



Supplemental State Aid Work Group Meeting Agenda: May 12, 2022

- I. Call to Order**
Chair Auditor Blaha.
- II. Review and Approval of Work Group Meeting Minutes**
Exhibit A. Draft March 10, 2022, Meeting Minutes
- III. Aid Allocation Methods Review and Discussion**
Exhibit B. Allocation Method Options Analysis
- IV. Next Steps**
- V. Other Business**
- VI. Next Meeting**
TBD
Virtually via Zoom
- VII. Adjournment**

Individuals with disabilities who need a reasonable accommodation to participate in this event, please contact Rose Hennessy Allen at (651) 296-5985 or (800) 627-3529 (TTY) by May 10, 2022.



Exhibit A

3-10-22 Draft Minutes

Members Present

Julie Blaha, State Auditor
Doug Anderson, Public Employees Retirement Association Executive Director
Roger Carlson, Minnesota State Fire Department Association Representative
John Ehret, State Fire Marshal Division Representative
Todd Greseth, Minnesota Association of Townships Representative
Marshall Hallock, League of Minnesota Cities Representative
Bruce Hemstad, Minnesota State Fire Chiefs Association Representative
Laurie Hokkanen, League of Minnesota Cities Representative
Jim McCoy, Minnesota State Fire Chiefs Association Representative
Mike Scott, Minnesota Association of Townships Representative
Kristie Strum, Department of Revenue Representative

Members Excused

Corey Nellis, Minnesota State Fire Department Association Representative

Office of the State Auditor and Legislative Support Present

Ramona Advani, Deputy State Auditor and General Counsel
Chad Burkitt, Legislative Commission on Pensions and Retirement Analyst
Rose Hennessy Allen, Office of the State Auditor Pension Director

I. Call to Order

Auditor Blaha called the meeting to order. She explained that the meeting was being recorded and streamed to the Office of the State Auditor (OSA)'s YouTube channel. The meeting agenda was accepted with no objections.

II. Review and Approval of Work Group Meeting Minutes

The members reviewed the February 10, 2022, meeting minutes that had been provided in advance. The meeting minutes were accepted with no objections.

III. Overview of Supplemental State Aid and Work Group Scope

Hennessy Allen provided an overview of the supplemental state aid and fire state aid programs. She explained why the Supplemental State Aid Work Group was formed, and the purpose and scope of the group's work.

IV. Public Testimony on Supplemental State Aid Allocation Options

The OSA sought testimony from relief association trustees and members, and from municipal officials, on how changes to the manner in which supplemental state aid is allocated would impact their communities. The following individuals shared their thoughts and perspectives, and/or were available to answer questions from the Work Group members:

Joe Enge, President of the Brainerd Fire Relief Association;
Terri Boese, Clerk/Treasurer of the City of Dassel;
Ryan Muchow, Chief of the Fergus Falls Fire Department;
Chris McClory, Treasurer of the Maple Lake Fire Relief Association;



Rodger Coppa, Chief of the Plymouth Fire Department;
Sam Meixell, Treasurer of the Sherburn Fire Relief Association; and
Jordan Schaefer, Treasurer of the Trout Lake Fire Relief Association.

Some thoughts shared with the Work Group included: the knowledge that a relief association will be increasing its benefit level incentivizes members to stay on the fire department longer; state aid is a critical component in a fire department's recruitment strategy; and that there seems to be a desire for more aid to be available for all communities, rather than taking away aid from some fire departments to give more to others.

V. Questions and Review of Written Testimony

There was discussion of how much benefit amounts would need to change in order to make a difference in the recruitment and retention of firefighters. There also was discussion about how much change could actually be made to supplemental state aid allocations and, in turn, firefighter benefit amounts, considering the current appropriation to the supplemental state aid program.

VI. Other Business

There was no other business.

VII. Next Meeting

TBD

Virtually via Zoom

VIII. Adjournment

The meeting was adjourned at 3:07 p.m.

Supplemental State Aid Allocation Options Analysis

Option 1: Keep current allocation method.

Advantages:

Disadvantages:

Who would be impacted by a change to this allocation method?

What would be the impacts on different fire department types?

How easy would this method be to administer (e.g., does data needed to calculate aid exist, is the data reported, etc.)?

Is this method consistent with the purpose of the supplemental state aid program?

How much change would be made if this method were implemented?

Is this method fair and/or equitable?

Option 2: Change allocation method so it's based on the number of active firefighters.

Advantages:

Disadvantages:

Who would be impacted by a change to this allocation method?

What would be the impacts on different fire department types?

How easy would this method be to administer (e.g., does data needed to calculate aid exist, is the data reported, etc.)?

Is this method consistent with the purpose of the supplemental state aid program?

How much change would be made if this method were implemented?

Is this method fair and/or equitable?

Option 3: Change the allocation method so it's based on a fire department's call volume.

