



Measuring the Impact of Minnesota's Retirement Systems

Minnesota State Retirement System
Teachers Retirement Association
Public Employees Retirement Association

Prepared by
Andrea Lubov, Ph.D.
March, 2008



Table of Contents

STATEWIDE RESULTS.....	17
ECONOMIC DEVELOPMENT REGION 01	19
<i>Kittson County</i>	20
<i>Marshall County</i>	21
<i>Norman County</i>	22
<i>Pennington County</i>	23
<i>Polk County</i>	24
<i>Red Lake County</i>	25
<i>Roseau County</i>	26
ECONOMIC DEVELOPMENT REGION 02	27
<i>Beltrami County</i>	28
<i>Clearwater County</i>	29
<i>Hubbard County</i>	30
<i>Lake of the Woods County</i>	31
<i>Mahnomen County</i>	32
ECONOMIC DEVELOPMENT REGION 03.....	33
<i>Aitkin County</i>	34
<i>Carleton County</i>	35
<i>Cook County</i>	36
<i>Itasca County</i>	37
<i>Koochiching County</i>	38
<i>Lake County</i>	39
<i>Saint Louis County</i>	40

ECONOMIC DEVELOPMENT REGION 04.....	41
<i>Becker County</i>	42
<i>Clay County</i>	43
<i>Douglas County</i>	44
<i>Grant County</i>	45
<i>Otter Tail County</i>	46
<i>Pope County</i>	47
<i>Stevens County</i>	48
<i>Traverse County</i>	49
<i>Wilkin County</i>	50
ECONOMIC DEVELOPMENT REGION 05.....	51
<i>Cass County</i>	52
<i>Crow Wing County</i>	53
<i>Morrison County</i>	54
<i>Todd County</i>	55
<i>Wadena County</i>	56
ECONOMIC DEVELOPMENT REGION 06E	57
<i>Kandiyohi County</i>	58
<i>McLeod County</i>	59
<i>Meeker County</i>	60
<i>Renville County</i>	61
ECONOMIC DEVELOPMENT REGION 06W.....	62
<i>Big Stone County</i>	63
<i>Chippewa County</i>	64
<i>Lac qui Parle County</i>	65
<i>Swift County</i>	66
<i>Yellow Medicine County</i>	67
ECONOMIC DEVELOPMENT REGION 07E	68
<i>Chisago County</i>	69
<i>Isanti County</i>	70
<i>Kanabec County</i>	71
<i>Mille Lacs County</i>	72
<i>Pine County</i>	73
ECONOMIC DEVELOPMENT REGION 07W.....	74
<i>Benton County</i>	75
<i>Sherburne County</i>	76
<i>Stearns County</i>	77

<i>Wright County</i>	78
ECONOMIC DEVELOPMENT REGION 08	79
<i>Cottonwood County</i>	80
<i>Jackson County</i>	81
<i>Lincoln County</i>	82
<i>Lyon County</i>	83
<i>Murray County</i>	84
<i>Nobles County</i>	85
<i>Pipestone County</i>	86
<i>Redwood County</i>	87
<i>Rock County</i>	88
ECONOMIC DEVELOPMENT REGION 09	89
<i>Blue Earth County</i>	90
<i>Brown County</i>	91
<i>Faribault County</i>	92
<i>Le Sueur County</i>	93
<i>Martin County</i>	94
<i>Nicollet County</i>	95
<i>Sibley County</i>	96
<i>Waseca County</i>	97
<i>Watonwan County</i>	98
ECONOMIC DEVELOPMENT REGION 10	99
<i>Dodge County</i>	100
<i>Fillmore County</i>	101
<i>Freeborn County</i>	102
<i>Goodhue County</i>	103
<i>Houston County</i>	104
<i>Mower County</i>	105
<i>Olmsted County</i>	106
<i>Rice County</i>	107
<i>Steele County</i>	108
<i>Wabasha County</i>	109
<i>Winona County</i>	110
ECONOMIC DEVELOPMENT REGION 11	111
<i>Anoka County</i>	112
<i>Carver County</i>	113
<i>Dakota County</i>	114
<i>Hennepin County</i>	115

<i>Ramsey County</i>	116
<i>Scott County</i>	117
<i>Washington County</i>	118

Executive Summary

This report examines the economic impact of Minnesota's three state-run Retirement Systems, the Minnesota State Retirement System (MSRS), the Teachers Retirement Association (TRA) and the Public Employees Retirement Association (PERA). Together the three funds had \$50.2 billion in assets and paid out nearly \$2.8 billion in benefits to 144,000 people in the year ended June 30, 2007. The total included more than \$2.5 billion paid to 129,000 Minnesota residents. The benefits had an economic impact of \$3.3 billion on the state economy and beneficiaries' spending led to 22,500 additional jobs statewide.

In 2007, the three retirement systems served over one-half million people, including 293,000 active members currently working for a public institution who contributed \$634 million toward their retirement. One of the key features of Minnesota's plans is that while the plans and the populations they serve are quite different, the retirement funds are pooled and actively managed by the State Board of Investment. By pooling the investment funds there are considerable savings in management fees and increased flexibility in managing the risk/return profile of the investments.

During the ten years ending on June 30, 2007, public employers contributed \$4.9 billion to the retirement plans, but that accounted for only 11.9 percent of fund revenue in that period. The largest share of revenue for the Combined Funds came from investment returns, accounting for nearly 75 percent of all revenue during fiscal 2007. Investment returns for the funds have been consistently high. For the past 20 years, the funds' investment returns have been among the top third of public and private pension funds with over \$1 billion in assets. Growth also has exceeded the funds' own benchmark statistic, a combination of stock and bond indices that are revised monthly to reflect the funds' current asset allocation. In addition, over the past 20 years, fund growth has consistently outpaced the rate of inflation.

Benefit payments have a significant impact on the statewide economy. Gross state product (GSP), the value of goods and services produced in the state, is the best measure of the value of Minnesota's output. Unfortunately, gross state product has been computed only through 2006, and detailed data are only available through 2005. In 2005, the year for which the best data are available, the Retirement Systems paid \$2.4 billion in benefits, with \$2.1 billion sent to Minnesota addresses. The total impact of the benefits was nearly \$2.75 billion. The impact of the benefits paid that year was larger than the value of a number of important sectors of the Minnesota economy, including mining, paper manufacturing, arts entertainment and recreation, air transportation, wood product manufacturing, forestry fishing and related activities, and printing and related support services. The impact of the benefits was 81 percent of the size of the crop and animal production (farm) sector.

The study also uses input-output analysis to estimate the impact of the benefit payments made in Fiscal Year 2007. Separate calculations are made for the state of Minnesota, each of its 13 economic development regions, and 87 counties. Statewide, the impact multiplier was 1.5, meaning that beneficiaries with Minnesota addresses received

more than \$2.5 billion in payments (total benefits paid were \$2.8 billion, but somewhat more than \$2.5 billion was sent to Minnesota addresses), of which they spent \$2.2 billion, and that spending led to increased output, statewide, of \$3.3 billion. That statewide spending led to 22,500 new jobs, and state and local taxes paid by the beneficiaries and holders of the 22,500 new jobs exceeded the employers' contributions to the Retirement Funds in 2007 by \$80 million.

Regional development multipliers were somewhat smaller, due to leakages from the regional economy that are not present statewide, and county multipliers were smaller still, again because the county is more vulnerable to leakages than the larger economic development region. Regional multipliers ranged from a high of 1.45 in the Twin Cities Region (Economic Development Region 11) to a low of 1.12 in the Upper Minnesota Valley Region (Economic Development Region 06W). County multipliers ranged from a high of 1.35 in Hennepin County to a low of 1.03 in Mahanomen County.

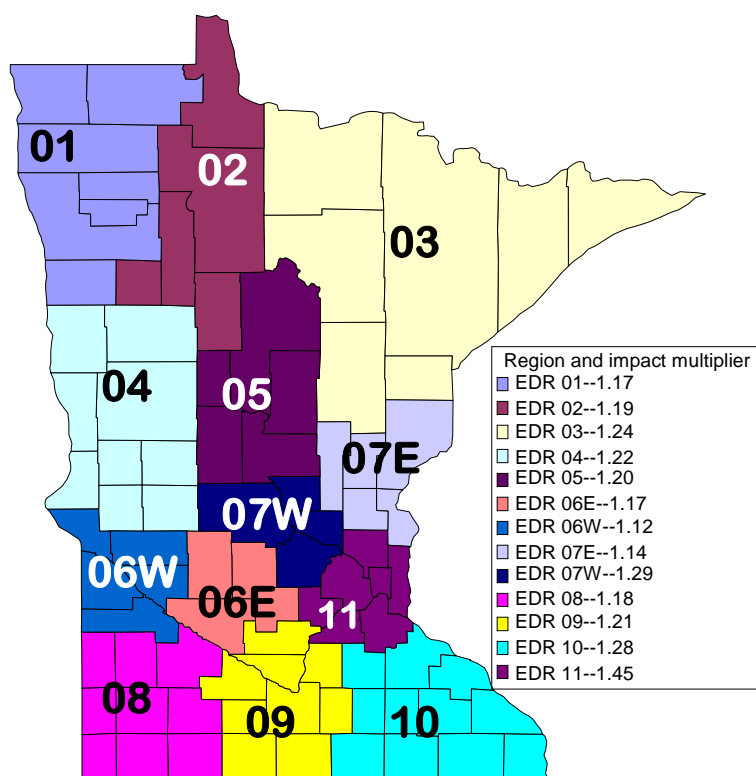
Maps showing the county and regional multipliers are shown on the following two pages. These maps also occur in the body of the text.

There are two appendices to the report. The first contains the data used in the figures appearing in the first part of the report, and the second contains the official definitions of a number of sectors of the economy.

Key Findings

- **Minnesota's public pension systems serve nearly one-half million persons, one in ten Minnesotans, who have contributed to or are receiving benefits from the systems.**
- **The public systems paid out over \$2.5 billion in benefits to 129,000 Minnesota residents in fiscal 2007.**
- **Benefit payments had an impact on the state's economy of \$3.3 billion.**
- **Beneficiaries' spending led to 22,500 additional jobs statewide.**
- **State and local taxes paid by pension benefit recipients and the holders of the 22,500 new jobs exceeded the public employer pension contributions to the systems by \$80 million.**
- **The impact of benefits paid was larger than the gross state product attributable to several major economic sectors in Minnesota, including the mining sector; the crop and animal production sector; and the air, rail and water transportation sector.**

Economic Development Regional multipliers



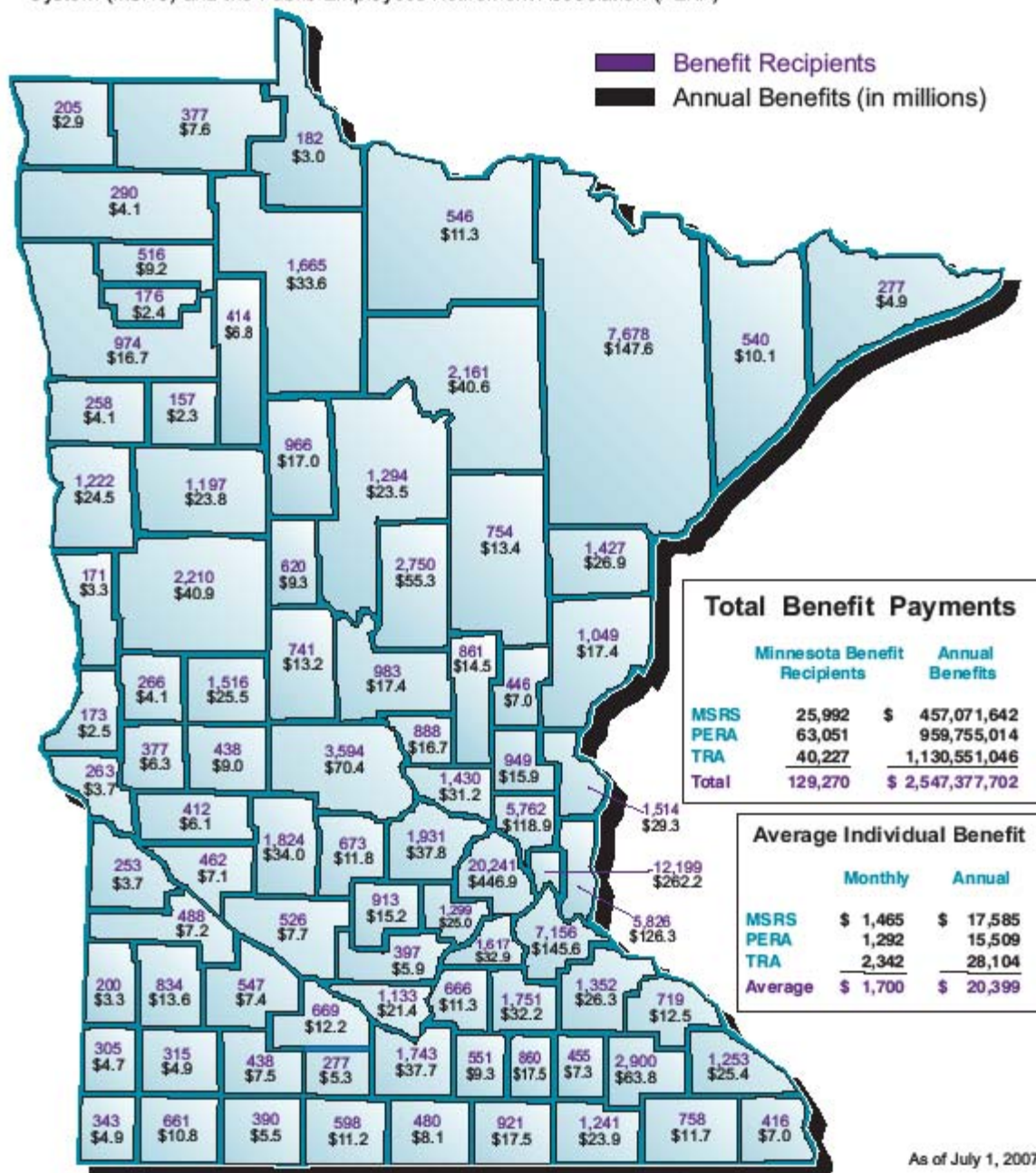
Summary Impact by Economic Region

Economic Region	Benefit Payments (in millions \$)	Output Multiplier	Output Impact (in millions \$)	# of Benefit Recipients	Added Jobs
1	46.96	1.17	47.60	2,796	295
2	62.61	1.19	64.92	3,384	444
3	254.69	1.24	274.04	13,383	1,897
4	139.96	1.22	148.64	7,570	1,017
5	118.73	1.20	124.30	6,388	847
6E	68.70	1.17	69.81	3,936	441
6W	27.73	1.12	27.03	1,878	148
7E	84.08	1.14	83.01	4,819	490
7W	156.14	1.29	175.19	7,843	1,274
8	62.55	1.18	64.03	4,033	392
9	122.34	1.21	128.64	6,514	872
10	245.24	1.28	273.37	12,626	1,866
11	1,157.67	1.45	1,459.97	54,100	9,214

Retirement benefits of more than \$2.5 billion were paid to more than 129 thousand Minnesota residents during the 2007 fiscal year. Beneficiaries lived in every county in Minnesota

Benefit Recipients of the Three Minnesota Retirement Funds

Annual Benefits by County for the Teachers Retirement Association (TRA), the Minnesota State Retirement System (MSRS) and the Public Employees Retirement Association (PERA)



Introduction

In the year ending June 30, 2007, nearly 144¹ thousand retired and disabled Minnesota public employees received pensions totaling \$2.8 billion. With nearly 90 percent² of those funds paid to Minnesota residents (somewhat more than \$2.5 billion), spending by the 129 thousand beneficiaries with Minnesota addresses created additional income for the state. When beneficiaries spend their pension income, the merchants and others who receive their spending now have income to spend. Their spending generates further spending. In total, the benefits of approximately \$2.5 billion that were sent to Minnesota addresses led to increased gross state product of nearly \$3.3 billion and 22,500 additional jobs statewide.

Table 1. Impact on the state economy per public dollar contributed to the Retirement Systems, 2007.

	Impact Per Dollar Contributed
Benefits paid to state residents	\$3.59
Gross state product	\$4.69
Permanent jobs (per \$ million contributed)	31
Net state and local taxes paid in excess of employer contributions	\$80 million

Source: MSRS, TRA, PERA and Implan results

But that's just the beginning of the story. Spending by benefit recipients and those who spend in subsequent "rounds" of spending have to pay taxes on their income and spending. Beneficiaries, businesses affected by their spending, and the holders of the 22,500 new jobs created because of the beneficiaries' spending, paid \$791 million in state and local taxes--about \$80 million *more* than public sector employers contributed to the pension funds in 2007.³

One way of looking at the impact of the benefits is to examine the benefits per dollar of employer contribution. Since all people covered by the Retirement Systems are (or were) public employees, all employer contributions are public, or taxpayer, funds. In 2007, benefits paid to state residents were \$4.69 per dollar of employer contributions. Nearly three-fourths of all benefits came from employee contributions and investment

¹ This number includes 6,903 people who received benefits from more than one fund in 2007.

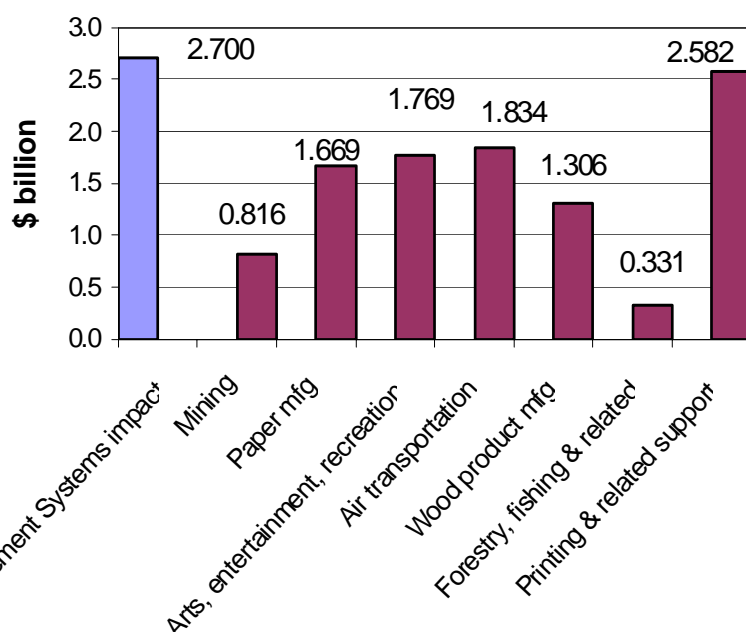
² About 90 percent of the funds are sent to Minnesota addresses, but retirees often leave the state for at least part of the year while maintaining their Minnesota address and/or banking relationship.

³ These calculations were made using IMPLAN, a standard input-output analysis model used by the Minnesota Department of Employment and Economic Development. The model's computations are based on county business patterns. Property and income tax computations were made using the Minnesota Department of Revenue's Tax incidence study for 2007. It was assumed that retirees have median incomes for retired people over 65 and that 80 percent of the retirees are married.

earnings. The \$2.5 billion in benefits paid to state residents led to nearly \$3.3 billion in gross state product, or \$3.59 for every employer dollar contributed. Similarly, beneficiaries' spending led to 22,500 jobs statewide, or 31 jobs for every million dollars of employer contributions. State and local taxes paid by beneficiaries and the 22,500 job holders exceeded employer contributions by \$90 million. These calculations are illustrated in tables 1 and 2.

Table 2 on page 4 calculates the difference between employer contributions, \$710 million and taxes paid by beneficiaries and people who hold the jobs their spending creates, \$791 million. The Minnesota public sector (the state, counties, cities, and public schools) is collecting \$80 million more in taxes than it is paying in retirement contributions.

Figure 1. Comparing retirement system benefit payments with gross state product of several sectors, 2005.



Source: Bureau of Economic analysis and Implan model results

Comparing the benefits the Retirement Systems pay with other sectors in the economy offers another way to examine their economic importance. Unfortunately, gross state product, the value of goods and services produced in the state, has been computed only through 2006, and detailed data is available only through 2005. In 2005, the year for which

the best data are available, the Retirement Systems paid \$2.4 billion in benefits, with \$2.1 billion sent to Minnesota addresses. The total impact of the benefits was slightly more than \$2.7 billion. Figure 1* shows the importance of those benefits compared with several key sectors of the Minnesota economy in 2005. The impact of the benefits paid was larger than the GSP attributable to the mining sector or to a number of other sectors, such as paper manufacturing, arts, entertainment and recreation, wood and pulp manufacturing, air transportation, and printing, as well as to forestry, fishing and related activities. In 2005, the GSP attributable to the crop and animal production, or farm sector, was \$3.3 billion. The impact of the benefits paid in 2005 was 81 percent of that amount.

* Data used in all figures appears in Appendix A.

The official definition of each of these sectors cited in Figure 1 appears in Appendix B.

Table 2. Taxes paid by beneficiaries and holders of added jobs compared to employer contributions, 2007

Assume all beneficiaries have median income of retired people			
20% of retirees are single, 80% are married	Single	Married	Total
Number of retirees with Minnesota addresses	25,813	103,252	
Taxes paid by retirees			
Median income*	23,384	51,135	
Average state income tax*	93	762	
Average residential property tax*	564	1,208	
Average sales tax*	562	1,117	
All other taxes*	1,500	2,900	
Total taxes paid by retirees (\$000)	70,186	618,170	688,355
Taxes paid in subsequent spending rounds**			
Corporate profits			10,253
Indirect business sales taxes			64,937
Personal income tax			27,254
Jobs added** (22,501)	4,500	18,001	
Annual wage*, ***	24,589	36,054	
Average state income tax*	760	1,376	
Average residential property tax*	344	1,529	
Average sales tax*	601	765	
All other taxes*	1,382	861	
Total taxes paid by wage earners (\$000)	7,673	66,054	73,727
Total taxes paid			790,799
Public sector contribution 2007 (\$000)			710,369

* Minnesota Department of Revenue 2007 Minnesota Tax Incidence Study

** Implan estimates

*** Median household income for this group was \$72,107, presumably by two wage earners. Half of median wage and all taxes, except property tax, were used to account for one spouse obtaining the job induced by the benefit payments.

Source: Implan results, Minnesota Department of Revenue 2007 Tax Incidence Study

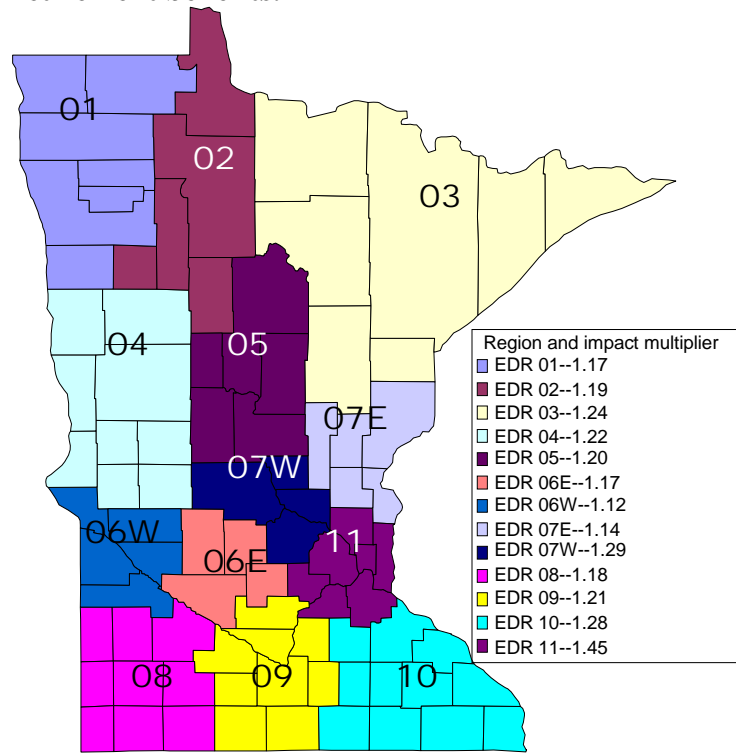
This report is an examination of the economic impact of Minnesota's three state-run pension systems: Minnesota State Retirement System (MSRS), Teachers Retirement Association (TRA), and Public Employees Retirement Association (PERA), collectively, "the three Retirement Systems" or "the Retirement Systems." Each group administers the benefits for the public employees under its aegis, but employee and employer contributions and investments are pooled and managed by the State Board of Investment (SBI) and external managers that it supervises.

