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## **State workforce, national pension trends discussed at LCPR**

The Legislative Commission on Pensions and Retirement (LCPR) on Tuesday heard a presentation on national public pension trends from Alex Brown, research manager at the National Association of State Retirement Administrators (NASRA), and testimony from State Demographer Susan Brower on trends and forecasts for public employment in Minnesota.

Brown called attention to differences between Minnesota and other areas of the United States in pension policy and spending. He noted that the employer-employee contribution rate in Minnesota is more evenly split than in other states (most often the employer contribution rate is higher than the employee's share).

He said that nationally in fiscal year 2015, about 4.6 percent of state and local government spending went to pensions. In Minnesota, only about 2.3 percent of state and local government spending went to pensions. In addition, the normal retirement age in Minnesota, age 66, is higher than the national median of age 63. Minnesota public workers also fund a higher percentage of their benefits than the national median. Brown mentioned some of the reforms in the U.S. in recent years, including lowering benefits, raising contributions, conversion to hybrid plans, and the transfer of risk from employer to employee.

Brower presented data on Minnesota's aging population, the resulting projected workforce changes, and the impact of growing diversity on the state labor force. The transition to an older Minnesota has begun, and the aging of the population will change demand for public services – especially health and human services and K-12 education, she said. As baby boomers continue to transition to retirement, labor force growth is projected to slow over the next decade, transforming the state workforce in the process.

Brower said that the state government workforce is heavily weighted toward older workers, which shows how defined-benefit pension plans do appear to help attract and retain workers. In Minnesota, trend lines show that workers tend to stay employed in state government for a long time.

Both presenters' slides are available on the LCPR website:

[https://www.commissions.leg.state.mn.us/lcpr/meetings/agendas/2018/020618\\_agenda.htm](https://www.commissions.leg.state.mn.us/lcpr/meetings/agendas/2018/020618_agenda.htm).