>	<b>Fiscal Year</b>	<b>Amount</b>	<b>Type</b>
So St Paul #6	Superintendent	FY03	\$1,500	Additional payment not listed in Administrative contract
Norwood #108	Superintendent	FY04	\$4,076.90	Lump sum annual vacation payment
North Branch #138	Superintendent	FY02	\$460	Payment in lieu of benefit
Lakeville #194	Superintendent	FY00-05	\$10,853.95	Lump sum annual vacation payment
Randolph #195	Superintendent	FY02	\$2,300	Wellness and lump sum vacation
Rosemount Apple Valley #196	Principal	FY04-05	\$10,700	Additional payment not listed in Administrative contract
Rochester #535	Superintendent	FY01	\$1,845	Payment in lieu of benefit
So Washington Cty #833	Principal	FY04	\$265	Additional payment not listed in Administrative contract
Buffalo # 877	Principal	FY05	\$810	Additional payment not listed in Administrative contract
NRHEG #2168	Superintendent	FY99-07	\$27,634.30	Additional payment not listed in Administrative contract & payment in lieu of benefits