The report is divided into two sections: the first explores statewide aspects of the Retirement Funds, and the second section looks at the economic impact of benefit payments statewide, by economic development region, and by county. The benefit impact varies by county and economic development region for a number of reasons, chief among them are that the distribution of public employment varies greatly by county, and the economies of each county differ significantly. Not surprisingly, there is a large concentration of state employment in the Twin Cities region where the state capitol is located, and so there is a large concentration of beneficiaries. The economic impact of benefits is lower in rural counties because these counties contain fewer residents receiving benefits and they do not have large retail sectors, so residents often shop for higher priced goods outside of the county. When spending "leaks" from a county, the multiplier effect of the Retirement Systems' benefits also leak from the county. In most of the state, the largest share of spending remains in the region or in the state, but spending in counties that border other states may well take place in the adjacent states, further reducing the economic impact of the benefits in the county, the region and the state. This idea and the whole concept of economic impact multipliers will be considered in the next section of this report. But, for now, it will be useful to look at a map showing the economic impact multipliers for each of Minnesota's 13 economic development regions.

In the 1970s Minnesota was divided into 13 economic development regions containing between four and eleven counties. The regions were chosen to reflect similar economies within each region. Each region contains at least one regional center city. Even a quick glance at figure 2 makes it clear that there are substantial differences among regions. The highest multipliers are found in regions with large retail sectors and relatively high incomes. The smallest are found in regions that are low income and very dependent on agriculture. The meaning of these multipliers will be discussed more fully in the next section of this report.

The Minnesota public Retirement Systems are, like most public retirement plans, so-called “defined benefit” plans. In contrast, most private retirement plans are “defined contribution” plans. Minnesota’s defined benefit plans, consistent with other defined benefit plans, cover virtually all of the workforce’s population, and employee participation is mandatory. Both employers and employees contribute to the retirement plans, although their contribution rates may differ, and upon retirement (or becoming disabled), the employee receives a pension for life (or during the period of disability). Defined benefit plans encourage experienced employees to remain with their employers until retirement age. Keeping a workforce from turning over frequently is important to all employers, as turnover, particularly of skilled employees, is very costly.

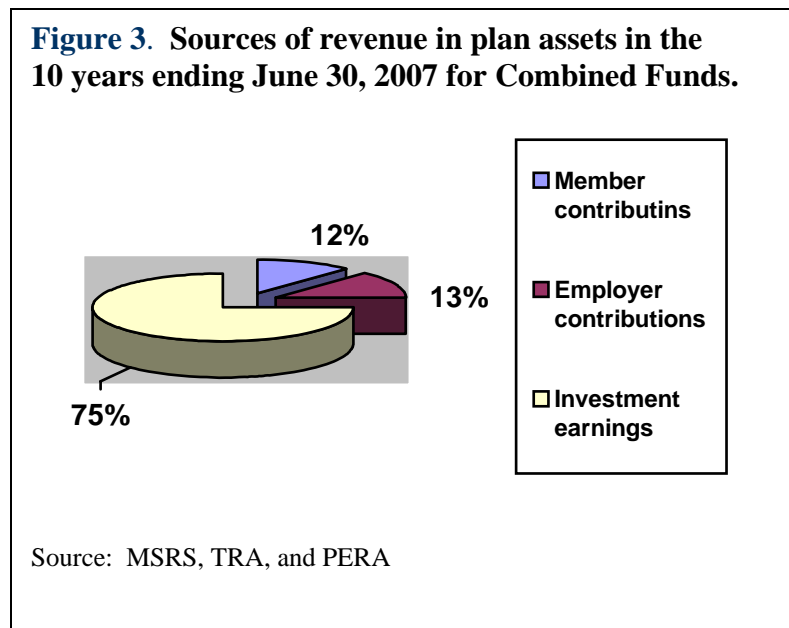
Figure 2. Minnesota's economic development regions and the impact multipliers of state retirement benefits.



In contrast, contributions to private sector retirement plans, usually 401(k) or similar type plans, are not mandatory, and the rate of employer match is often lower than in the case of public retirement plans. In defined contribution plans, the employee bears the risk of saving enough money for retirement. Participants in defined contribution plans are typically given a choice of how their funds will be managed, but there is no guarantee that sufficient funds will be available for retirement. The Enron failure in 2000, for example, was particularly hard on its older employees who had significant portions of their defined contribution retirement funds invested in the company. When the company went bankrupt and its once-high valued stock became worthless, employee retirement funds also suffered severe declines in value and employees who were near retirement age were unable to recoup their losses.

Minnesota’s defined benefit plans, in contrast, guarantee retired and disabled employees benefits and assume the risk of investment performance to finance those benefits. Because both employees and employers contribute to the retirement funds throughout the employees’ tenure, there is a long period in which it is possible to accumulate investment earnings sufficient to cover these risks. In 2007, over 80 percent of the revenue for the combined retirement funds was attributable to investment earnings.

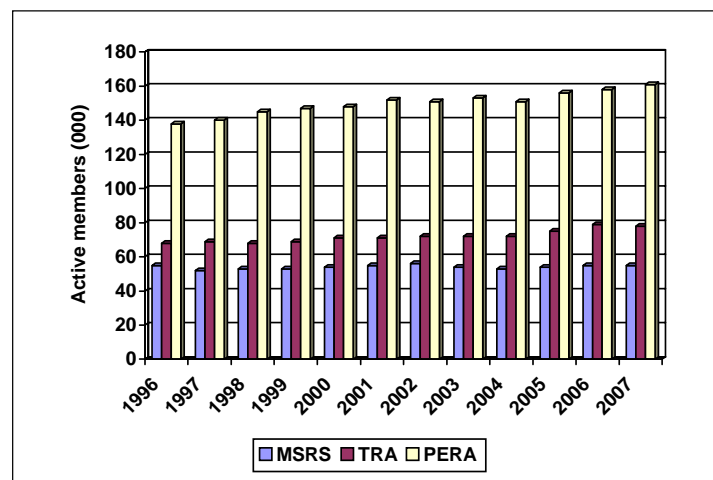
Figure 3 illustrates the sources of growth in assets of the Combined Funds in the 10-year period ending June 30, 2007.



Who is served by the Retirement Systems?

In the year ended June 30, 2007, the three funds served over one-half million people,⁴ or one in ten Minnesotans. This included 293,000 “active members” currently working for a public institution and contributing to their retirement, and 96,000 “deferred members.” Deferred members are not currently working for a public institution but are eligible to receive a pension at some time in the future. They have chosen to leave their contributions in the system. The Retirement Systems also serve 144,000 “benefit recipients,” people who are receiving income from the funds because they are retired or disabled.

Figure 4. Active membership in the three Retirement Systems



⁴ An estimated 6 to 8 percent of fund members are members of more than one fund. The number shown above *includes* that double counting.

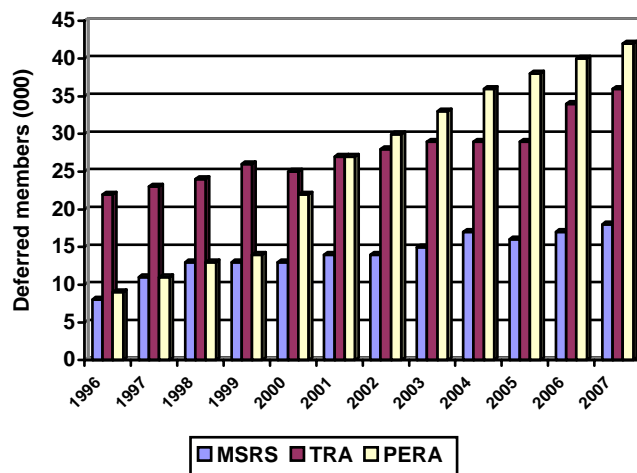
Over half (54.8 percent) of the active participants in the state's plans belong to PERA, just over a quarter (26.5 percent) belong to TRA, and the balance (18.7 percent) belong to MSRS. Since 1996, membership in PERA has grown faster than the other two plans. In fact, membership in MSRS has declined slightly since 1996. TRA membership increased by nearly 14,000 in 2006 when that system absorbed the active, inactive, and retired members of the Minneapolis Teachers Retirement Fund Association (MTRFA). Membership in the three groups from 1996 through 2007 is shown in Figure 2.

An employee who has been with the system for three years is considered “vested” and is entitled to benefits at some time in the future. Deferred members are those vested employees who leave their employment with a public entity before retirement and have chosen to keep their contributions in the system after they are no longer employed by a public agency so that they qualify for benefits in the future.

Figure 5 shows the number of deferred members in each of the funds from 1996 through 2007.

Before 2002, the largest numbers of deferred employees were TRA members, but beginning in 2002, the largest share was PERA members. The rapid increase in PERA's deferred members beginning in 2000 may be due to significant layoffs of local government employees as the state decreased local government aid (LGA) in response to decreased revenue. One reason these deferred members may have chosen to keep their contributions with the system is to qualify for retirement benefits in the future.

Figure 5. Deferred membership in the three Retirement Systems.



Source: MSRS, TRA, and PERA

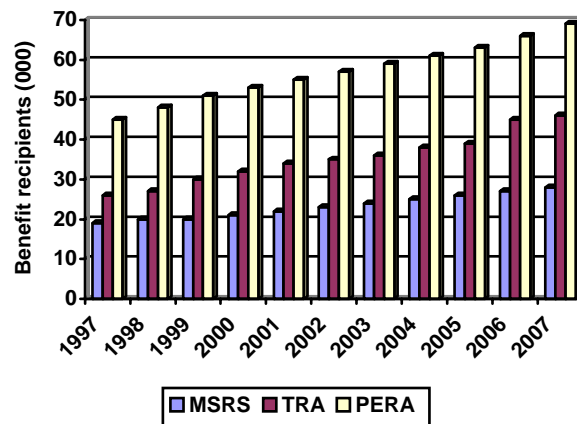
Benefit recipients are the third category of Retirement System members. Their number has grown steadily as the public workforce ages and retires. The three funds distributed benefits to 143,697 people in 2007. Of them, 6,903 people, 6.2 percent of the total, received benefits from more than one state fund.⁵

⁵ In 2007 1,100 people received benefits from TRA and MSRS, 3,080 received benefits from MSRS and PERA, and 2,723 people received benefits from TRA and PERA. Some people may receive benefits from all three funds, but the system is not set up to identify them.

The number of benefit recipients for each fund is shown in Figure 6. The number of TRA beneficiaries increased more rapidly than expected beginning in 2006 due to the absorption of the MTRFA members. The number of retirees has grown steadily in each of the funds. Beginning in 2001, the number of MSRS benefit recipients increased by more than in previous years, almost certainly because the state gave some incentives to encourage early retirement in response to its own budget shortfalls. Between 1997 and 2007 the number of benefit recipients increased by more than 50 percent in all three funds.

The population receiving benefits is not static. Their number increases as the membership ages, and it decreases as members, both active and retired, pass away. The number of beneficiaries is expected to increase significantly over the next few years. Currently, the three funds have just over 293,000 active members and just over 120,000 of them (41 percent) will be 62 or older by 2020. There is some variation in the age distribution of plan members. Table 3 shows the current number of active members in each fund and the number of them who will be 62 by 2020. The large number and percent of members age 62 and over is consistent with the aging of the baby boom generation. This group is expected to swell the ranks of retirees over the next two decades. As they pass through the Retirement System, benefits will have an even more dramatic impact on the state's economy, tax revenue and labor force.

Figure 6. Benefit recipients in the Retirement Systems.



Source: MSRS, TRA and PERA

Table 3. Current active membership and the number who will be 62 by June 30, 2020.

	Active members 6/30/2007	Age 62 by 6/30/2020	Percent of 6/30/2007 membership
MSRS	54,877	24,943	45.5%
TRA	77,649	28,107	36.2%
PERA	160,511	60,057	41.8%

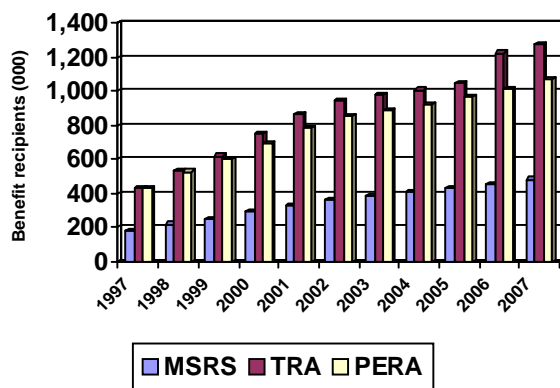
Source: MSRS, TRA, and PERA

What are benefit amounts, and how are they determined?

Benefits are set by state statute and generally are determined by the length of time an employee has been in the system and the employee's salary and age at retirement. The rate of both employer and employee contributions and the benefit formula vary by system. Even within each fund there is some variation. PERA, for example, administers retirement funds for over 2,000 separate units of government, including counties, cities, townships and school districts. Employees of these governmental units are members of three separate retirement plans: public employees, police and fire employees, and correctional employees, each with its own employee and employer contribution rates and separate benefit structures. Similarly, MSRS administers the State Employees Fund (which includes four separate plans) as well as retirement plans for eight other groups. TRA administers retirement plans for nearly all teachers employed in Minnesota's public elementary and secondary schools, charter schools, and certain public educational institutions.⁶

Employee and employer contributions to the retirement funds are pooled and managed by the Minnesota State Board of Investment (SBI). Contributions of active and deferred members, along with investment earnings are held in the "Basic Retirement Funds" (Basic Funds). On retirement, a lump sum transfer of assets sufficient to fund a retiree's benefit is transferred to the "Post Retirement Investment Fund" (Post Fund). Professional investment managers actively manage both funds. Conservative growth over a 20-year period is the primary objective of the Basic Fund. The Post Fund is managed in a similar manner, but with a greater emphasis on current income.

Figure 7. Total benefits paid by the Retirement Systems



Benefit payments for the three funds were over \$2.8 billion in 2007. Nearly half (47 percent) were paid to retired teachers, reflecting both teachers' higher salaries and longer career service. Benefits paid in 2007 were 2.7 times those paid in 1997. Benefits paid by each fund from 1997 through 2007 are shown in Figure 7. TRA benefits paid in 2006 and 2007 reflect absorption of approximately 4,000 retirees who were members of the Minneapolis Teachers Retirement Fund.

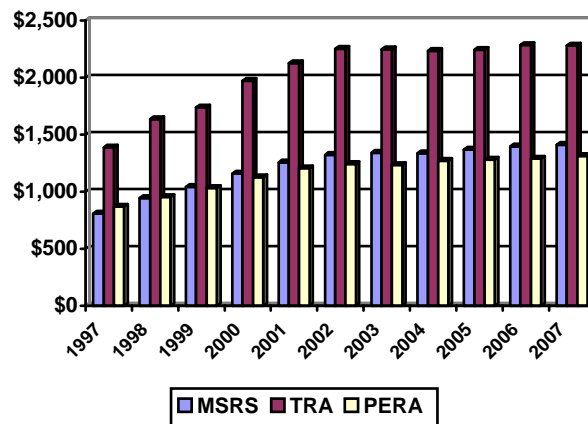
⁶ The University of Minnesota and the Duluth and Saint Paul public school systems maintain their own plans, as did the Minneapolis public school system until 2006. Faculty members of the Minnesota State College and University System (MnSCU) may elect to participate in TRA or the MnSCU Individual Retirement Account Plan (IRAP).

The economic impact of these benefits, statewide, by economic development region, and by county will be examined in the second part of this report.

Average monthly benefits paid by each fund differ, reflecting different salaries, contribution rates, and member longevity in the system before retirement. Average monthly benefits in each retirement system are shown in Figure 8.

Benefits paid have grown steadily. Although PERA represents the largest group of beneficiaries, TRA members receive the largest total benefits, as well as the largest average monthly benefit. Benefits from all three systems grew rapidly in the late 1990s due to cost of living (COLA) increases. MSRS members are the smallest group, but their average monthly benefits have exceeded average monthly benefits of PERA members since 2000, although the total

Figure 8. Average monthly benefits in each retirement system.



of the benefits paid by PERA is much larger. The differences come from two sources: contribution rates and longevity in the system. All employees' contributions are vested after three years, making them eligible to receive benefits when they reach retirement age. Actual benefits are based on the employee's five highest years of earnings. Under these conditions, an employee could remain eligible to receive a pension, albeit a small one, after working three years and leaving the system, but allowing his/her contributions to remain in the system. PERA employees have the highest turnover, and their average monthly benefit reflects a larger share of people who remained in the system a relatively short time.

How do the investment funds measure up?

The State Board of Investment (SBI) manages the Retirement Systems' more than \$50 billion in assets. The SBI has chosen to incorporate a large commitment to common stocks in its asset allocation policy for the retirement funds. In order to limit the short-run volatility of returns exhibited by common stocks, the SBI includes other asset classes, such as bonds, real estate, private equity, and resource investments in the total portfolio. These assets diversify the retirement funds and reduce wide fluctuations in investment returns on a year-to-year basis. The actual allocation varies somewhat from year to year, depending on investment conditions.

Investment returns on the SBI's portfolio are traditionally compared with a "benchmark" statistic. The rates of growth and income for the Retirement Systems' investment funds compare well with every "standard" stock market benchmark, although

they tend to perform better in periods of downturn, and not quite as well during boom periods. None of the standard indices alone, however, appropriately measure the changing value of the Retirement Systems' portfolio, since the systems' portfolio contains several different types of investments and the allocation among them is not fixed. No one index reflects the asset allocation chosen by the State Board of Investment (SBI), following advice of its Investment Advisory Council.

The SBI has created its own benchmark index that reflects the asset allocation of the combined Basic and Post Retirement Funds (the Composite Index). The Composite Index is, itself, composed of several broadly based investment indices. The Composite Index is a weighted average of the values of the individual indices. The weights used in the index change based on the current asset allocation. Weights for this composite index and the market index used for each asset class in the year ended June 30, 2007 are shown in table 5.⁷ These results are largely a measure of value added or lost from active management, after all fees and expenses have been taken into consideration. When compared with its own investment benchmark and the performance of large pension funds nationwide, the SBI has consistently performed well.

Table 4. Composite Index for period ending on June 30, 2007.

Asset Class	Market Index	Composite Index Weights*
Domestic Stocks	Russell 3000	48.8%
International Stocks	MSCI ACWI Free ex. U.S	15.0%
Domestic Bonds	Lehman Aggregate	24.5%
Alternative Investments	Alternative Investments	9.7%
Unallocated Cash	3 month T-Bills	2.0%
<p>*Weights are reset in the composite index at the start of each month to reflect the combined allocation policies of the Basic and Post Funds.</p> <p>Source: Minnesota State Board of Investment: Auditor's report for the year ended June 30, 2007</p>		

Over the past 10 years, investment returns on the Combined Funds have been high compared with returns experienced by other large pension funds (those with assets over \$1 billion)⁸. Investment performance of the Combined Funds exceeded the Composite Index by up to 30 basis points⁹ when measured over one-, three-, and 10-year periods. Given the

⁷ Construction of this type of index differs from the well-known Consumer Price Index (CPI), which has weights that are determined by consumption in a base year. Like the benchmark index used by the SBI, the Gross Domestic Product (GDP) deflator is a widely used index with current year weights. A fixed weight index like the CPI answers the question, "What would the goods we purchased in a base year cost if we purchased them today?" A variable weight index, like the GDP deflator and the SBI benchmark answers the question, "What would the goods we purchased today have cost if we purchased them in an earlier period?" The SBI index is looking at market returns, so it is comparing the actual returns on the portfolio experienced in the current month with indices weighted to reflect the current asset allocation and the values of those indices in an earlier period.

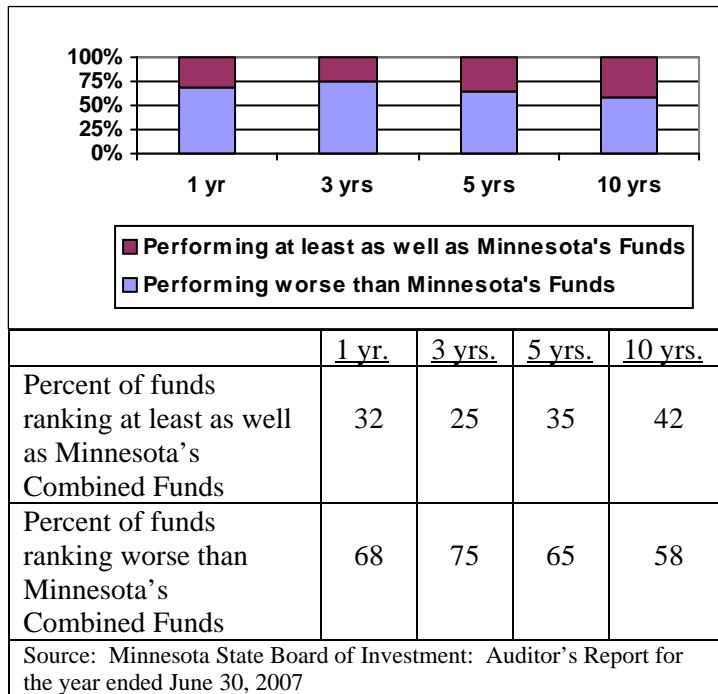
⁸ Growth in comparison with other pension funds is not a very meaningful a statistic, since growth largely depends on asset allocation, which differs among funds. In addition, not every fund reports growth in the non-stock portion of its portfolio.

⁹ A basis point is one one hundredth of one percent. Thirty basis points is three tenths of a percent.

size of the Combined Funds, \$50.2 billion on June 30, 2007, had they Performed in line with the Composite Index, the portfolio would be worth \$150 million less than it was for the year ended June 30, 2007.

Investment returns of the Combined Funds have exceeded the rate of inflation over the past 10 years. Over the past 25 years, returns of the fund have averaged 11.8 percent per year.

Figure 9. TUCS ranking of Minnesota’s Retirement Funds portfolio.



When compared with the growth rates of other large pension funds, the Retirement Systems, under the guidance of the SBI, have done very well over an extended period. The Trust Universe Comparison Service (TUCS) provides a measure to compare the rates of return of large (over \$1 billion) pension funds. Over the past 10 years, the retirement funds’ returns have exceeded the median return of approximately 200 funds included in the TUCS comparison. This consistent “beating the average” is particularly impressive, since each of the funds in the TUCS comparison has its own asset allocation, management philosophy, and risk tolerance.

Minnesota’s retirement funds have consistently had better rates of return than more than half of the large public and private funds, and had better rates of return than two-thirds of them in the last one-and three-year periods.

With some basic information about the Retirement Systems “in hand,” it is time to examine the impact of the funds’ benefit payments.

Estimating the impact of benefit payments

This section of the Retirement Systems impact report examines the results from using input-output analysis to measure the economic impact of the retirement systems' payment of more than \$2.5 billion to retirees living in Minnesota in the year ended June 30, 2007.* The section begins with a brief explanation of input-output analysis, then looks at the statewide impact, and then presents the results for each of Minnesota's 13 economic development regions and 87 counties.