Advantages:

Disadvantages:

Who would be impacted by a change to this allocation method?

What would be the impacts on different fire department types?

How easy would this method be to administer (e.g., does data needed to calculate aid exist, is the data reported, etc.)?

Is this method consistent with the purpose of the supplemental state aid program?

How much change would be made if this method were implemented?

Is this method fair and/or equitable?

Option 4: Use a hybrid allocation method based in part on the current method, in part on the number of firefighters, and in part on the volume of calls.

Advantages:

Disadvantages:

Who would be impacted by a change to this allocation method?

What would be the impacts on different fire department types?

How easy would this method be to administer (e.g., does data needed to calculate aid exist, is the data reported, etc.)?

Is this method consistent with the purpose of the supplemental state aid program?

How much change would be made if this method were implemented?

Is this method fair and/or equitable?

Option 5: When fire departments no longer qualify for supplemental state aid because they transition to an all full-time department, earmark their aid to small fire departments.

Advantages:

Disadvantages:

Who would be impacted by a change to this allocation method?

What would be the impacts on different fire department types?

How easy would this method be to administer (e.g., does data needed to calculate aid exist, is the data reported, etc.)?

Is this method consistent with the purpose of the supplemental state aid program?

How much change would be made if this method were implemented?

Is this method fair and/or equitable?

Option 6: When the aid payable to the PERA P&F Plan and the MSRS State Patrol Plan ends, allocate the full \$15.5 million to fire departments with firefighters in a relief association or the PERA SVF Plan.

Advantages:

Disadvantages:

Who would be impacted by a change to this allocation method?

What would be the impacts on different fire department types?

How easy would this method be to administer (e.g., does data needed to calculate aid exist, is the data reported, etc.)?

Is this method consistent with the purpose of the supplemental state aid program?

How much change would be made if this method were implemented?

Is this method fair and/or equitable?

Option 7: When the aid payable to the PERA P&F Plan and the MSRS State Patrol Plan ends, earmark the \$10 million in aid these plans receive to a fund payable to volunteer firefighters in a relief association or the PERA SVF Plan.

Advantages:

Disadvantages:

Who would be impacted by a change to this allocation method?

What would be the impacts on different fire department types?

How easy would this method be to administer (e.g., does data needed to calculate aid exist, is the data reported, etc.)?

Is this method consistent with the purpose of the supplemental state aid program?

How much change would be made if this method were implemented?

Is this method fair and/or equitable?

Option 8: Change the allocation method so that when a fire department consists of mostly full-time firefighters, the affiliated pension plan would no longer qualify for supplemental state aid and the aid would instead be allocated to small fire departments.

Advantages:

Disadvantages:

Who would be impacted by a change to this allocation method?

What would be the impacts on different fire department types?

How easy would this method be to administer (e.g., does data needed to calculate aid exist, is the data reported, etc.)?

Is this method consistent with the purpose of the supplemental state aid program?

How much change would be made if this method were implemented?

Is this method fair and/or equitable?

Option 9: Seek an increase in state funding for relief associations and fire departments in the PERA SVF Plan.

Advantages:

Disadvantages:

Who would be impacted by a change to this allocation method?

What would be the impacts on different fire department types?

How easy would this method be to administer (e.g., does data needed to calculate aid exist, is the data reported, etc.)?

Is this method consistent with the purpose of the supplemental state aid program?

How much change would be made if this method were implemented?

Is this method fair and/or equitable?

Option 10: Change the authorized uses of the aid to include payments to firefighters as annual stipends or other type of compensation.

Advantages:

Disadvantages:

Who would be impacted by a change to this allocation method?

What would be the impacts on different fire department types?

How easy would this method be to administer (e.g., does data needed to calculate aid exist, is the data reported, etc.)?

Is this method consistent with the purpose of the supplemental state aid program?

How much change would be made if this method were implemented?

Is this method fair and/or equitable?

Option 11: Change the authorized uses of the aid to include certain fire department expenses, such as maintenance and equipment.

Advantages:

Disadvantages:

Who would be impacted by a change to this allocation method?

What would be the impacts on different fire department types?

How easy would this method be to administer (e.g., does data needed to calculate aid exist, is the data reported, etc.)?

Is this method consistent with the purpose of the supplemental state aid program?

How much change would be made if this method were implemented?

Is this method fair and/or equitable?

Option 12: Consider which fire departments should receive the aid. Should full-time/career fire departments receive an allocation? Should fire departments with no pension coverage for their firefighters receive an allocation?

Advantages:

Disadvantages:

Who would be impacted by a change to this allocation method?

What would be the impacts on different fire department types?

How easy would this method be to administer (e.g., does data needed to calculate aid exist, is the data reported, etc.)?

Is this method consistent with the purpose of the supplemental state aid program?

How much change would be made if this method were implemented?

Is this method fair and/or equitable?