Input-output analysis is a type of economic analysis that has a long history, dating back to a group of economists in the 18th century called the physiocrats. These economist/physicians viewed economic activity as analogous to blood circulating through the body. The physiocrats had a very different understanding of the economy than we do today. Modern input-output analysis dates from theoretical work done by Wassily Leontief in the 1930s, for which he won the Nobel Prize in Economics in 1973. Input-output analysis today is based on Leontief's work, but its applications have been extended through the use of computers, which make it possible to compute the extensive calculations required for the analysis in relatively short periods of time.

The idea underlying the analysis is that any type of spending circulates throughout the economy. Each entity (person, business, or government) spends a portion of its receipts and saves the rest. With spending and savings going on throughout the economy, total spending attributable to any addition to the economy will become a multiple of the original spending. In the case of the benefits of Minnesota's three Retirement Systems, \$2.5 billion of annuity payments sent to Minnesota addresses led to direct spending of \$2.2 billion, which led to a total contribution of \$3.3 billion to total state output, implying a multiplier of 1.5.

Input-output analysis examines the spending patterns within a given region by estimating the impact of a change in spending on the public and private economy in a defined market area. In this study of the impact of Minnesota's Retirement System, 101 separate market areas are examined: the entire state, each of its 13 economic development regions, and each of its 87 counties.

The process looks at the local economy, and estimates the goods and services that will be produced given a stimulus (e.g. the retirement benefits) to the local economy. The analysis specifically looks at the connections between the industries that produce the goods and services that are inputs to the goods and services that are produced in the local economy. Spending that results from industries purchasing inputs to their production process from local producers or suppliers, be they manufacturers, agricultural processors, wholesalers or transportation firms contribute to the multiplier effect of any given stimulus. When these purchases are made from firms outside the area, however, multiplier effects are lost to the local economy, although they may be captured by the area in which the

* Special thanks to Bob Isaacson, Arthur Adiarte, Ed Hodder, Valerie Vannett, Ernesto Venegas, and Neal Young of Minnesota's Department of Employment and Economic Development (DEED) for their invaluable assistance providing the Implan calculations and results.

purchases are made. Analysis of small areas, particularly small rural counties, will almost always have small multipliers because residents and businesses typically purchase a relatively large share of goods and services from outside the county.

Residents, for example, of Faribault County in southern Minnesota, are likely to travel to Mankato in Blue Earth County (adjacent to Blue Earth County) in order to make big purchases. Faribault County, a largely rural county, does not have as large a retail sector as Mankato so residents travel to Mankato in Blue Earth County to have wider choices when they make larger purchases. Input-output analysis does not distinguish purchases in Blue Earth County made by its residents from those made by Faribault County residents, but the multiplier effect of retirement benefits paid to Blue Earth County residents will appear larger than for Faribault County residents, since spending in Blue Earth County will be higher, thanks to spending by residents of nearby rural counties. Likewise, the regional economic impact multiplier will reflect spending within the region

If Faribault County residents travel south into northern Iowa to make their purchases, their spending leaks from the system and does not contribute to any multiplier effects in Minnesota.

Two major input-output models are commonly used today, RIMS II and Implan. Each gives very similar results. Implan was chosen for this study for two reasons: first, because the State of Minnesota uses Implan II for its input-output analysis, these results will be consistent with other state studies, and second, it is very accessible since the State of Minnesota has a license to use the model, so obtaining the results was much less expensive than it would have been using RIMS II.

Implan calculations for this study began with estimating retirees' actual spending. A portion of everyone's income is saved, taxed, and spent. Retirees, spend about 87 percent of their total income.¹⁰ Only spending leads to multiplier effects. Retirees pay approximately 10 percent of their income in taxes and save approximately 3 percent. To make the Implan calculations, all benefits were reduced by 13 percent to account for income that is not spent. Retirees have a somewhat different spending pattern than people who are in the labor force, so the initial spending pattern in the model was adjusted to match retirees' typical spending patterns.¹¹ After the initial spending by the retirees, the model assumed "standard" spending patterns. Implan calculations are based on the business patterns for each individual county.

The multipliers shown in this section are "Social Accounts Multipliers" (SAM), which include the direct, indirect, and induced effects of the retirement benefits. Direct multipliers are defined as the original spending; indirect multipliers are the effects of industries buying from other industries, and SAM multipliers add information in Implan's

¹⁰ The Minnesota Department of Revenue estimates that Minnesota seniors pay about 10 percent of their income in combined federal and state taxes. The savings rate is consistent with the Bureau of Labor Statistics Survey of Current Expenditures for people 65 and over.

¹¹ Retirees spend more on health care, less on food, clothing, transportation, and entertainment, and insurance, according to the Survey of Current Expenditures.

social accounts matrix.¹² SAM multipliers capture transfers between households and other institutions.

Statewide, the pension benefits had an impact of 1.5 times the original spending (assumed to be 87 percent of the benefits) of the beneficiaries. Multipliers among the state's 13 economic development regions ranged from a low of 1.12 in region 6W, the Upper Minnesota Valley, to a high of 1.45 in region 11, the Twin Cities. County multipliers ranged from a low of Between 1.03 and 1.05 for Lac qui Parle, Mahnommen, and Red Lake counties to a high between 1.3 and 1.4 for Hennepin, Ramsey, and Stearns counties.

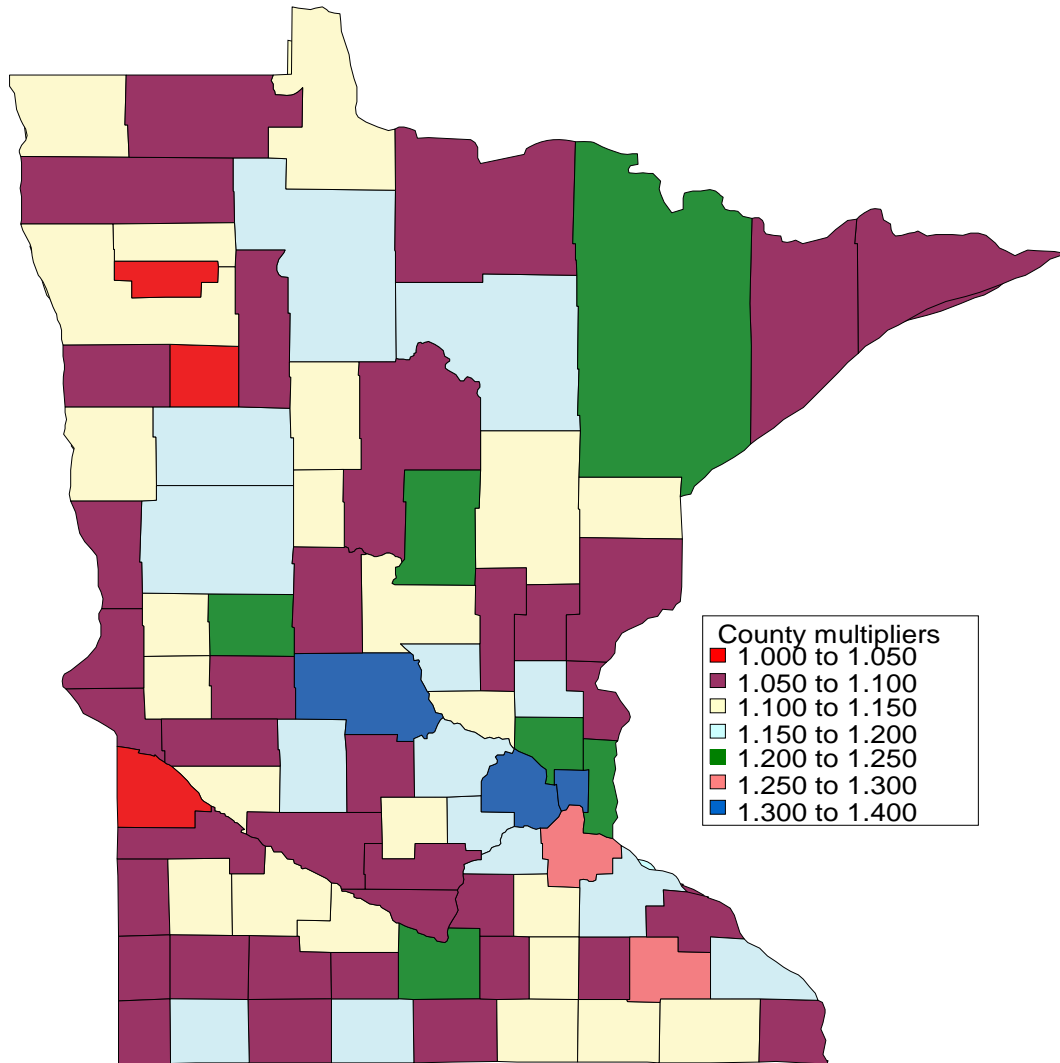
The state overall and groups of counties, such as economic development regions, have larger multipliers than the counties they contain because the larger region captures more intra-regional spending and less spending leaves the region in the course of economic activity. Since people and businesses do not consciously try to do all their spending within their county, regions as small as a single county will tend to have lower multipliers since a significant share of spending leaks from the county, particularly rural counties, rather quickly.

Figure 10 on the next page shows the multipliers for each county within the state of Minnesota. Detailed results for each development region and the counties in each region follow.

¹² Implan Professional 2.0 manual, page 15.

This page is intentionally blank

Figure 10. Economic impact multipliers by county.



Statewide Results

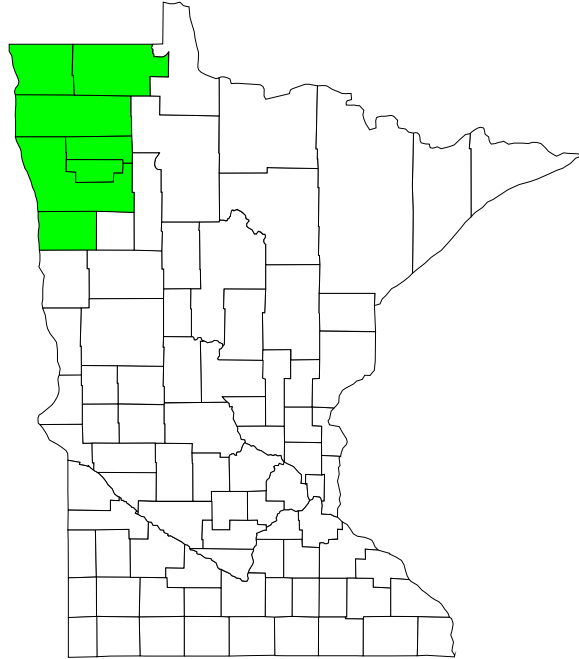
Payments from all funds in the year ended June 30, 2007 (\$000,000)	\$2,547
Number of beneficiaries	129,065
Estimated spending by beneficiaries (87 % of payments), (\$000,000)	\$2,216
Total output impact from beneficiaries' spending (\$000,000)	\$3,331
Output multiplier	1.50
Added jobs	22,501

This page is intentionally blank

State Retirement Systems Benefit Impact

Economic Development Region 01

Northwest Region



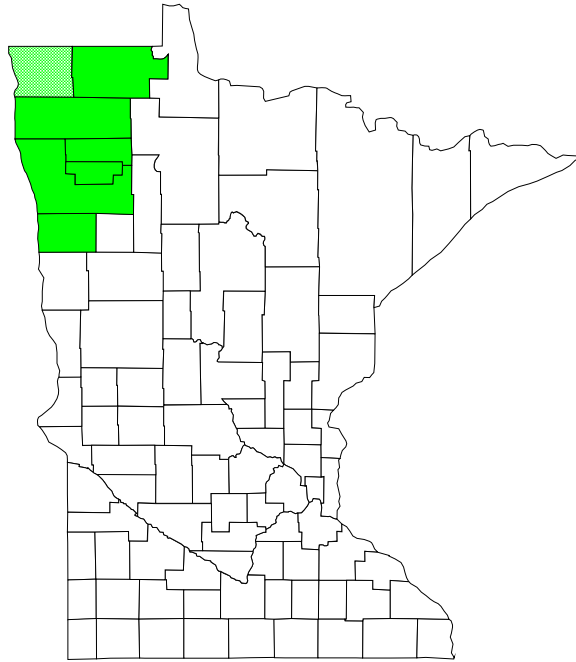
Economic Development Region 01 results

Payments from all funds in the year ended June 30, 2007 (\$000)	46,956
Number of beneficiaries	2,796
Estimated spending by beneficiaries (87 % of payments), (\$000)	40,852
Total output impact from beneficiaries' spending (\$000)	47,600
Output multiplier	1.17
Added jobs	295

State Retirement Systems Benefit Impact

Economic Development Region 01

Kittson County



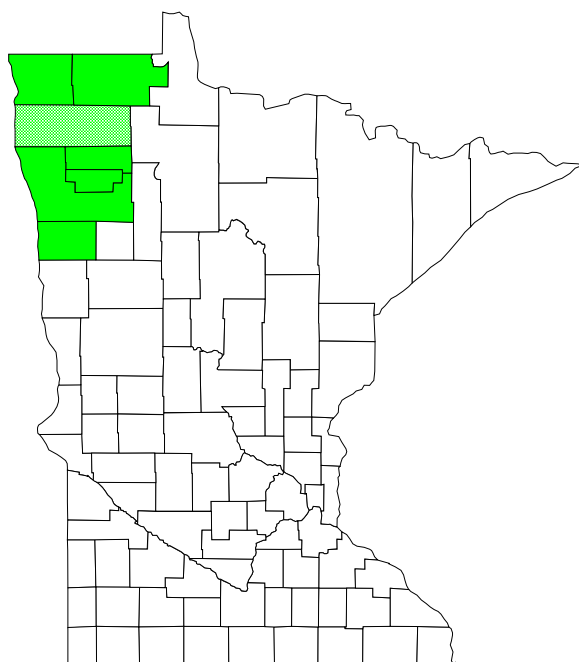
Kittson County results

Payments from all funds in the year ended June 30, 2007 (\$000)	2,922
Number of beneficiaries	205
Estimated spending by beneficiaries (87 % of payments), (\$000)	2,542
Total output impact from beneficiaries' spending (\$000)	2,816
Output multiplier	1.11
Added jobs	16

State Retirement Systems Benefit Impact

Economic Development Region 01

Marshall County



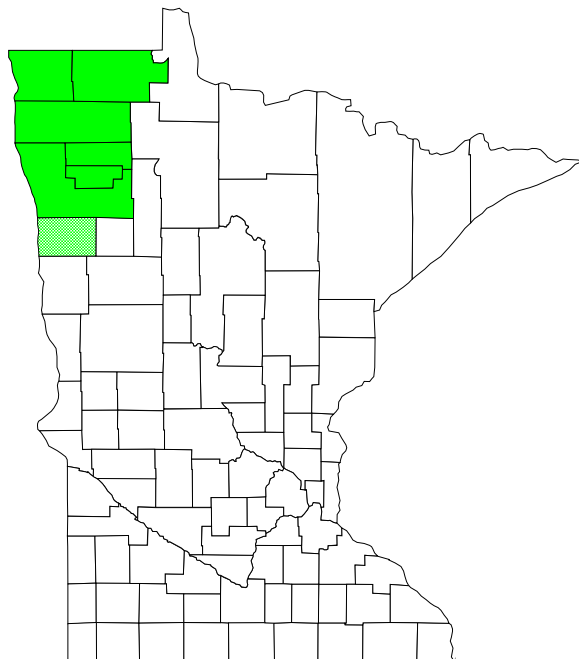
Marshall County results

Payments from all funds in the year ended June 30, 2007 (\$000)	4,137
Number of beneficiaries	290
Estimated spending by beneficiaries (87 % of payments), (\$000)	3,599
Total output impact from beneficiaries' spending (\$000)	3,929
Output multiplier	1.09
Added jobs	18

State Retirement Systems Benefit Impact

Economic Development Region 01

Norman County



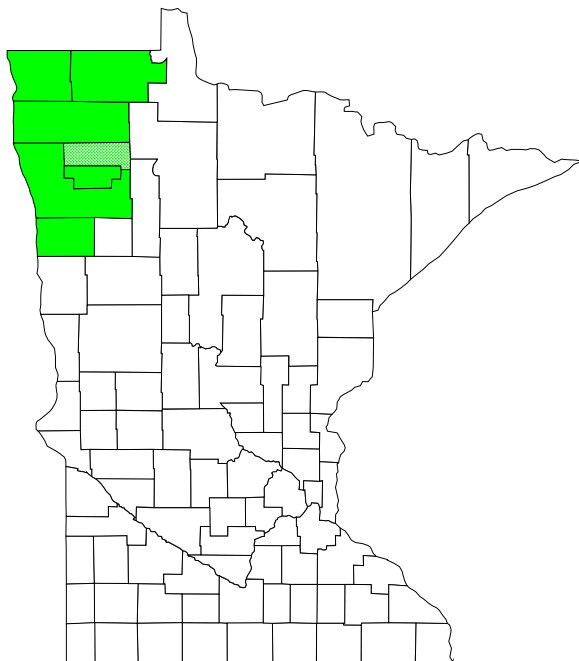
Norman County results

Payments from all funds in the year ended June 30, 2007 (\$000)	4,090
Number of beneficiaries	258
Estimated spending by beneficiaries (87 % of payments), (\$000)	3,558
Total output impact from beneficiaries' spending (\$000)	3,876
Output multiplier	1.09
Added jobs	17

State Retirement Systems Benefit Impact

Economic Development Region 01

Pennington County



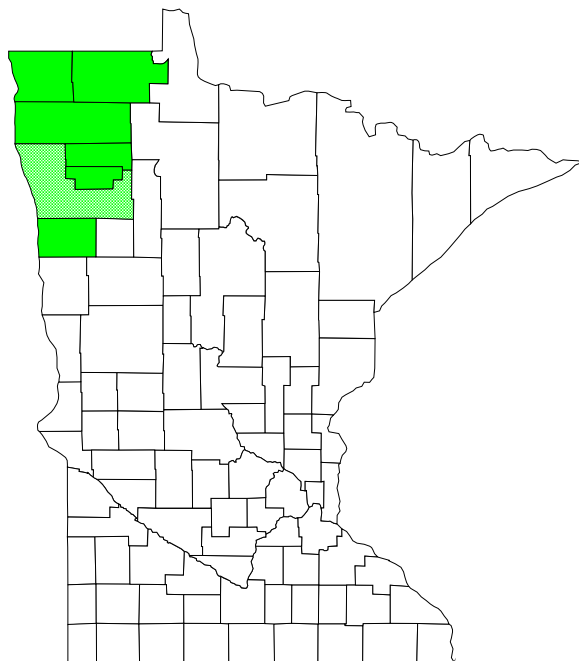
Pennington County results

Payments from all funds in the year ended June 30, 2007 (\$000)	9,163
Number of beneficiaries	516
Estimated spending by beneficiaries (87 % of payments), (\$000)	7,972
Total output impact from beneficiaries' spending (\$000)	8,975
Output multiplier	1.13
Added jobs	56

State Retirement Systems Benefit Impact

Economic Development Region 01

Polk County

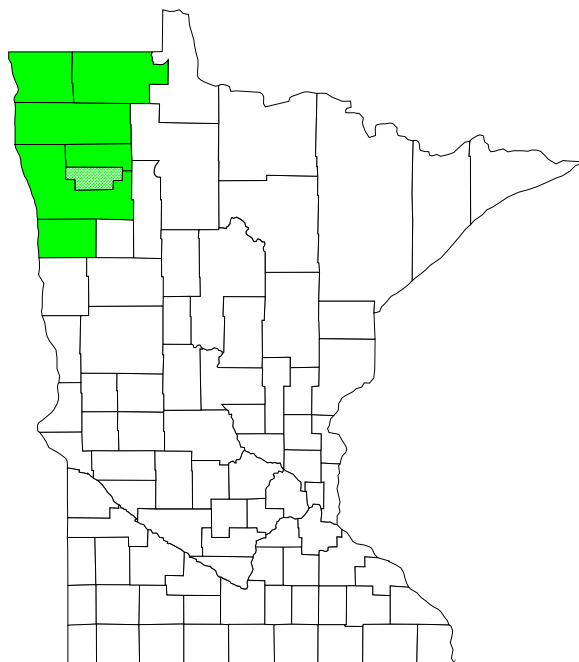


Polk County results	
Payments from all funds in the year ended June 30, 2007 (\$000)	16,682
Number of beneficiaries	974
Estimated spending by beneficiaries (87 % of payments), (\$000)	14,513
Total output impact from beneficiaries' spending (\$000)	16,199
Output multiplier	1.12
Added jobs	95

State Retirement Systems Benefit Impact

Economic Development Region 01

Red Lake County



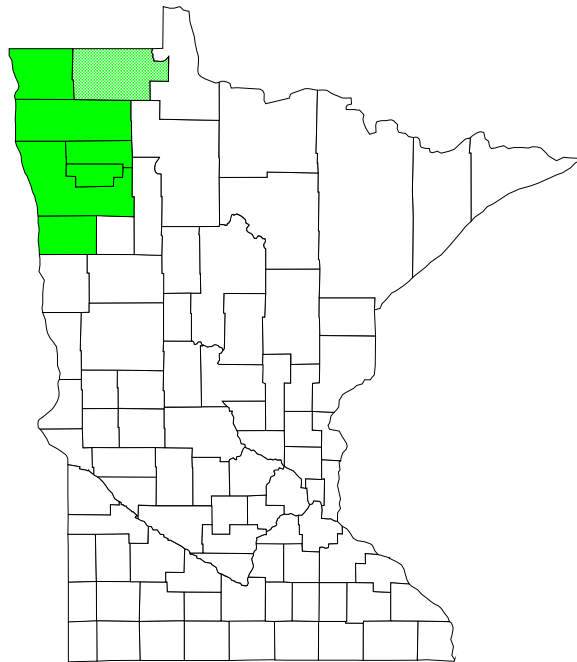
Red Lake County results

Payments from all funds in the year ended June 30, 2007 (\$000)	2,376
Number of beneficiaries	176
Estimated spending by beneficiaries (87 % of payments), (\$000)	2,067
Total output impact from beneficiaries' spending (\$000)	2,155
Output multiplier	1.04
Added jobs	6

State Retirement Systems Benefit Impact

Economic Development Region 01

Roseau County



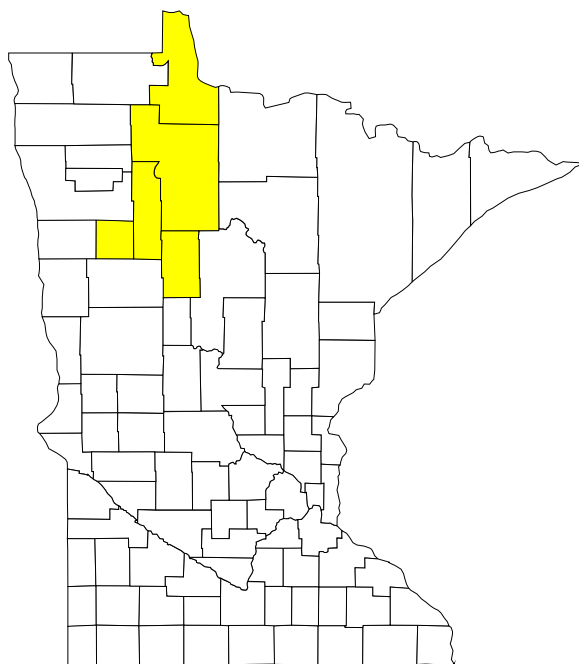
Roseau County results

Payments from all funds in the year ended June 30, 2007 (\$000)	7,587
Number of beneficiaries	377
Estimated spending by beneficiaries (87 % of payments), (\$000)	6,601
Total output impact from beneficiaries' spending	6,980
Total output impact from beneficiaries' spending (\$000)	1.06
Added jobs	35

State Retirement Systems Benefit Impact

Economic Development Region 02

Headwaters Region



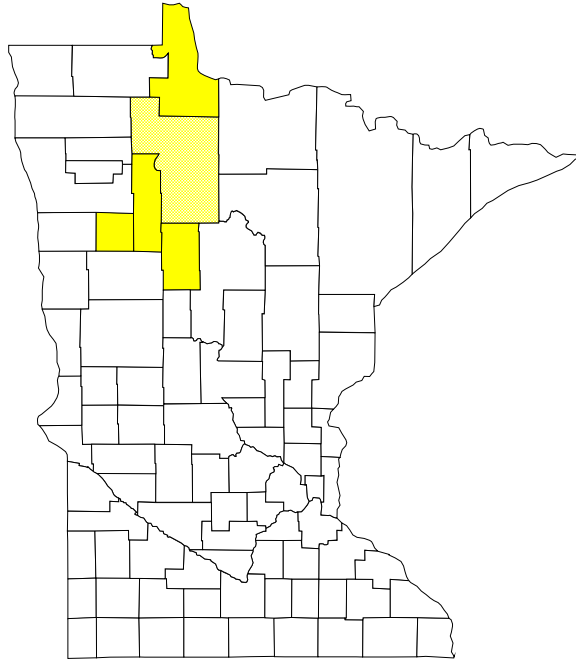
Economic Development Region 02 results

Payments from all funds in the year ended June 30, 2007 (\$000)	62,613
Number of beneficiaries	3,384
Estimated spending by beneficiaries (87 % of payments), (\$000)	54,474
Total output impact from beneficiaries' spending (\$000)	64,919
Output multiplier	1.19
Added jobs	444

State Retirement Systems Benefit Impact

Economic Development Region 02

Beltrami County



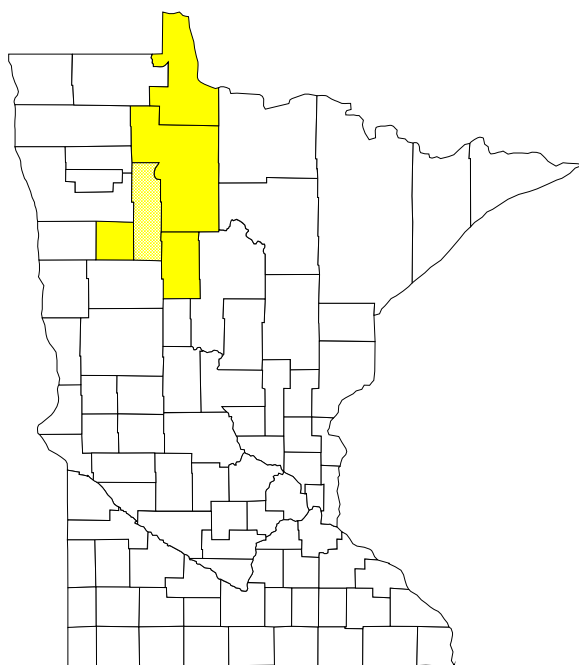
Beltrami County results

Payments from all funds in the year ended June 30, 2007 (\$000)	33,554
Number of beneficiaries	1,665
Estimated spending by beneficiaries (87 % of payments), (\$000)	29,192
Total output impact from beneficiaries' spending	34,836
Output multiplier	1.19
Added jobs	239

State Retirement Systems Benefit Impact

Economic Development Region 02

Clearwater County



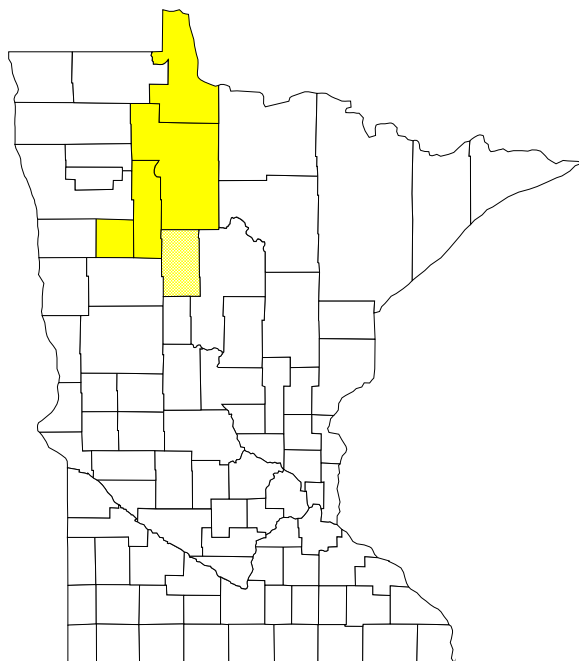
Clearwater County results

Payments from all funds in the year ended June 30, 2007 (\$000)	6,750
Number of beneficiaries	414
Estimated spending by beneficiaries (87 % of payments), (\$000)	5,873
Total output impact from beneficiaries' spending (\$000)	6,238
Output multiplier	1.06
Added jobs	28

State Retirement Systems Benefit Impact

Economic Development Region 02

Hubbard County



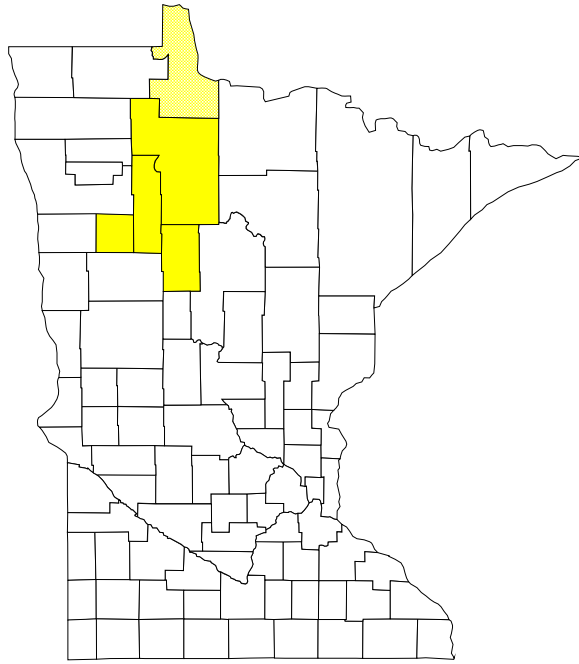
Hubbard County results

Payments from all funds in the year ended June 30, 2007 (\$000)	17,010
Number of beneficiaries	966
Estimated spending by beneficiaries (87 % of payments), (\$000)	14,798
Total output impact from beneficiaries' spending (\$000)	16,706
Output multiplier	1.13
Added jobs	98

State Retirement Systems Benefit Impact

Economic Development Region 02

Lake of the Woods County



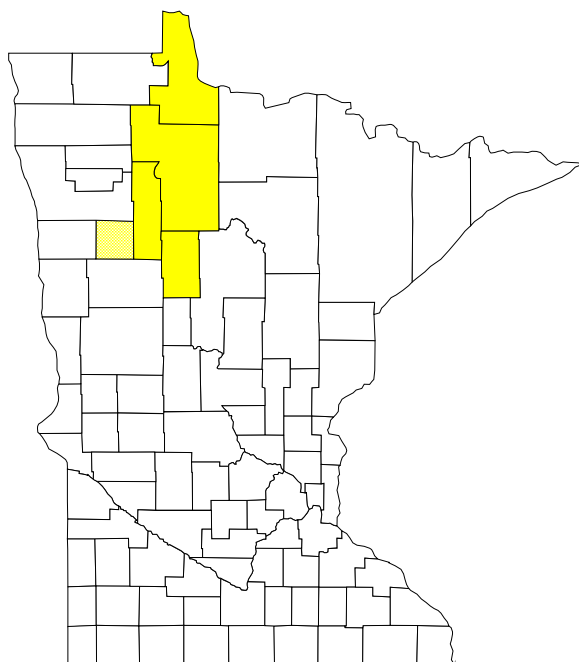
Lake of the Woods County results

Payments from all funds in the year ended June 30, 2007 (\$000)	3,021
Number of beneficiaries	182
Estimated spending by beneficiaries (87 % of payments), (\$000)	2,628
Total output impact from beneficiaries' spending (\$000)	2,898
Output multiplier	1.10
Added jobs	17

State Retirement Systems Benefit Impact

Economic Development Region 02

Mahnomen County



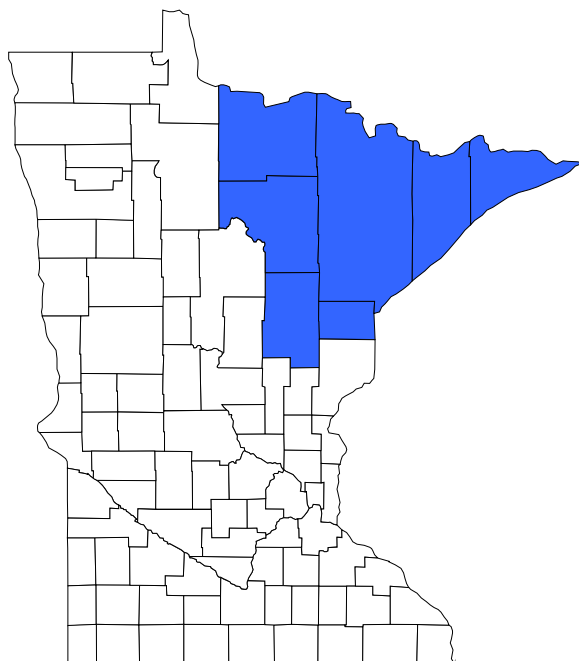
Mahnomen County results

Payments from all funds in the year ended June 30, 2007 (\$000)	2,279
Number of beneficiaries	157
Estimated spending by beneficiaries (87 % of payments), (\$000)	1,982
Total output impact from beneficiaries' spending (\$000)	2,046
Output multiplier	1.03
Added jobs	6

State Retirement Systems Benefit Impact

Economic Development Region 03

Arrowhead Region



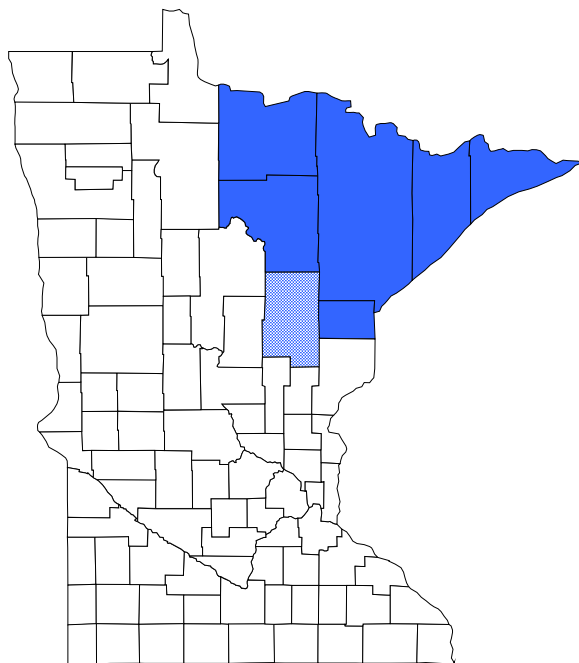
Economic Development Region 03 results

Payments from all funds in the year ended June 30, 2007 (\$000)	254,687
Number of beneficiaries	13,383
Estimated spending by beneficiaries (87 % of payments), (\$000)	221,578
Total output impact from beneficiaries' spending (\$000)	274,040
Output multiplier	1.24
Added jobs	1,897

State Retirement Systems Benefit Impact

Economic Development Region 03

Aitkin County



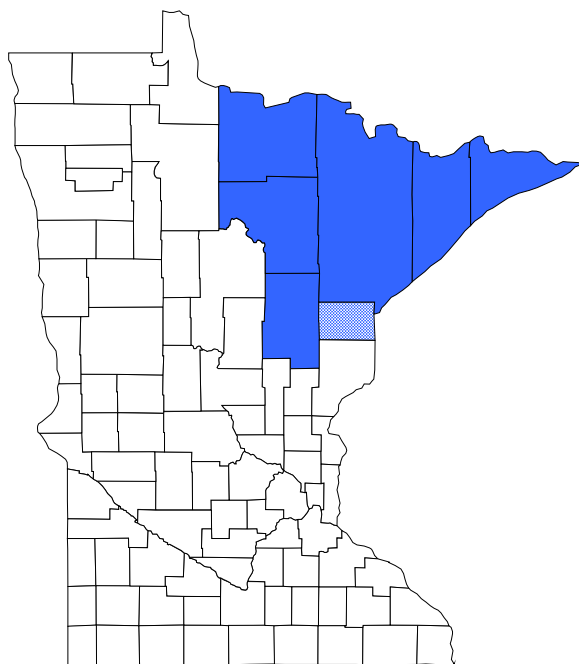
Aitkin County results

Payments from all funds in the year ended June 30, 2007 (\$000)	13,400
Number of beneficiaries	754
Estimated spending by beneficiaries (87 % of payments), (\$000)	11,658
Total output impact from beneficiaries' spending (\$000)	12,968
Output multiplier	1.11
Added jobs	78

State Retirement Systems Benefit Impact

Economic Development Region 03

Carleton County

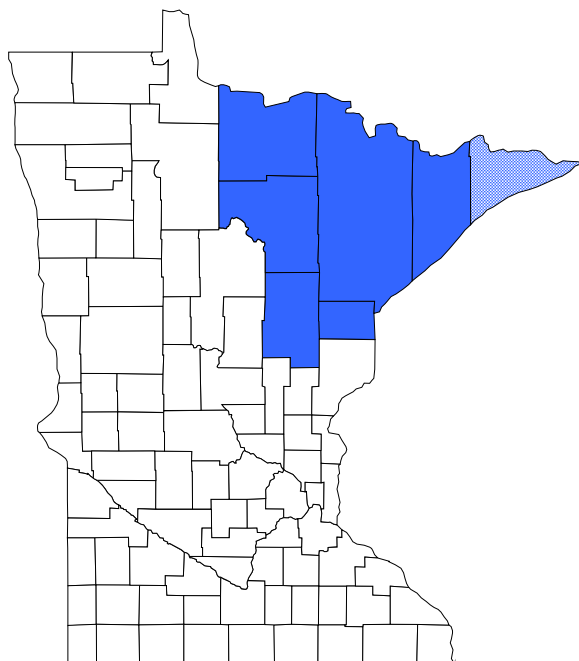


Carleton County results	
Payments from all funds in the year ended June 30, 2007 (\$000)	26,859
Number of beneficiaries	1,427
Estimated spending by beneficiaries (87 % of payments), (\$000)	23,368
Total output impact from beneficiaries' spending (\$000)	26,468
Output multiplier	1.13
Added jobs	157

State Retirement Systems Benefit Impact

Economic Development Region 03

Cook County

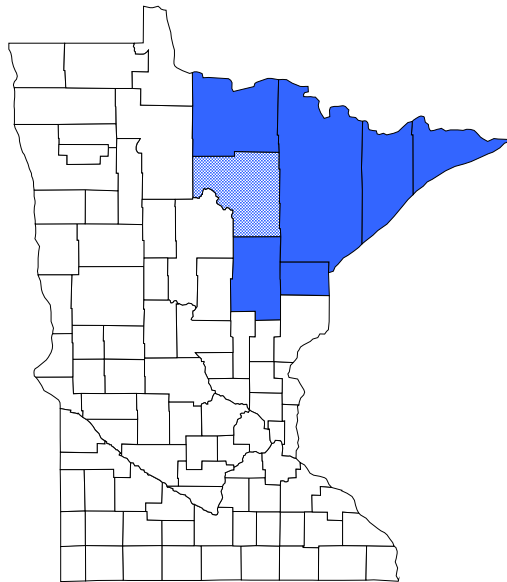


Cook County results	
Payments from all funds in the year ended June 30, 2007 (\$000)	4,853
Number of beneficiaries	277
Estimated spending by beneficiaries (87 % of payments), (\$000)	4,222
Total output impact from beneficiaries' spending (\$000)	4,501
Output multiplier	1.07
Added jobs	23

State Retirement Systems Benefit Impact

Economic Development Region 03

Itasca County



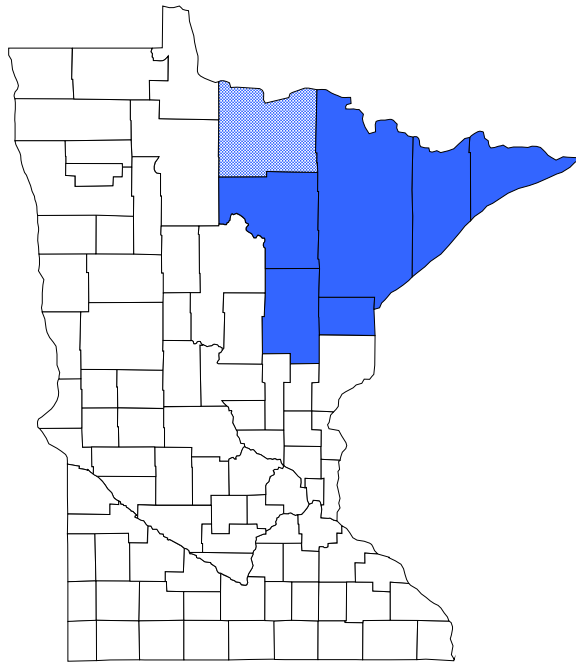
Itasca County results

Payments from all funds in the year ended June 30, 2007 (\$000)	40,593
Number of beneficiaries	277
Estimated spending by beneficiaries (87 % of payments), (\$000)	35,315
Total output impact from beneficiaries' spending (\$000)	40,790
Output multiplier	1.16
Added jobs	266

State Retirement Systems Benefit Impact

Economic Development Region 03

Koochiching County



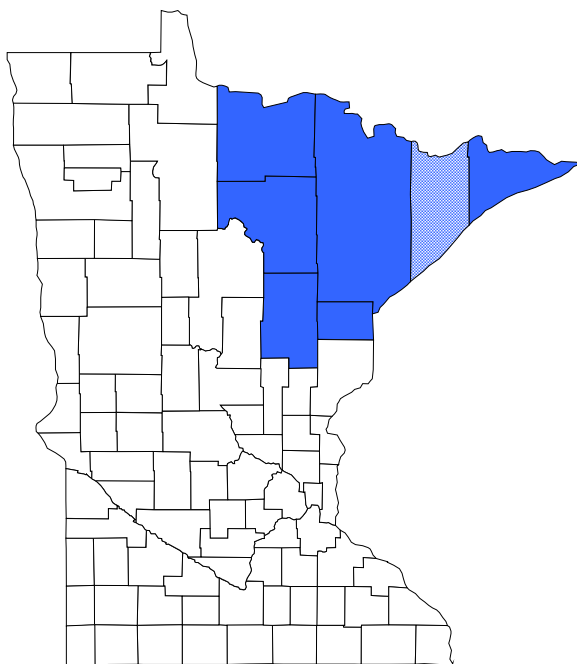
Koochiching County results

Payments from all funds in the year ended June 30, 2007 (\$000)	11,337
Number of beneficiaries	546
Estimated spending by beneficiaries (87 % of payments), (\$000)	9,863
Total output impact from beneficiaries' spending (\$000)	10,833
Output multiplier	1.10
Added jobs	59

State Retirement Systems Benefit Impact

Economic Development Region 03

Lake County

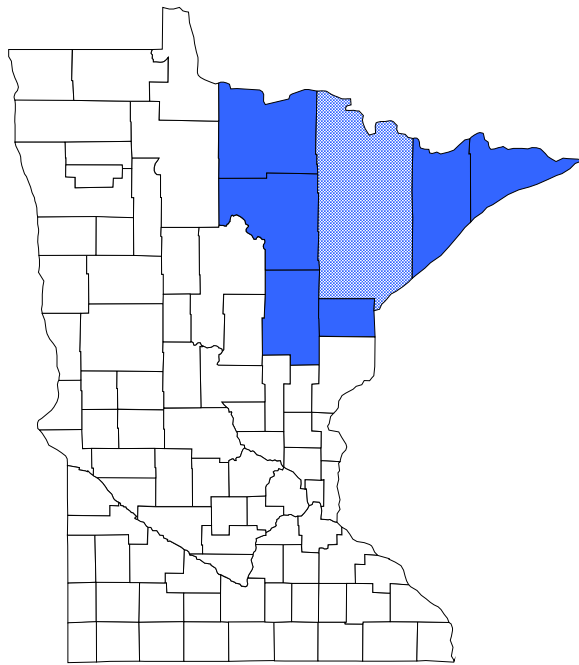


Lake County results	
Payments from all funds in the year ended June 30, 2007 (\$000)	10,054
Number of beneficiaries	540
Estimated spending by beneficiaries (87 % of payments), (\$000)	8,747
Total output impact from beneficiaries' spending (\$000)	9,609
Output multiplier	1.10
Added jobs	50

State Retirement Systems Benefit Impact

Economic Development Region 03

Saint Louis County



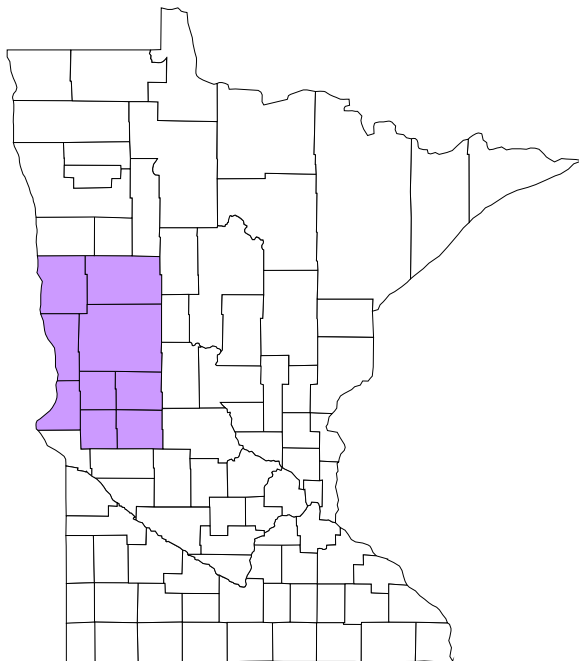
Saint Louis County results

Payments from all funds in the year ended June 30, 2007 (\$000)	147,592
Number of beneficiaries	7,678
Estimated spending by beneficiaries (87 % of payments), (\$000)	128,405
Total output impact from beneficiaries' spending (\$000)	159,126
Output multiplier	1.24
Added jobs	1,084

State Retirement Systems Benefit Impact

Economic Development Region 04

West Central Region



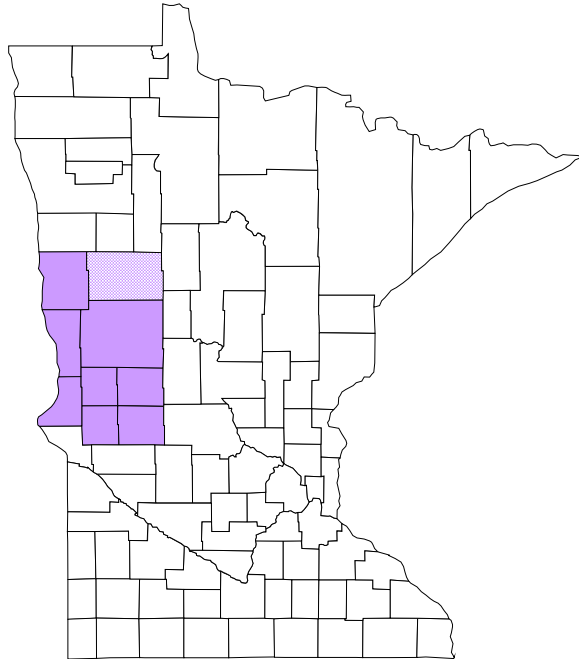
Economic Development Region 04 results

Payments from all funds in the year ended June 30, 2007 (\$000)	139,957
Number of beneficiaries	7,570
Estimated spending by beneficiaries (87 % of payments), (\$000)	0
Total output impact from beneficiaries' spending (\$000)	69,814
Output multiplier	1.17
Added jobs	1,071

State Retirement Systems Benefit Impact

Economic Development Region 04

Becker County



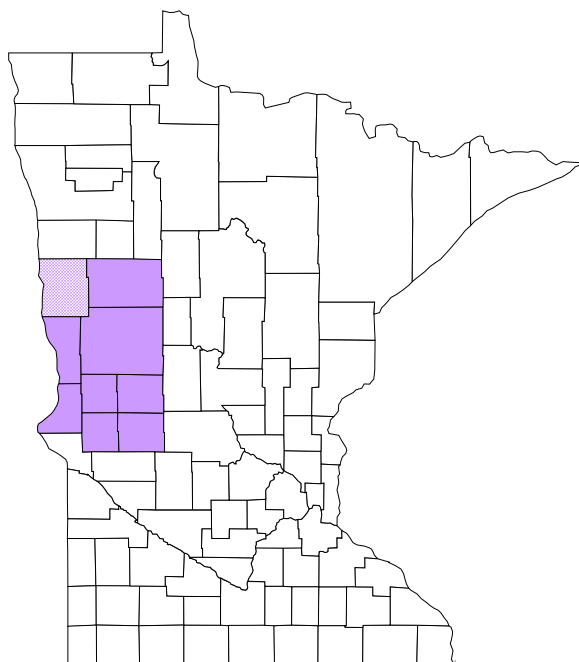
Becker County results

Payments from all funds in the year ended June 30, 2007 (\$000)	139,957
Number of beneficiaries	7,570
Estimated spending by beneficiaries (87 % of payments), (\$000)	121,763
Total output impact from beneficiaries' spending (\$000)	23,987
Output multiplier	1.16
Added jobs	157

State Retirement Systems Benefit Impact

Economic Development Region 04

Clay County

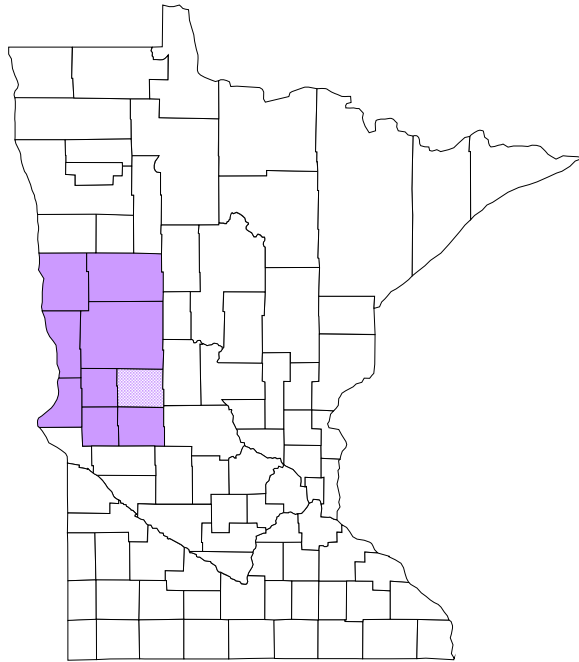


Clay County results	
Payments from all funds in the year ended June 30, 2007 (\$000)	24,519
Number of beneficiaries	1,222
Estimated spending by beneficiaries (87 % of payments), (\$000)	21,332
Total output impact from beneficiaries' spending (\$000)	24,179
Output multiplier	1.13
Added jobs	145

State Retirement Systems Benefit Impact

Economic Development Region 04

Douglas County

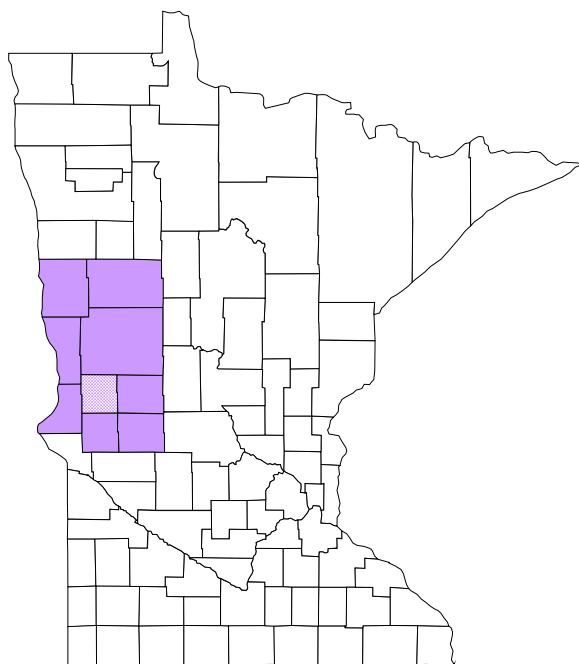


Douglas County results	
Payments from all funds in the year ended June 30, 2007 (\$000)	25,537
Number of beneficiaries	1,516
Estimated spending by beneficiaries (87 % of payments), (\$000)	22,217
Total output impact from beneficiaries' spending (\$000)	26,840
Output multiplier	1.21
Added jobs	200

State Retirement Systems Benefit Impact

Economic Development Region 04

Grant County



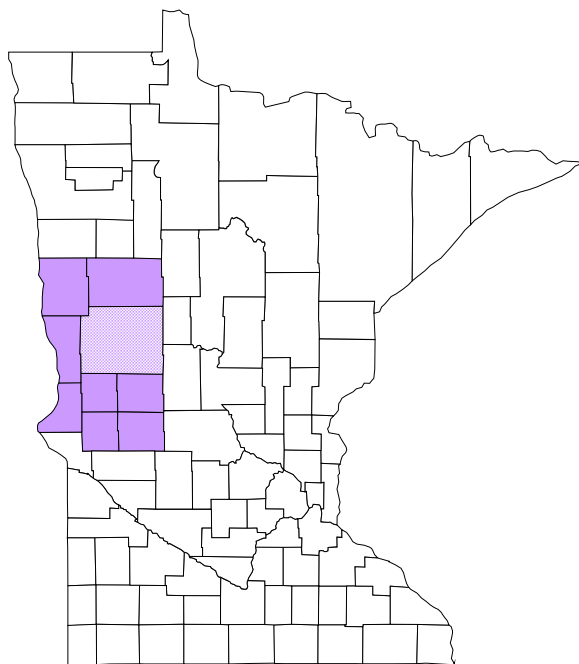
Grant County results

Payments from all funds in the year ended June 30, 2007 (\$000)	4,117
Number of beneficiaries	266
Estimated spending by beneficiaries (87 % of payments), (\$000)	3,582
Total output impact from beneficiaries' spending (\$000)	3,981
Output multiplier	1.11
Added jobs	20

State Retirement Systems Benefit Impact

Economic Development Region 04

Otter Tail County



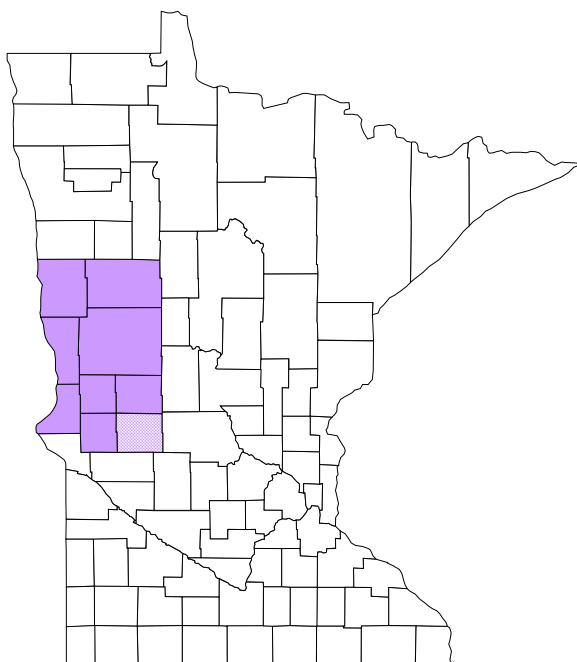
Otter Tail County results

Payments from all funds in the year ended June 30, 2007 (\$000)	40,922
Number of beneficiaries	2,210
Estimated spending by beneficiaries (87 % of payments), (\$000)	35,602
Total output impact from beneficiaries' spending (\$000)	42,063
Output multiplier	1.18
Added jobs	290

State Retirement Systems Benefit Impact

Economic Development Region 04

Pope County

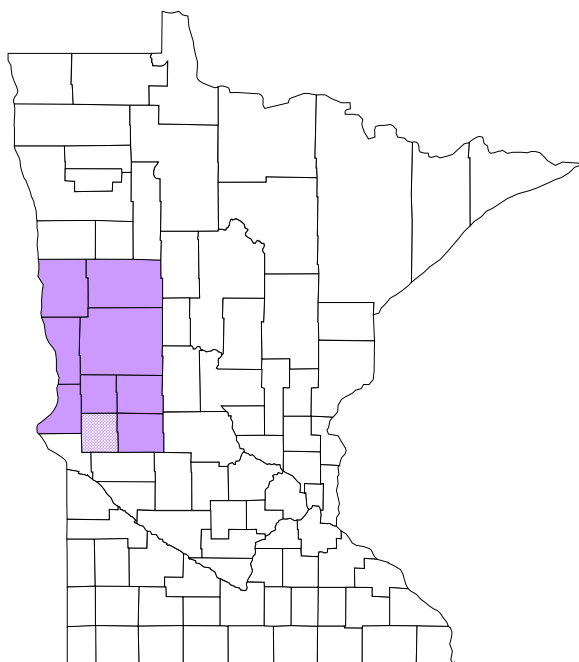


Pope County results	
Payments from all funds in the year ended June 30, 2007 (\$000)	9,036
Number of beneficiaries	438
Estimated spending by beneficiaries (87 % of payments), (\$000)	7,861
Total output impact from beneficiaries' spending (\$000)	8,444
Output multiplier	1.07
Added jobs	39

State Retirement Systems Benefit Impact

Economic Development Region 04

Stevens County

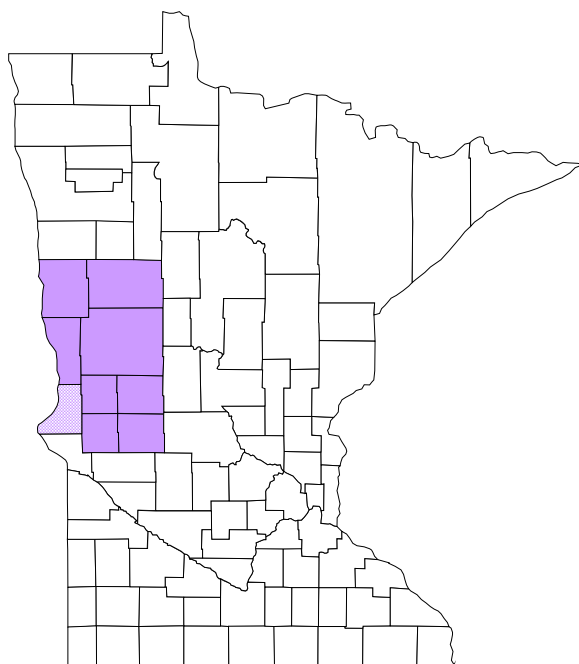


Stevens County results	
Payments from all funds in the year ended June 30, 2007 (\$000)	6,273
Number of beneficiaries	377
Estimated spending by beneficiaries (87 % of payments), (\$000)	5,458
Total output impact from beneficiaries' spending (\$000)	6,046
Output multiplier	1.11
Added jobs	35

State Retirement Systems Benefit Impact

Economic Development Region 04

Traverse County



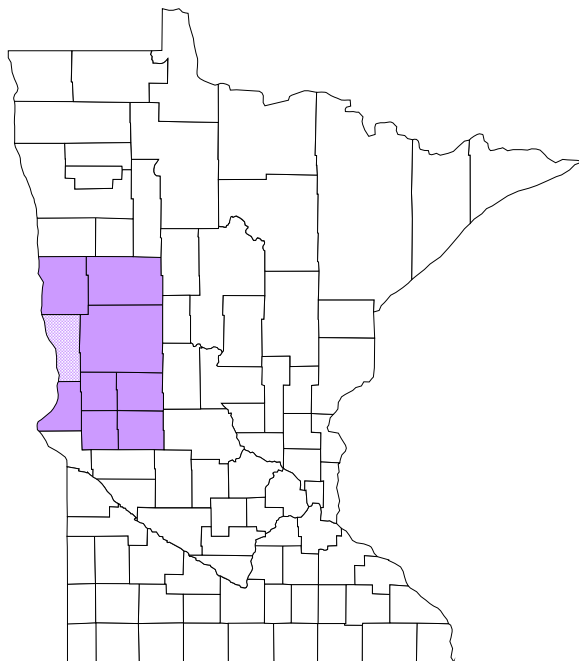
Traverse County results

Payments from all funds in the year ended June 30, 2007 (\$000)	2,507
Number of beneficiaries	173
Estimated spending by beneficiaries (87 % of payments), (\$000)	2,181
Total output impact from beneficiaries' spending (\$000)	2,376
Output multiplier	1.09
Added jobs	11

State Retirement Systems Benefit Impact

Economic Development Region 04

Wilkin County



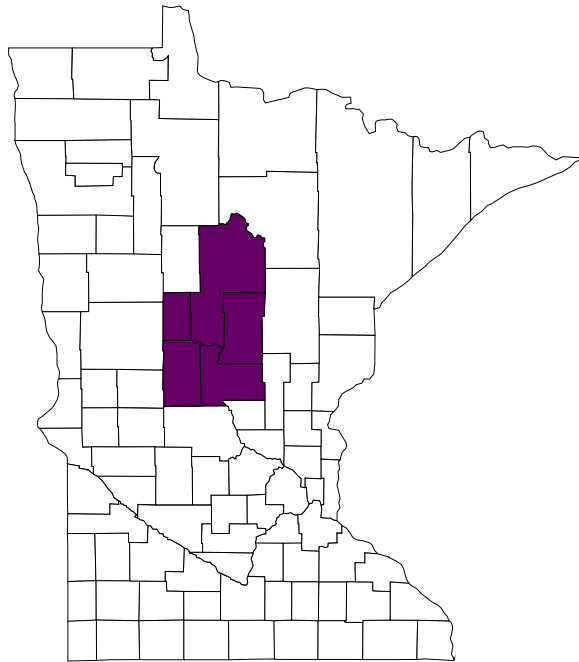
Wilkin County results

Payments from all funds in the year ended June 30, 2007 (\$000)	3,290
Number of beneficiaries	171
Estimated spending by beneficiaries (87 % of payments), (\$000)	2,862
Total output impact from beneficiaries' spending (\$000)	3,138
Output multiplier	1.10
Added jobs	15

State Retirement Systems Benefit Impact

Economic Development Region 05

North Central Region



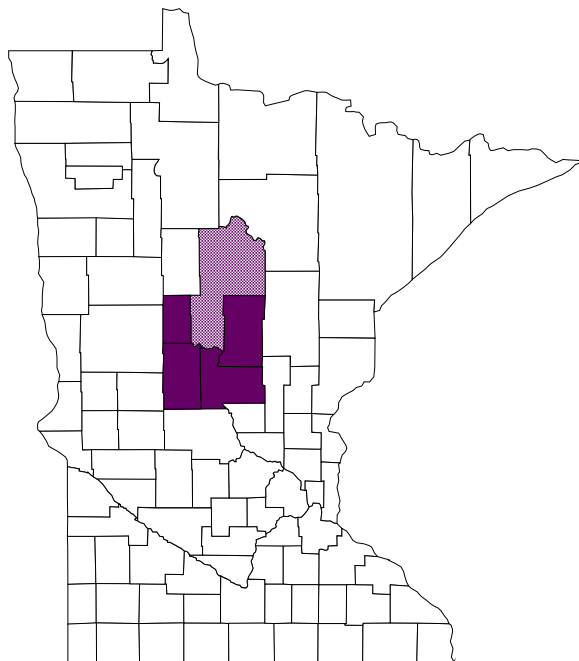
Economic Development Region 05 results

Payments from all funds in the year ended June 30, 2007 (\$000)	118,728
Number of beneficiaries	6,388
Estimated spending by beneficiaries (87 % of payments), (\$000)	103,293
Total output impact from beneficiaries' spending (\$000)	69,814
Output multiplier	1.17
Added jobs	847

State Retirement Systems Benefit Impact

Economic Development Region 05

Cass County



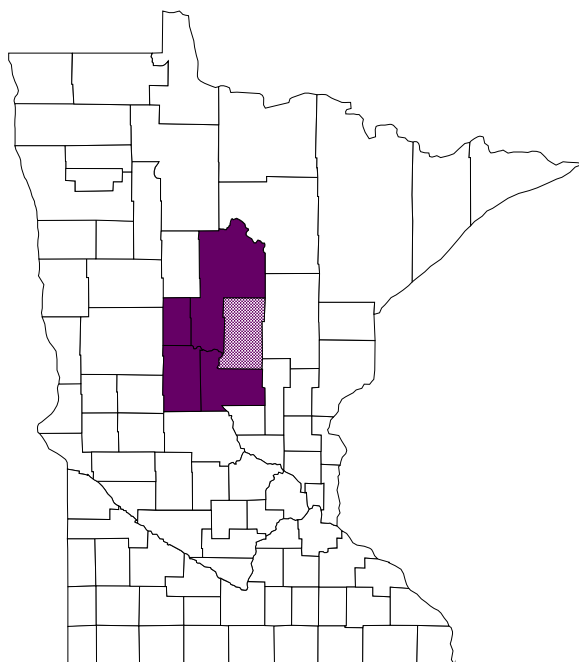
Cass County results

Payments from all funds in the year ended June 30, 2007 (\$000)	23,540
Number of beneficiaries	1,294
Estimated spending by beneficiaries (87 % of payments), (\$000)	20,480
Total output impact from beneficiaries' spending (\$000)	22,246
Output multiplier	1.09
Added jobs	112

State Retirement Systems Benefit Impact

Economic Development Region 05

Crow Wing County



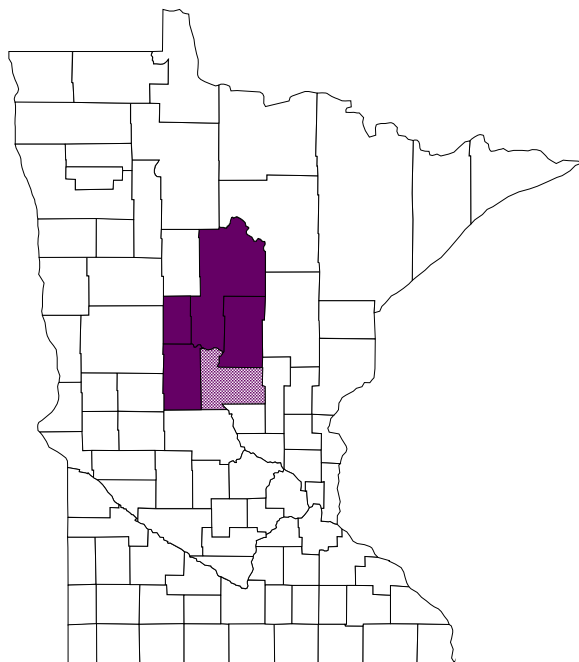
Crow Wing County results

Payments from all funds in the year ended June 30, 2007 (\$000)	55,288
Number of beneficiaries	2,750
Estimated spending by beneficiaries (87 % of payments), (\$000)	48,100
Total output impact from beneficiaries' spending (\$000)	57,975
Output multiplier	1.21
Added jobs	393

State Retirement Systems Benefit Impact

Economic Development Region 05

Morrison County



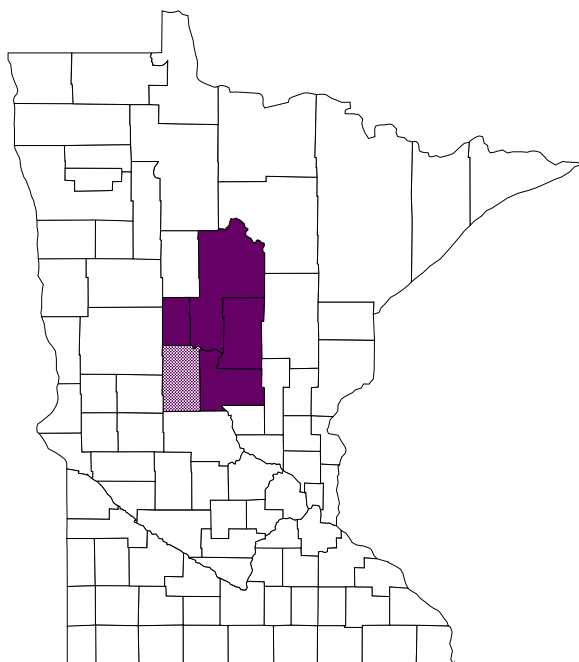
Morrison County results

Payments from all funds in the year ended June 30, 2007 (\$000)	17,395
Number of beneficiaries	983
Estimated spending by beneficiaries (87 % of payments), (\$000)	15,134
Total output impact from beneficiaries' spending (\$000)	14,852
Output multiplier	1.12
Added jobs	90

State Retirement Systems Benefit Impact

Economic Development Region 05

Todd County



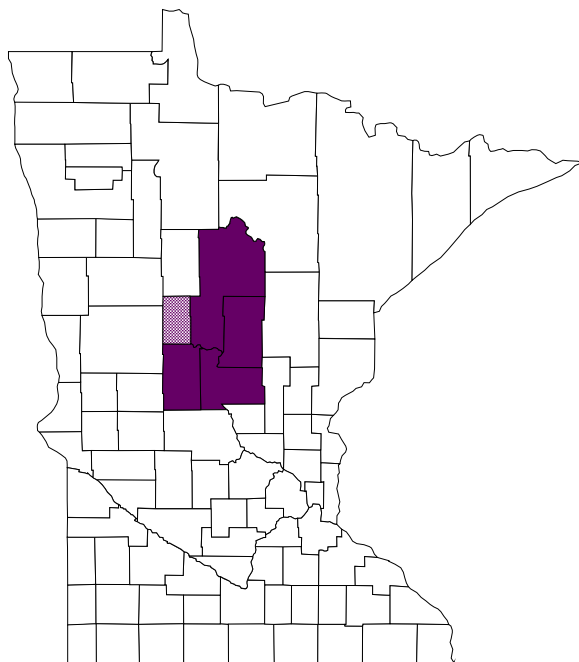
Todd County results

Payments from all funds in the year ended June 30, 2007 (\$000)	13,177
Number of beneficiaries	741
Estimated spending by beneficiaries (87 % of payments), (\$000)	11,464
Total output impact from beneficiaries' spending (\$000)	12,309
Output multiplier	1.07
Added jobs	58

State Retirement Systems Benefit Impact

Economic Development Region 05

Wadena County



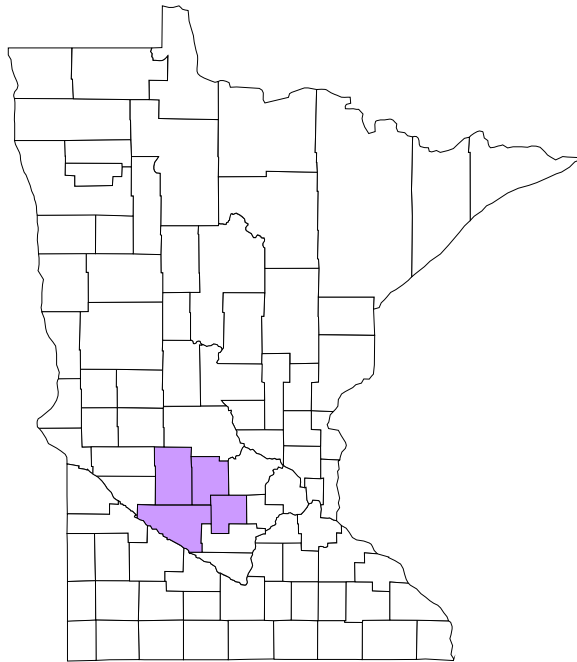
Wadena County results

Payments from all funds in the year ended June 30, 2007 (\$000)	9,328
Number of beneficiaries	620
Estimated spending by beneficiaries (87 % of payments), (\$000)	8,115
Total output impact from beneficiaries' spending (\$000)	9,184
Output multiplier	1.13
Added jobs	56

State Retirement Systems Benefit Impact

Economic Development Region 06E

Southwest Central Region



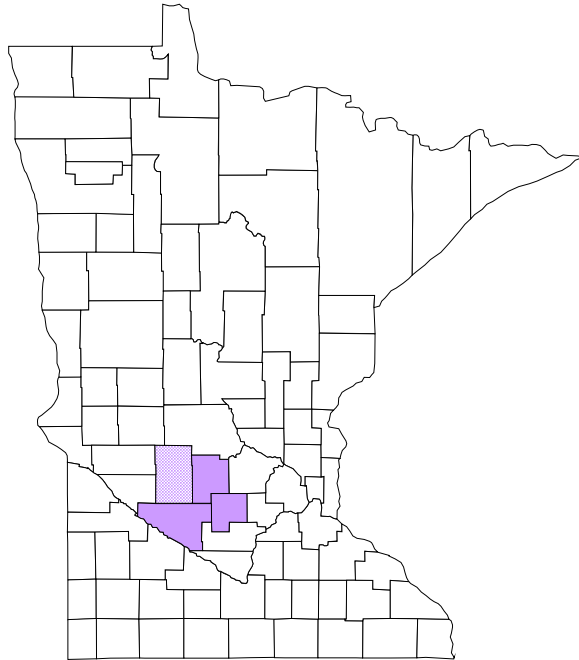
Economic Development Region 06E results

Payments from all funds in the year ended June 30, 2007 (\$000)	68,696
Number of beneficiaries	3,936
Estimated spending by beneficiaries (87 % of payments), (\$000)	59,765
Total output impact from beneficiaries' spending (\$000)	69,814
Output multiplier	1.17
Added jobs	441

State Retirement Systems Benefit Impact

Economic Development Region 06E

Kandiyohi County



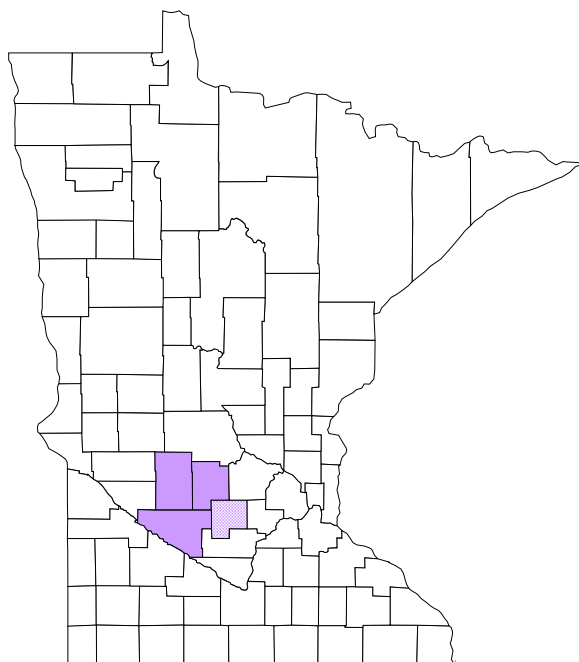
Kandiyohi County results

Payments from all funds in the year ended June 30, 2007 (\$000)	34,050
Number of beneficiaries	1,824
Estimated spending by beneficiaries (87 % of payments), (\$000)	29,623
Total output impact from beneficiaries' spending (\$000)	34,852
Output multiplier	1.18
Added jobs	232

State Retirement Systems Benefit Impact

Economic Development Region 06E

McLeod County



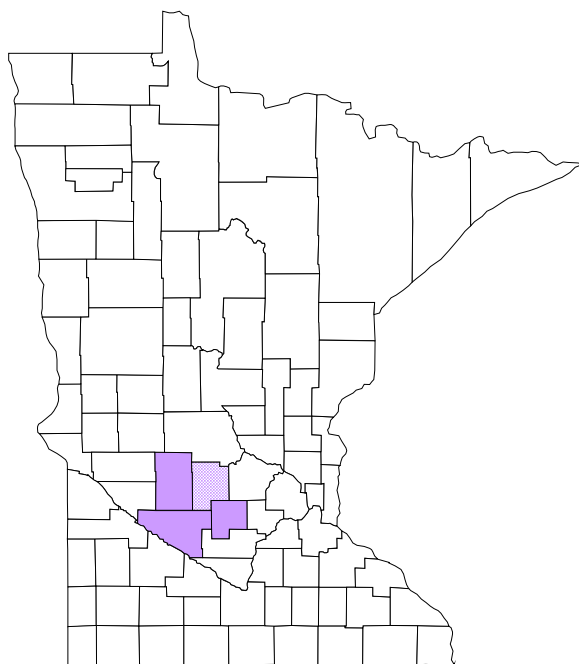
McLeod County results

Payments from all funds in the year ended June 30, 2007 (\$000)	15,223
Number of beneficiaries	913
Estimated spending by beneficiaries (87 % of payments), (\$000)	13,244
Total output impact from beneficiaries' spending (\$000)	14,852
Output multiplier	1.12
Added jobs	90

State Retirement Systems Benefit Impact

Economic Development Region 06E

Meeker County



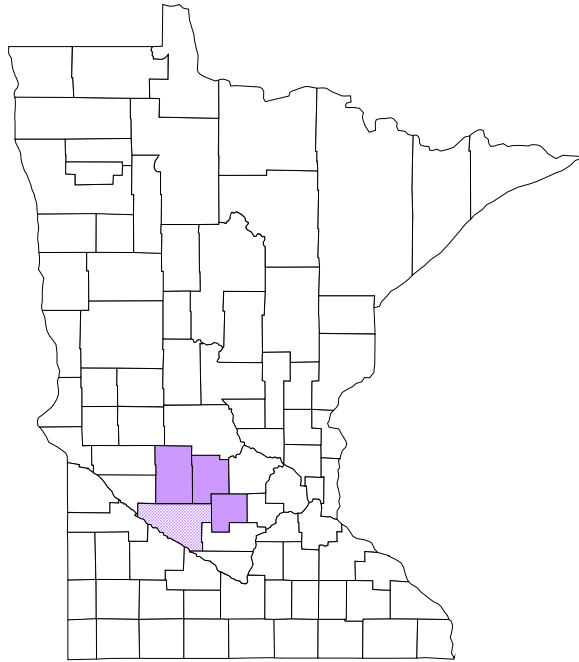
Meeker County results

Payments from all funds in the year ended June 30, 2007 (\$000)	11,766
Number of beneficiaries	673
Estimated spending by beneficiaries (87 % of payments), (\$000)	10,236
Total output impact from beneficiaries' spending (\$000)	11,212
Output multiplier	1.10
Added jobs	60

State Retirement Systems Benefit Impact

Economic Development Region 06E

Renville County



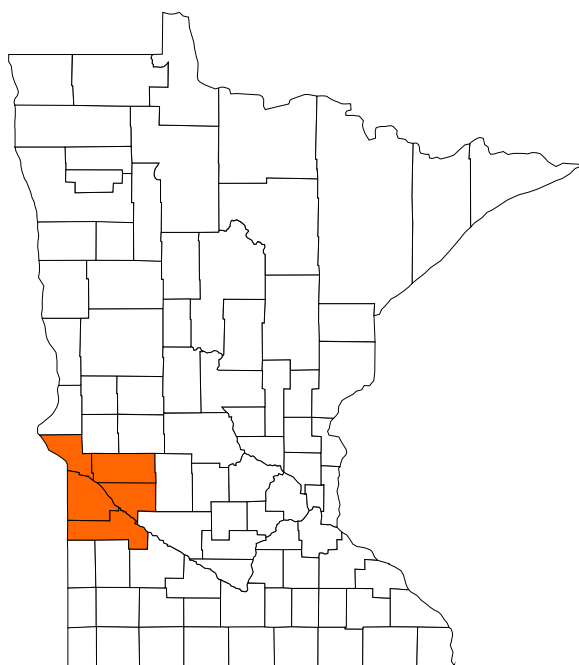
Renville County results

Payments from all funds in the year ended June 30, 2007 (\$000)	7,657
Number of beneficiaries	526
Estimated spending by beneficiaries (87 % of payments), (\$000)	6,662
Total output impact from beneficiaries' spending (\$000)	7,167
Output multiplier	1.08
Added jobs	31

State Retirement Systems Benefit Impact

Economic Development Region 06W

Upper Minnesota Valley Region



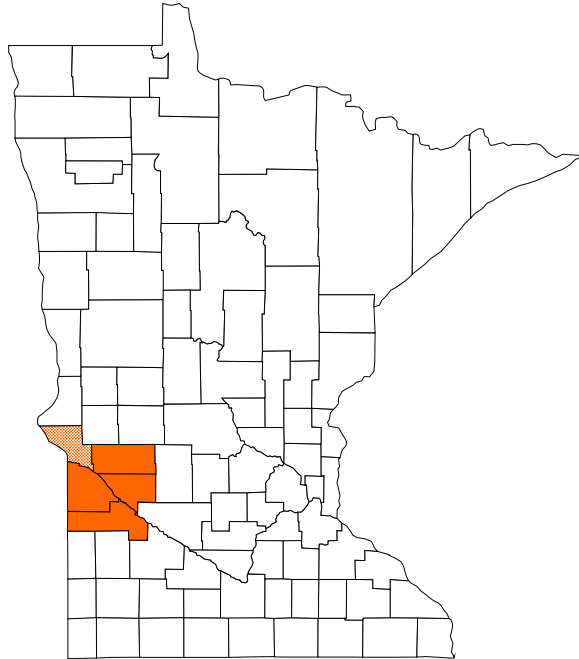
Economic Development Region 06W results

Payments from all funds in the year ended June 30, 2007 (\$000)	27,729
Number of beneficiaries	1,878
Estimated spending by beneficiaries (87 % of payments), (\$000)	24,124
Total output impact from beneficiaries' spending (\$000)	27,031
Output multiplier	1.12
Added jobs	148

State Retirement Systems Benefit Impact

Economic Development Region 06W

Big Stone County



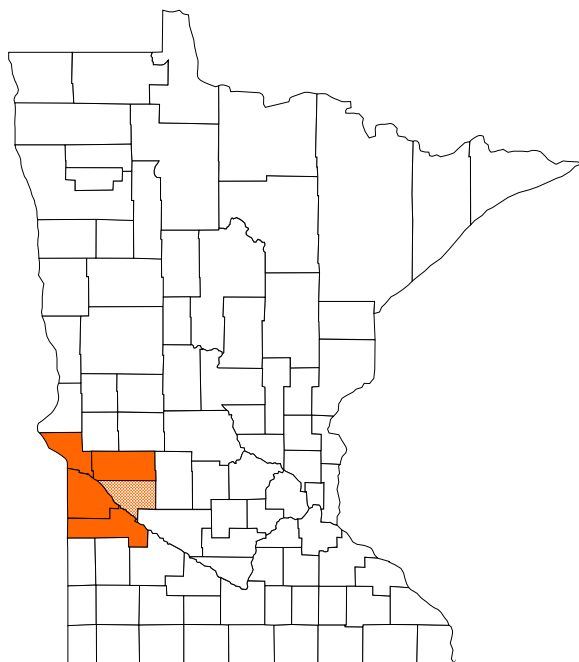
Big Stone County results

Payments from all funds in the year ended June 30, 2007 (\$000)	3,707
Number of beneficiaries	263
Estimated spending by beneficiaries (87 % of payments), (\$000)	3,225
Total output impact from beneficiaries' spending (\$000)	3,503
Output multiplier	1.09
Added jobs	20

State Retirement Systems Benefit Impact

Economic Development Region 06W

Chippewa County



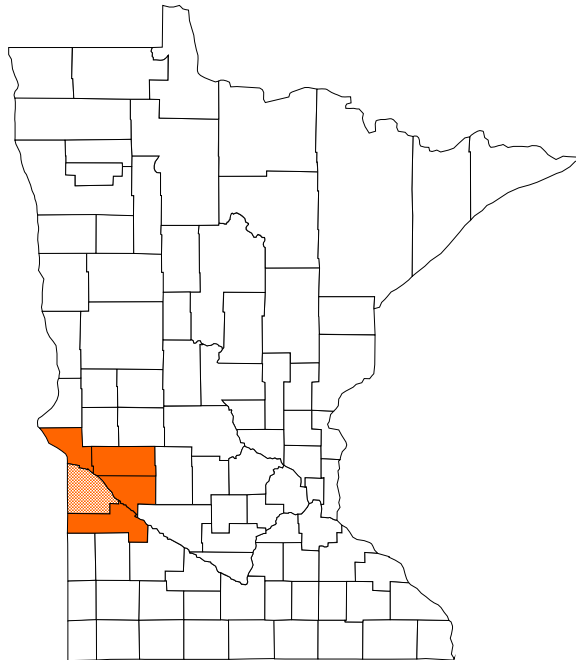
Chippewa County results

Payments from all funds in the year ended June 30, 2007 (\$000)	7,083
Number of beneficiaries	462
Estimated spending by beneficiaries (87 % of payments), (\$000)	6,162
Total output impact from beneficiaries' spending (\$000)	6,900
Output multiplier	1.12
Added jobs	38

State Retirement Systems Benefit Impact

Economic Development Region 06W

Lac qui Parle County



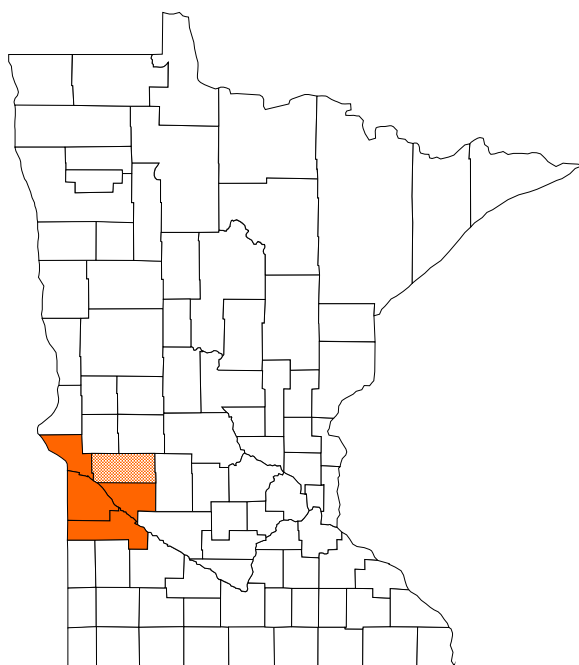
Lac qui Parle County results

Payments from all funds in the year ended June 30, 2007 (\$000)	3,655
Number of beneficiaries	253
Estimated spending by beneficiaries (87 % of payments), (\$000)	3,180
Total output impact from beneficiaries' spending (\$000)	3,334
Output multiplier	1.05
Added jobs	13

State Retirement Systems Benefit Impact

Economic Development Region 06W

Swift County



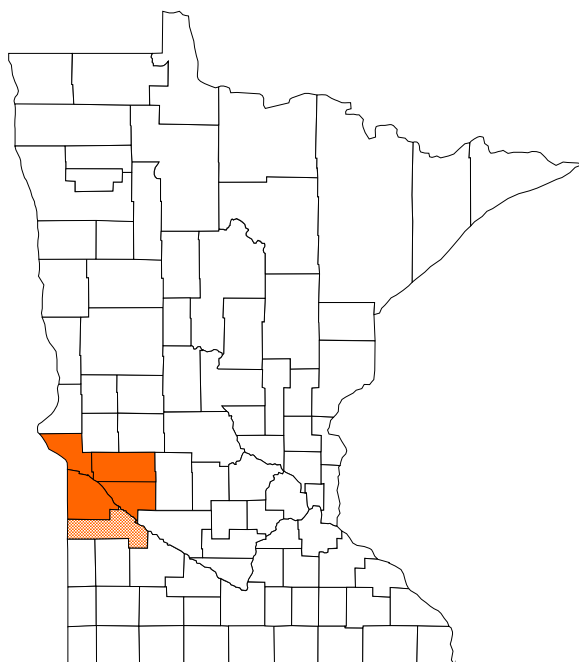
Swift County results

Payments from all funds in the year ended June 30, 2007 (\$000)	6,088
Number of beneficiaries	412
Estimated spending by beneficiaries (87 % of payments), (\$000)	5,297
Total output impact from beneficiaries' spending (\$000)	5,663
Output multiplier	1.07
Added jobs	25

State Retirement Systems Benefit Impact

Economic Development Region 06W

Yellow Medicine County



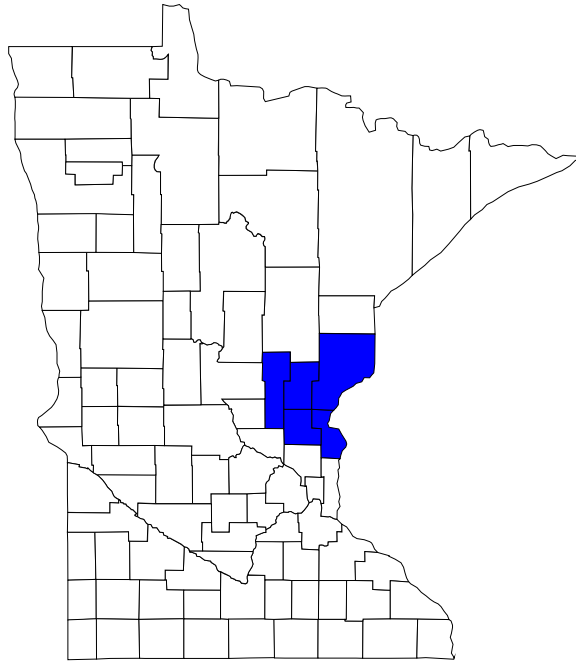
Yellow Medicine County results

Payments from all funds in the year ended June 30, 2007 (\$000)	7,195
Number of beneficiaries	488
Estimated spending by beneficiaries (87 % of payments), (\$000)	6,260
Total output impact from beneficiaries' spending (\$000)	6,831
Output multiplier	1.09
Added jobs	30

State Retirement Systems Benefit Impact

Economic Development Region 07E

East Central Region



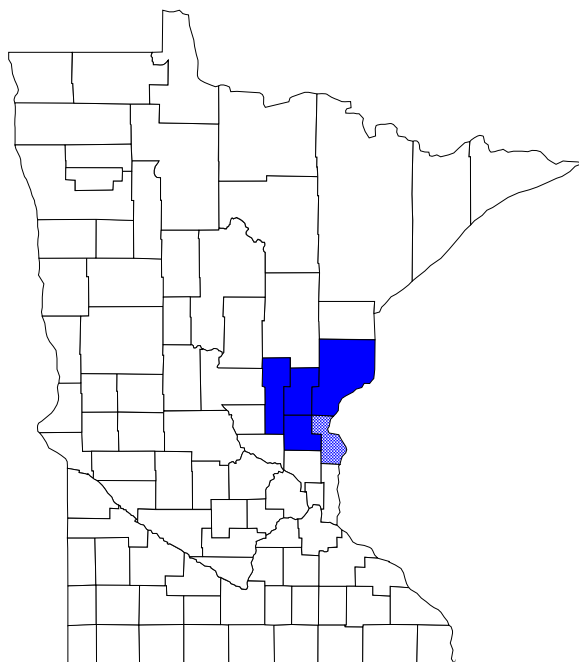
Economic Development Region 07E results

Payments from all funds in the year ended June 30, 2007 (\$000)	84,079
Number of beneficiaries	4,819
Estimated spending by beneficiaries (87 % of payments), (\$000)	73,148
Total output impact from beneficiaries' spending (\$000)	83,098
Output multiplier	1.14
Added jobs	490

State Retirement Systems Benefit Impact

Economic Development Region 07E

Chisago County



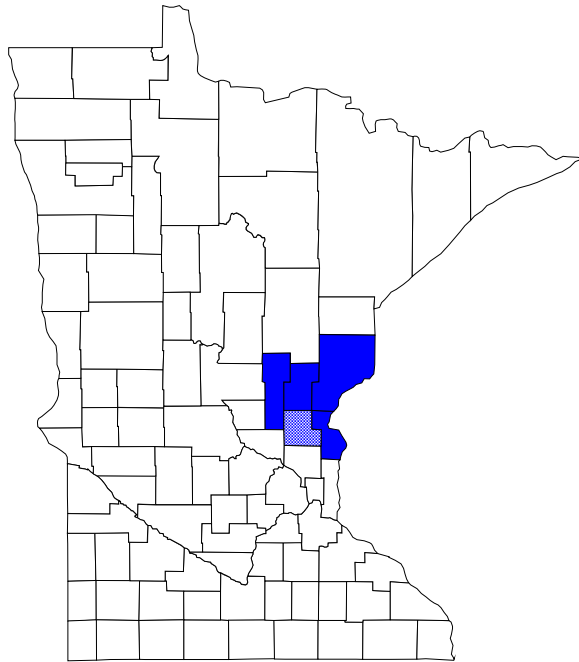
Chisago County results

Payments from all funds in the year ended June 30, 2007 (\$000)	29,339
Number of beneficiaries	1,514
Estimated spending by beneficiaries (87 % of payments), (\$000)	25,525
Total output impact from beneficiaries' spending (\$000)	27,711
Output multiplier	1.09
Added jobs	125

State Retirement Systems Benefit Impact

Economic Development Region 07E

Isanti County



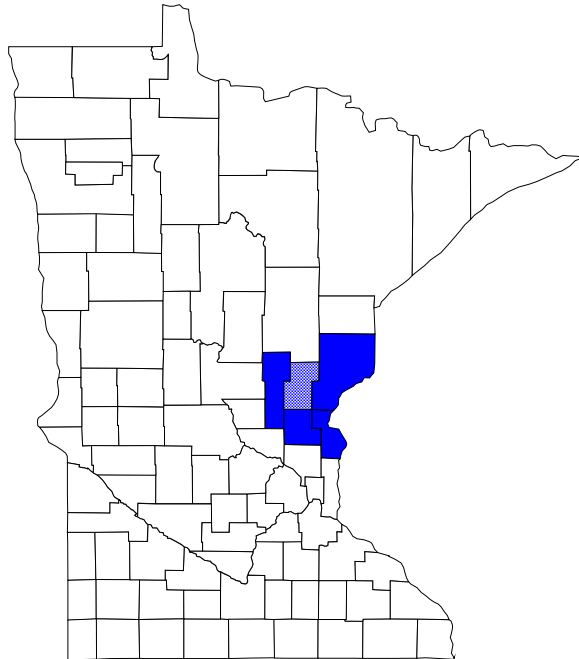
Isanti County results

Payments from all funds in the year ended June 30, 2007 (\$000)	15,887
Number of beneficiaries	949
Estimated spending by beneficiaries (87 % of payments), (\$000)	13,822
Total output impact from beneficiaries' spending (\$000)	16,083
Output multiplier	1.16
Added jobs	103

State Retirement Systems Benefit Impact

Economic Development Region 07E

Kanabec County

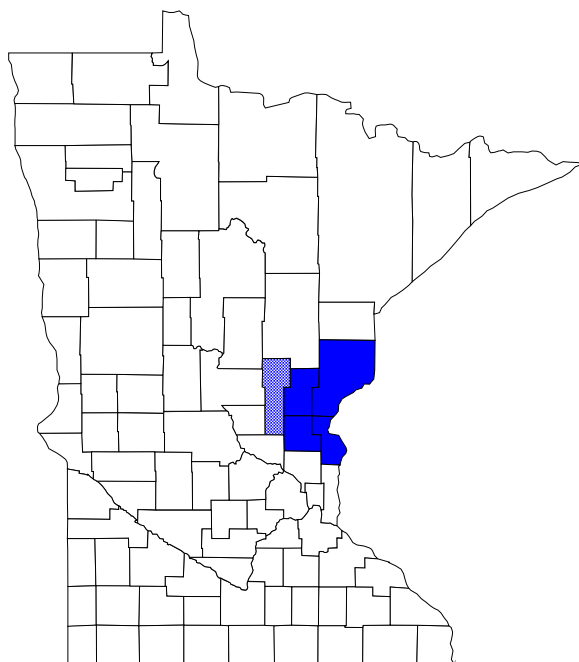


Kanabec County results	
Payments from all funds in the year ended June 30, 2007 (\$000)	6,986
Number of beneficiaries	446
Estimated spending by beneficiaries (87 % of payments), (\$000)	6,078
Total output impact from beneficiaries' spending (\$000)	6,465
Output multiplier	1.06
Added jobs	30

State Retirement Systems Benefit Impact

Economic Development Region 07E

Mille Lacs County



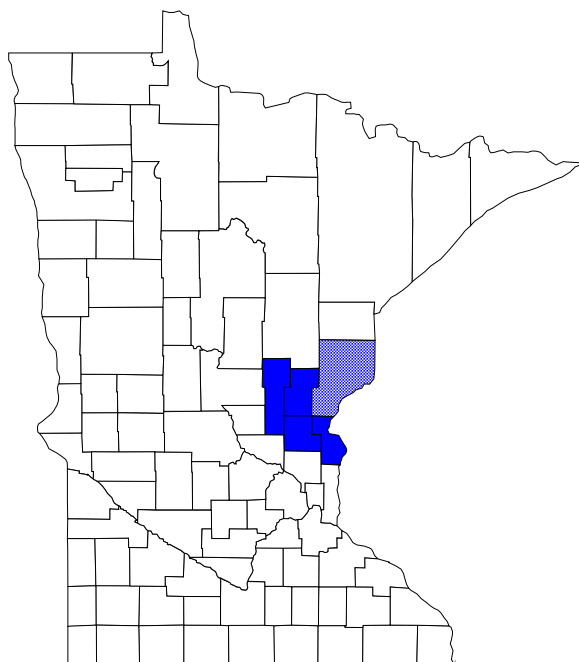
Mille Lacs County results

Payments from all funds in the year ended June 30, 2007 (\$000)	14,463
Number of beneficiaries	861
Estimated spending by beneficiaries (87 % of payments), (\$000)	12,583
Total output impact from beneficiaries' spending (\$000)	13,783
Output multiplier	1.10
Added jobs	73

State Retirement Systems Benefit Impact

Economic Development Region 07E

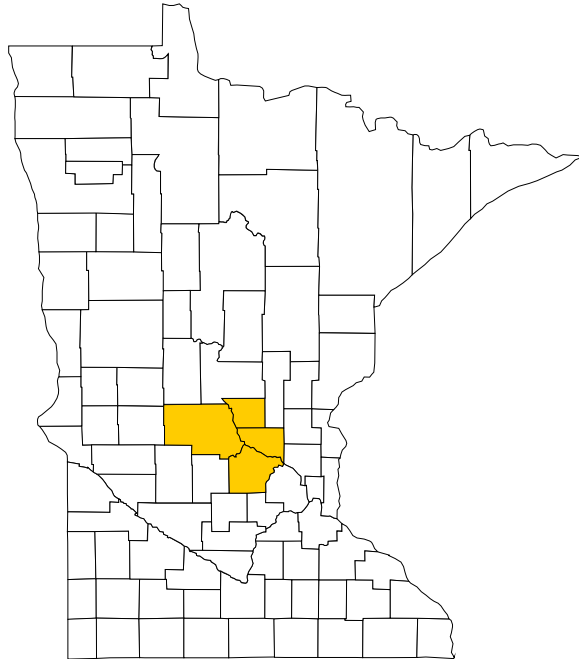
Pine County



Pine County results

Payments from all funds in the year ended June 30, 2007 (\$000)	17,404
Number of beneficiaries	1,049
Estimated spending by beneficiaries (87 % of payments), (\$000)	15,141
Total output impact from beneficiaries' spending (\$000)	16,386
Output multiplier	1.08
Added jobs	85

State Retirement Systems Benefit Impact
Economic Development Region 07W
East Central Region



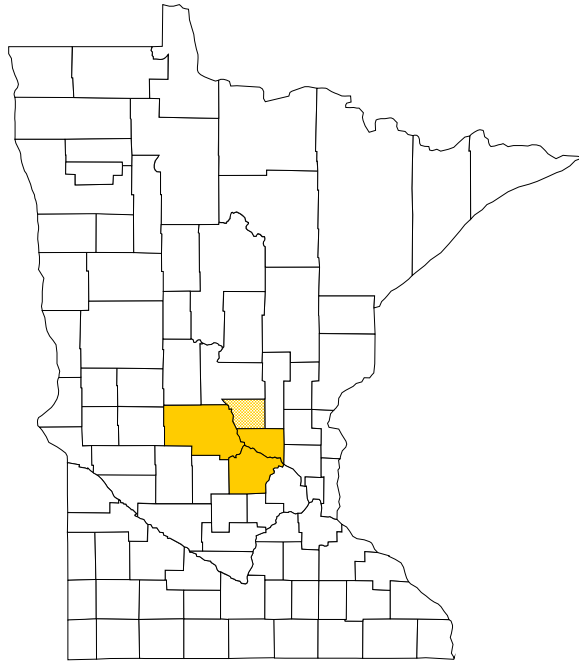
Economic Development region 07W results

Payments from all funds in the year ended June 30, 2007 (\$000)	156,137
Number of beneficiaries	7,843
Estimated spending by beneficiaries (87 % of payments), (\$000)	135,839
Total output impact from beneficiaries' spending (\$000)	175,191
Output multiplier	1.29
Added jobs	1,274

State Retirement Systems Benefit Impact

Economic Development Region 07W

Benton County



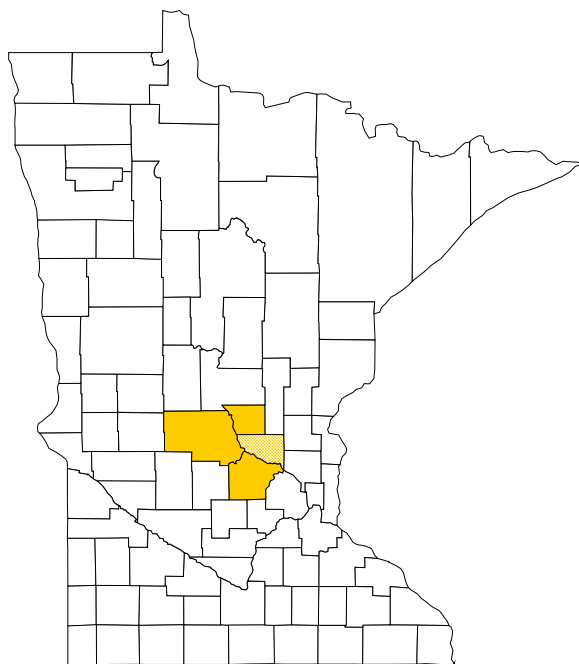
Benton County results

Payments from all funds in the year ended June 30, 2007 (\$000)	16,704
Number of beneficiaries	888
Estimated spending by beneficiaries (87 % of payments), (\$000)	14,532
Total output impact from beneficiaries' spending (\$000)	16,839
Output multiplier	1.16
Added jobs	107

State Retirement Systems Benefit Impact

Economic Development Region 07W

Sherburne County



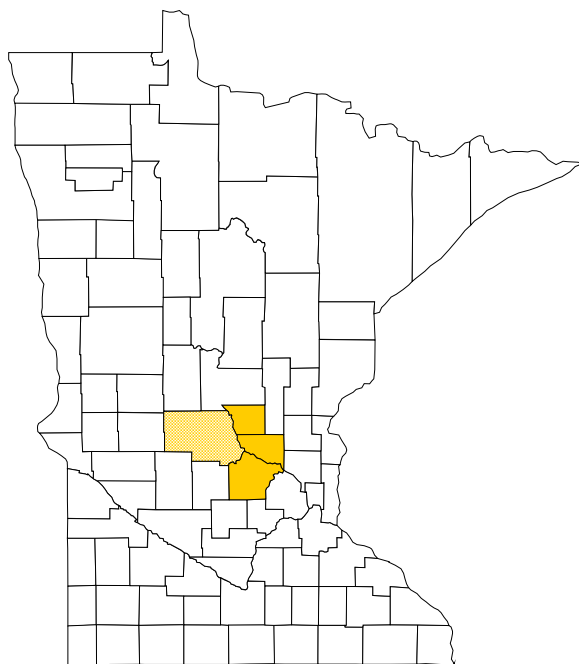
Sherburne County results

Payments from all funds in the year ended June 30, 2007 (\$000)	31,167
Number of beneficiaries	1,430
Estimated spending by beneficiaries (87 % of payments), (\$000)	27,115
Total output impact from beneficiaries' spending (\$000)	30,830
Output multiplier	1.14
Added jobs	174

State Retirement Systems Benefit Impact

Economic Development Region 07W

Stearns County



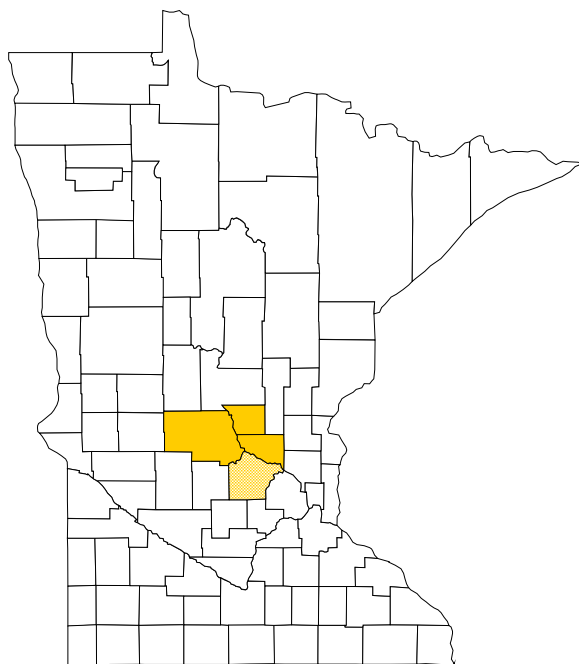
Stearns County results

Payments from all funds in the year ended June 30, 2007 (\$000)	70,448
Number of beneficiaries	3,594
Estimated spending by beneficiaries (87 % of payments), (\$000)	61,289
Total output impact from beneficiaries' spending (\$000)	79,752
Output multiplier	1.30
Added jobs	584

State Retirement Systems Benefit Impact

Economic Development Region 07W

Wright County



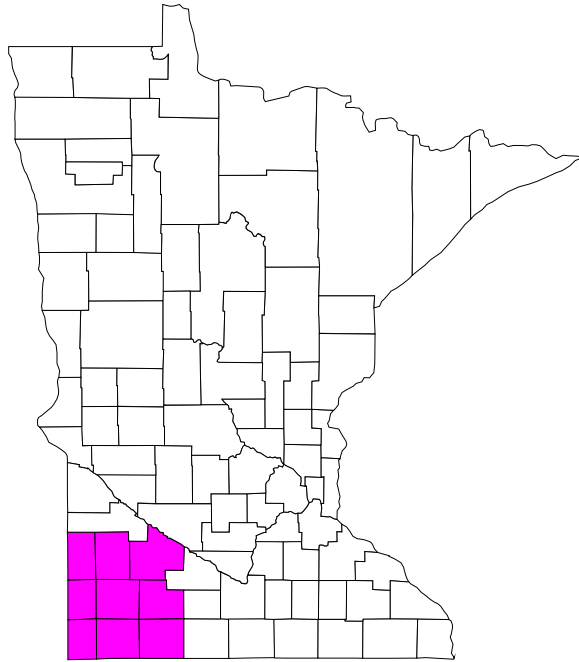
Wright County results

Payments from all funds in the year ended June 30, 2007 (\$000)	37,819
Number of beneficiaries	1,931
Estimated spending by beneficiaries (87 % of payments), (\$000)	32,902
Total output impact from beneficiaries' spending (\$000)	38,003
Output multiplier	1.16
Added jobs	239

State Retirement Systems Benefit Impact

Economic Development Region 08

Southwest Region



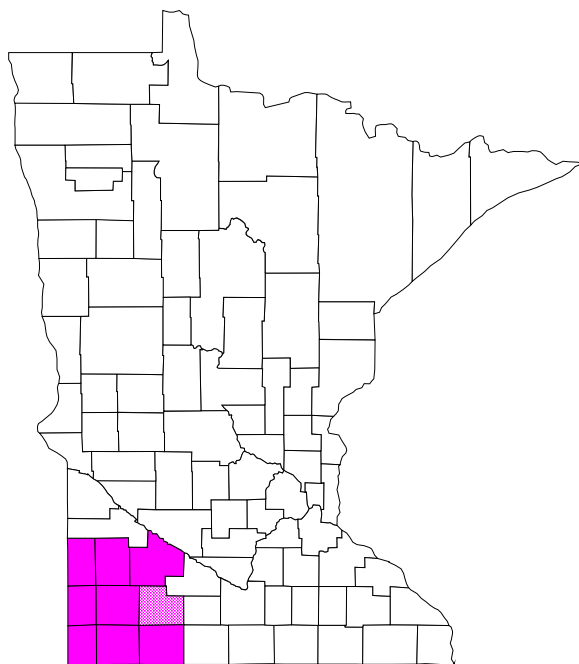
Economic Development Region 08 results

Payments from all funds in the year ended June 30, 2007 (\$000)	62,553
Number of beneficiaries	4,033
Estimated spending by beneficiaries (87 % of payments), (\$000)	54,421
Total output impact from beneficiaries' spending (\$000)	64,033
Output multiplier	1.18
Added jobs	392

State Retirement Systems Benefit Impact

Economic Development Region 08

Cottonwood County



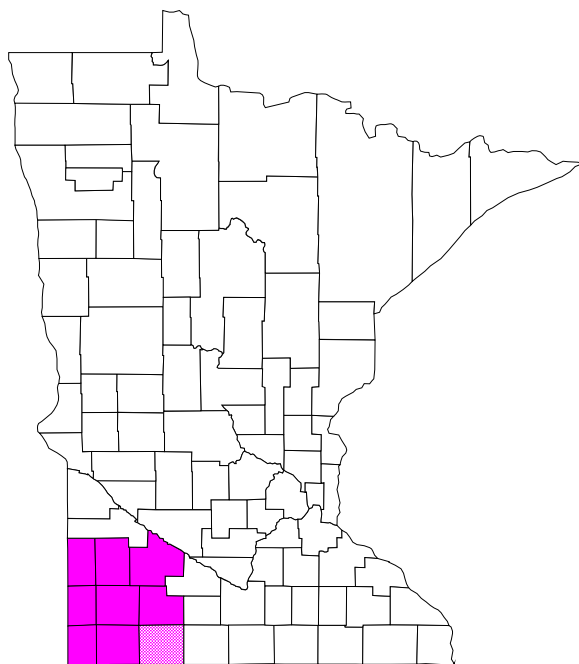
Cottonwood County results

Payments from all funds in the year ended June 30, 2007 (\$000)	7,459
Number of beneficiaries	438
Estimated spending by beneficiaries (87 % of payments), (\$000)	6,490
Total output impact from beneficiaries' spending (\$000)	7,032
Output multiplier	1.08
Added jobs	34

State Retirement Systems Benefit Impact

Economic Development Region 08

Jackson County



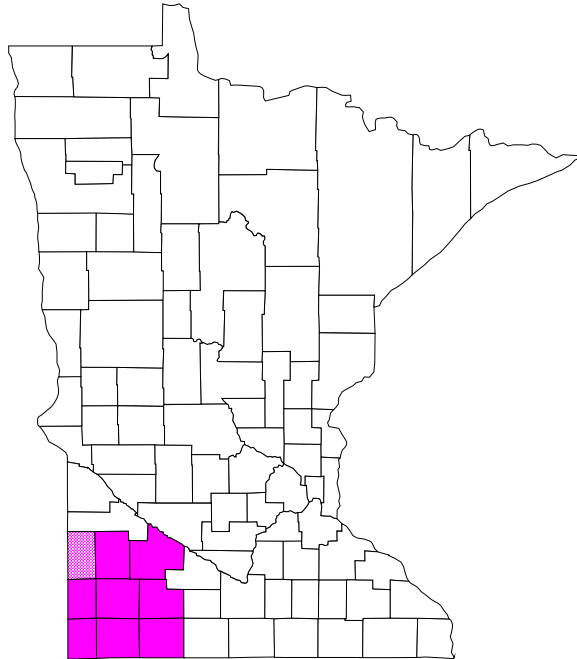
Jackson County results

Payments from all funds in the year ended June 30, 2007 (\$000)	5,503
Number of beneficiaries	390
Estimated spending by beneficiaries (87 % of payments), (\$000)	4,787
Total output impact from beneficiaries' spending (\$000)	7,032
Output multiplier	1.08
Added jobs	34

State Retirement Systems Benefit Impact

Economic Development Region 08

Lincoln County



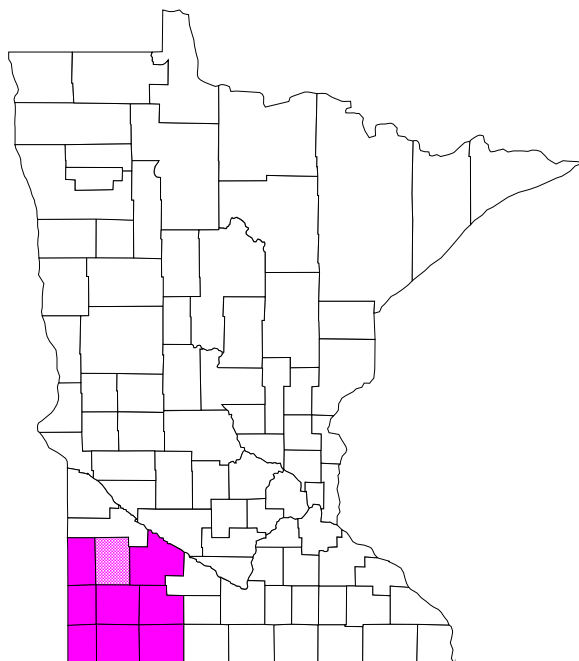
Lincoln County results

Payments from all funds in the year ended June 30, 2007 (\$000)	3,272
Number of beneficiaries	200
Estimated spending by beneficiaries (87 % of payments), (\$000)	2,847
Total output impact from beneficiaries' spending (\$000)	3,030
Output multiplier	1.06
Added jobs	13

State Retirement Systems Benefit Impact

Economic Development Region 08

Lyon County



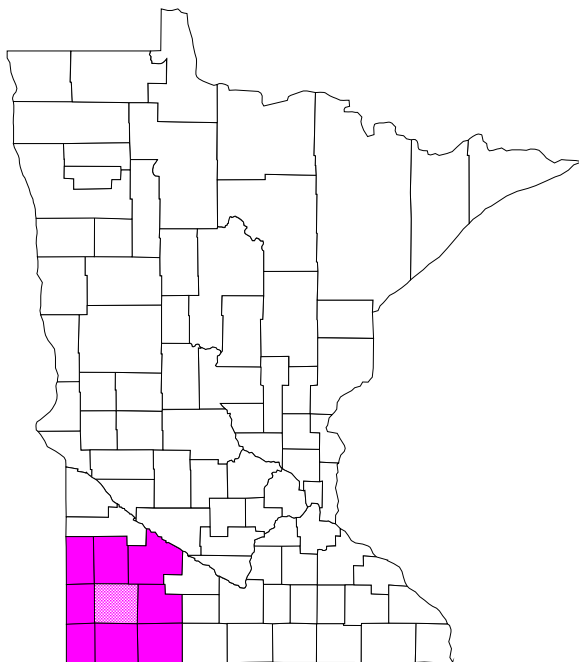
Lyon County results

Payments from all funds in the year ended June 30, 2007 (\$000)	13,613
Number of beneficiaries	834
Estimated spending by beneficiaries (87 % of payments), (\$000)	11,843
Total output impact from beneficiaries' spending (\$000)	13,525
Output multiplier	1.14
Added jobs	85

State Retirement Systems Benefit Impact

Economic Development Region 08

Murray County



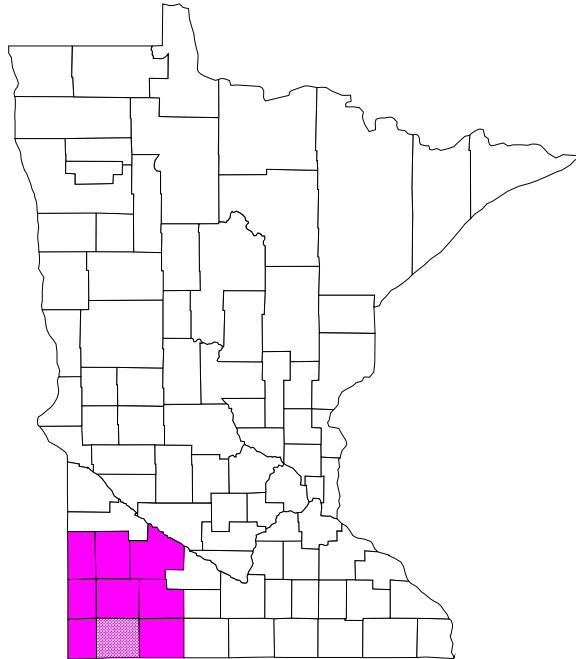
Murray County results

Payments from all funds in the year ended June 30, 2007 (\$000)	4,936
Number of beneficiaries	315
Estimated spending by beneficiaries (87 % of payments), (\$000)	4,294
Total output impact from beneficiaries' spending (\$000)	4,581
Output multiplier	1.07
Added jobs	20

State Retirement Systems Benefit Impact

Economic Development Region 08

Nobles County



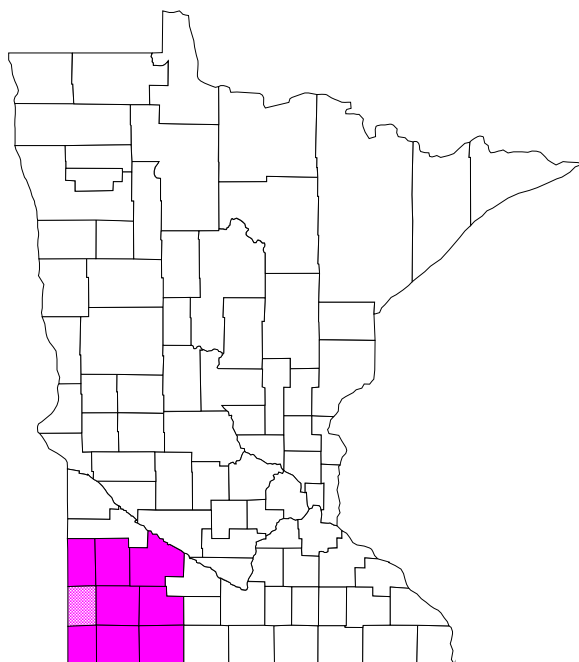
Nobles County results

Payments from all funds in the year ended June 30, 2007 (\$000)	10,841
Number of beneficiaries	661
Estimated spending by beneficiaries (87 % of payments), (\$000)	9,432
Total output impact from beneficiaries' spending (\$000)	10,847
Output multiplier	1.15
Added jobs	70

State Retirement Systems Benefit Impact

Economic Development Region 08

Pipestone County



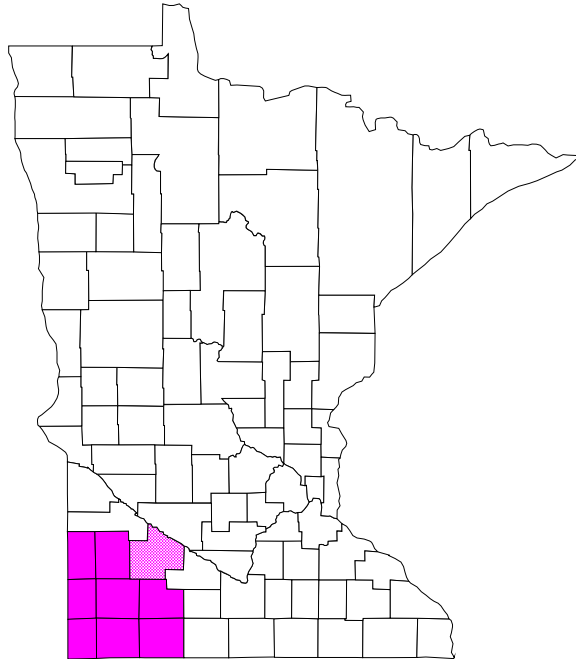
Pipestone County results

Payments from all funds in the year ended June 30, 2007 (\$000)	4,685
Number of beneficiaries	305
Estimated spending by beneficiaries (87 % of payments), (\$000)	4,076
Total output impact from beneficiaries' spending (\$000)	4,408
Output multiplier	1.08
Added jobs	24

State Retirement Systems Benefit Impact

Economic Development Region 08

Redwood County



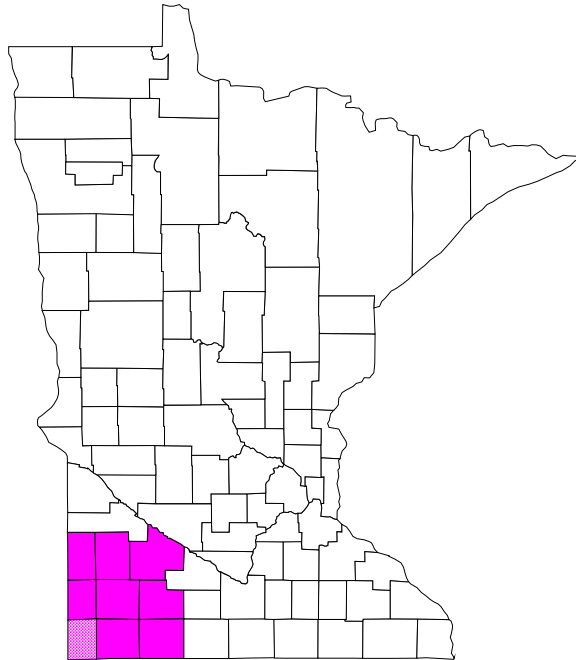
Redwood County results

Payments from all funds in the year ended June 30, 2007 (\$000)	7,355
Number of beneficiaries	547
Estimated spending by beneficiaries (87 % of payments), (\$000)	6,399
Total output impact from beneficiaries' spending (\$000)	7,146
Output multiplier	1.12
Added jobs	41

State Retirement Systems Benefit Impact

Economic Development Region 08

Rock County



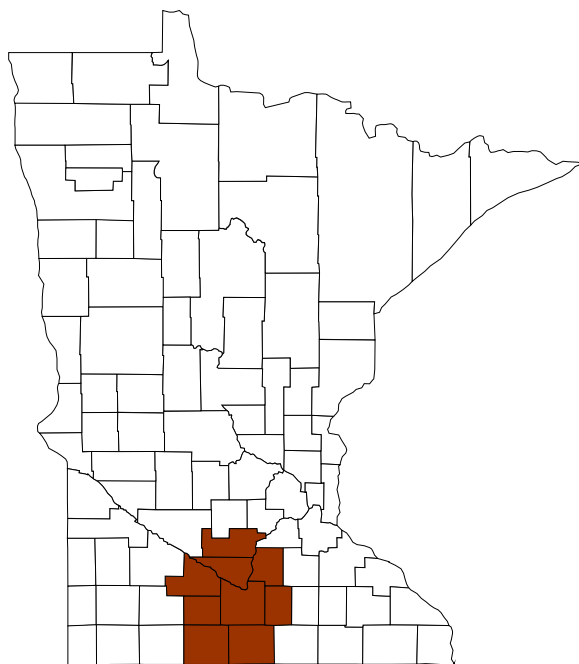
Rock County results

Payments from all funds in the year ended June 30, 2007 (\$000)	4,888
Number of beneficiaries	343
Estimated spending by beneficiaries (87 % of payments), (\$000)	4,253
Total output impact from beneficiaries' spending (\$000)	4,608
Output multiplier	1.08
Added jobs	22

State Retirement Systems Benefit Impact

Economic Development Region 09

South Central Region



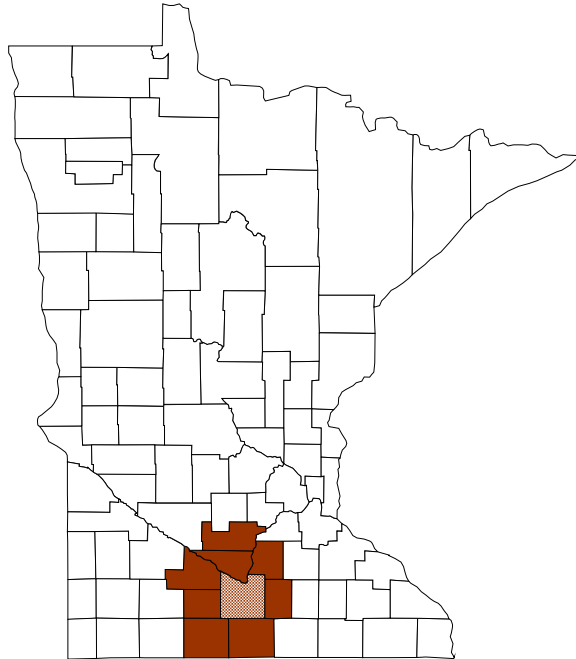
Economic Development Region 09 results

Payments from all funds in the year ended June 30, 2007 (\$000)	122,342
Number of beneficiaries	6,514
Estimated spending by beneficiaries (87 % of payments), (\$000)	106,437
Total output impact from beneficiaries' spending (\$000)	128,643
Output multiplier	1.21
Added jobs	872

State Retirement Systems Benefit Impact

Economic Development Region 09

Blue Earth County



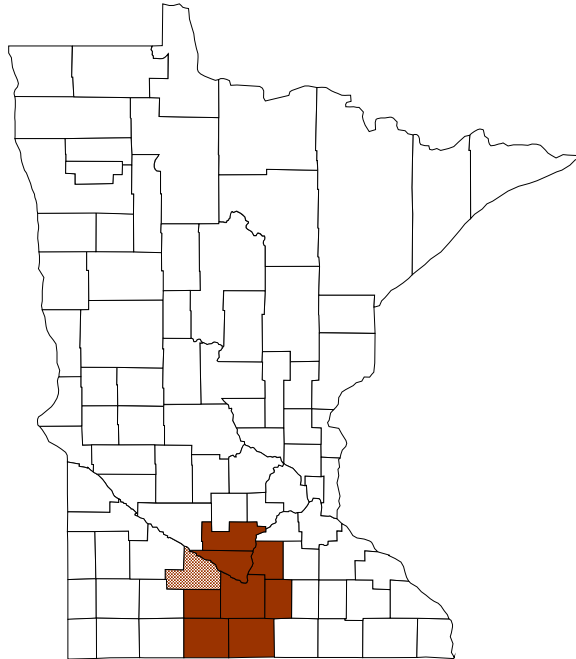
Blue Earth County results

Payments from all funds in the year ended June 30, 2007 (\$000)	37,695
Number of beneficiaries	1,743
Estimated spending by beneficiaries (87 % of payments), (\$000)	32,794
Total output impact from beneficiaries' spending (\$000)	39,879
Output multiplier	1.22
Added jobs	287

State Retirement Systems Benefit Impact

Economic Development Region 09

Brown County



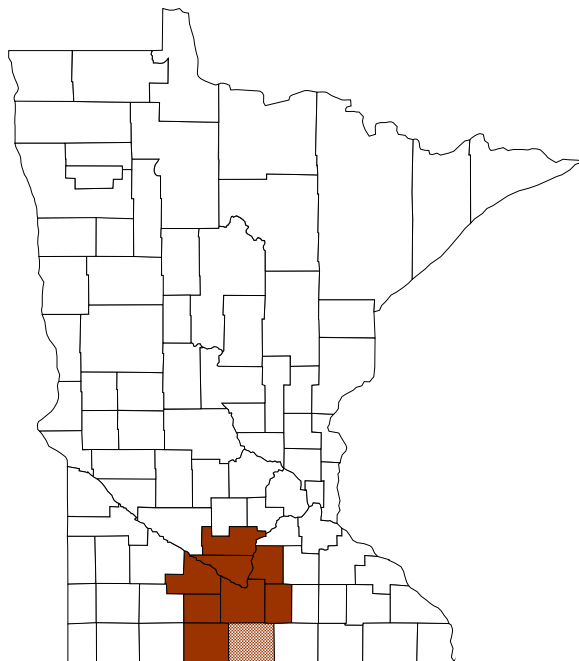
Brown County results

Payments from all funds in the year ended June 30, 2007 (\$000)	12,157
Number of beneficiaries	669
Estimated spending by beneficiaries (87 % of payments), (\$000)	10,576
Total output impact from beneficiaries' spending (\$000)	11,860
Output multiplier	1.12
Added jobs	71

State Retirement Systems Benefit Impact

Economic Development Region 09

Faribault County



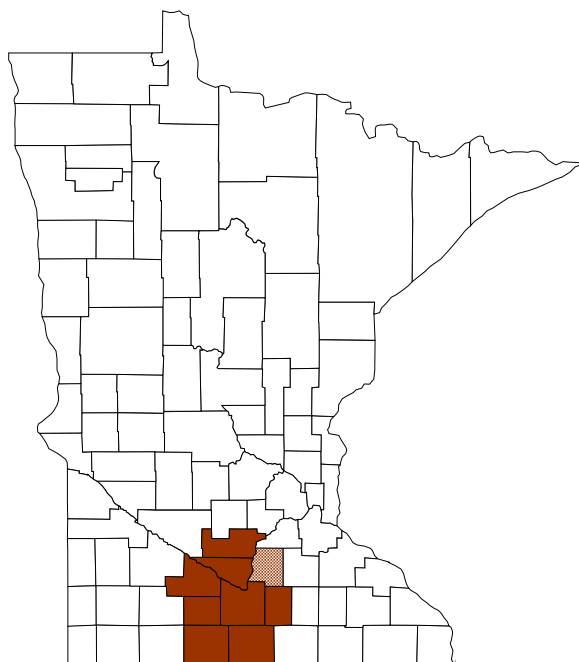
Faribault County results

Payments from all funds in the year ended June 30, 2007 (\$000)	8,116
Number of beneficiaries	480
Estimated spending by beneficiaries (87 % of payments), (\$000)	7,061
Total output impact from beneficiaries' spending (\$000)	7,580
Output multiplier	1.07
Added jobs	30

State Retirement Systems Benefit Impact

Economic Development Region 09

Le Sueur County



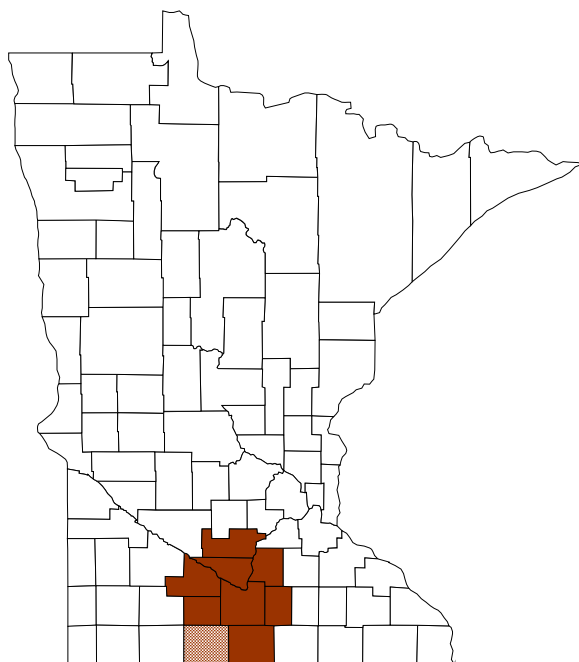
Le Sueur County results

Payments from all funds in the year ended June 30, 2007 (\$000)	11,346
Number of beneficiaries	666
Estimated spending by beneficiaries (87 % of payments), (\$000)	9,871
Total output impact from beneficiaries' spending (\$000)	10,798
Output multiplier	1.09
Added jobs	51

State Retirement Systems Benefit Impact

Economic Development Region 09

Martin County



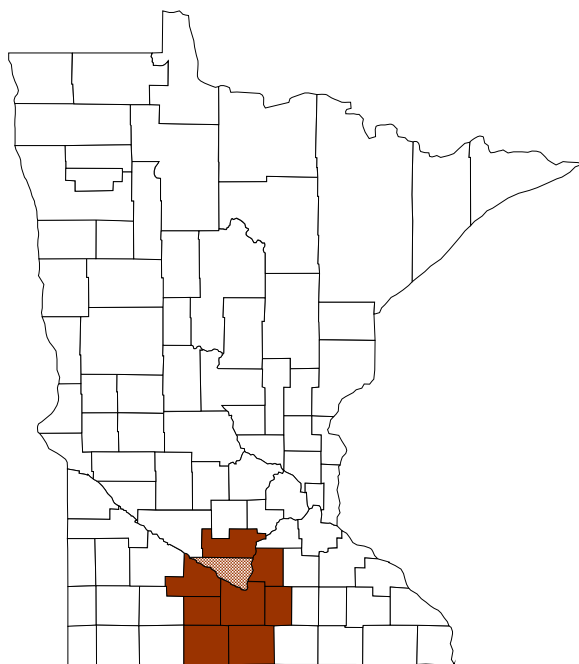
Martin County results

Payments from all funds in the year ended June 30, 2007 (\$000)	11,173
Number of beneficiaries	598
Estimated spending by beneficiaries (87 % of payments), (\$000)	9,720
Total output impact from beneficiaries' spending (\$000)	11,215
Output multiplier	1.15
Added jobs	74

State Retirement Systems Benefit Impact

Economic Development Region 09

Nicollet County



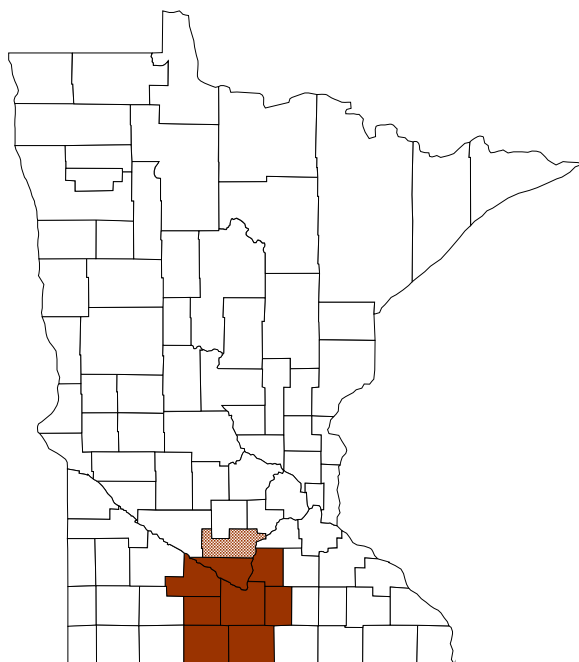
Nicollet County results

Payments from all funds in the year ended June 30, 2007 (\$000)	21,395
Number of beneficiaries	1,133
Estimated spending by beneficiaries (87 % of payments), (\$000)	18,614
Total output impact from beneficiaries' spending (\$000)	20,321
Output multiplier	1.09
Added jobs	92

State Retirement Systems Benefit Impact

Economic Development Region 09

Sibley County



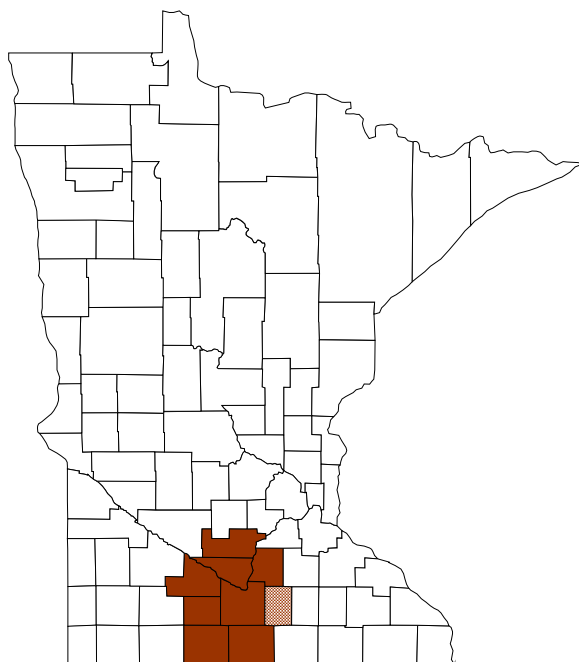
Sibley County results

Payments from all funds in the year ended June 30, 2007 (\$000)	5,871
Number of beneficiaries	397
Estimated spending by beneficiaries (87 % of payments), (\$000)	5,108
Total output impact from beneficiaries' spending (\$000)	5,370
Output multiplier	1.05
Added jobs	21

State Retirement Systems Benefit Impact

Economic Development Region 09

Waseca County



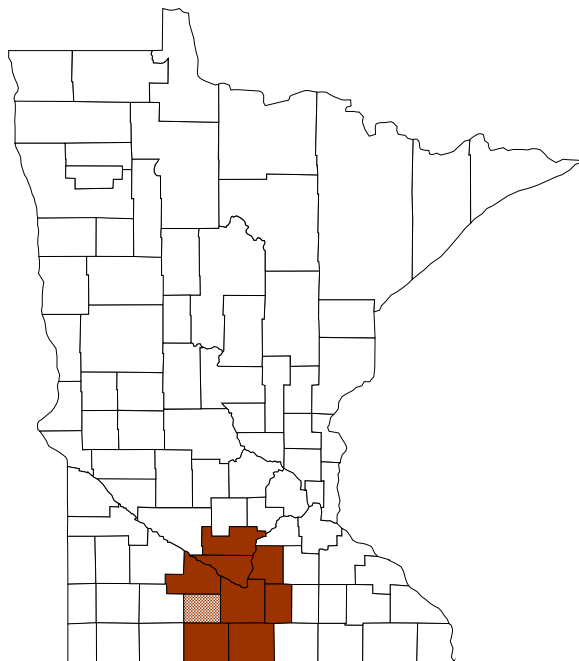
Waseca County results

Payments from all funds in the year ended June 30, 2007 (\$000)	9,331
Number of beneficiaries	551
Estimated spending by beneficiaries (87 % of payments), (\$000)	8,118
Total output impact from beneficiaries' spending (\$000)	8,830
Output multiplier	1.09
Added jobs	43

State Retirement Systems Benefit Impact

Economic Development Region 09

Watonwan County



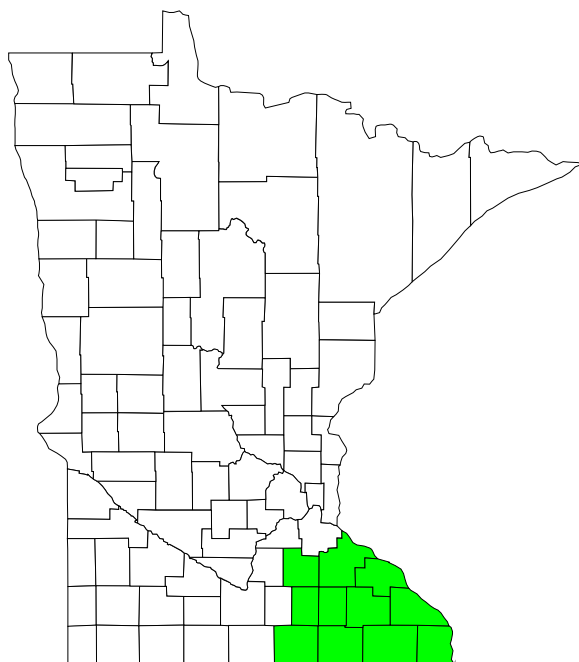
Watonwan County results

Payments from all funds in the year ended June 30, 2007 (\$000)	5,259
Number of beneficiaries	277
Estimated spending by beneficiaries (87 % of payments), (\$000)	4,575
Total output impact from beneficiaries' spending (\$000)	4,981
Output multiplier	1.09
Added jobs	23

State Retirement Systems Benefit Impact

Economic Development Region 10

Southeast Region



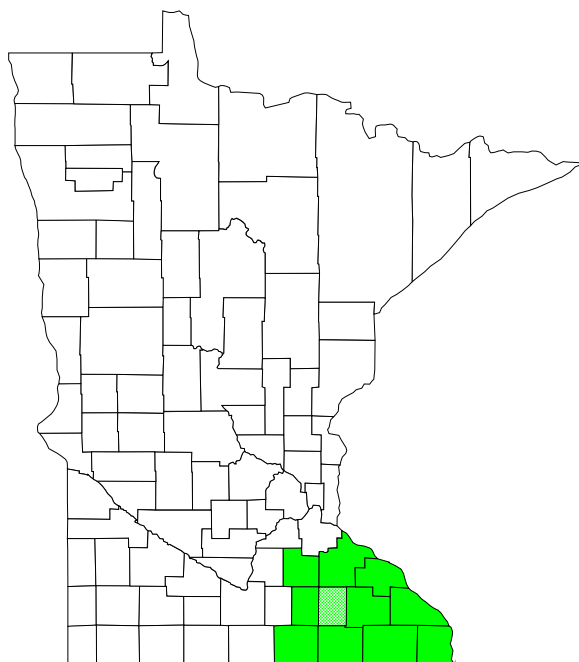
Economic Development Region 10 results

Payments from all funds in the year ended June 30, 2007 (\$000)	245,235
Number of beneficiaries	12,626
Estimated spending by beneficiaries (87 % of payments), (\$000)	213,354
Total output impact from beneficiaries' spending (\$000)	273,374
Output multiplier	1.28
Added jobs	1,886

State Retirement Systems Benefit Impact

Economic Development Region 10

Dodge County



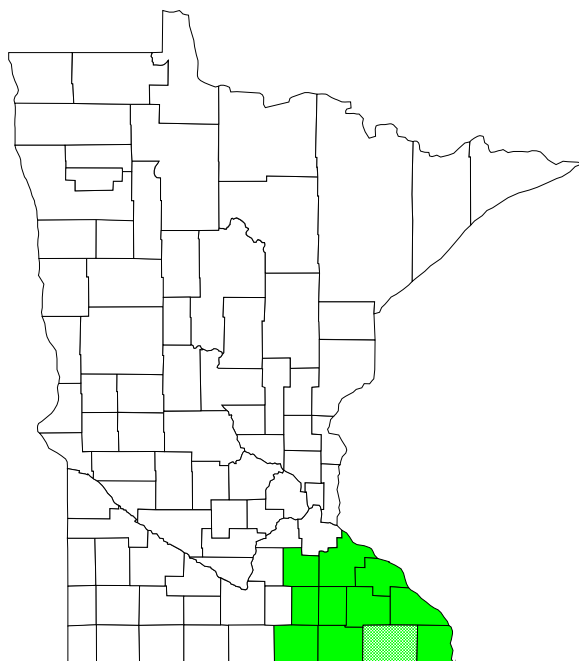
Dodge County results

Payments from all funds in the year ended June 30, 2007 (\$000)	7,294
Number of beneficiaries	455
Estimated spending by beneficiaries (87 % of payments), (\$000)	6,345
Total output impact from beneficiaries' spending (\$000)	6,858
Output multiplier	1.08
Added jobs	26

State Retirement Systems Benefit Impact

Economic Development Region 10

Fillmore County



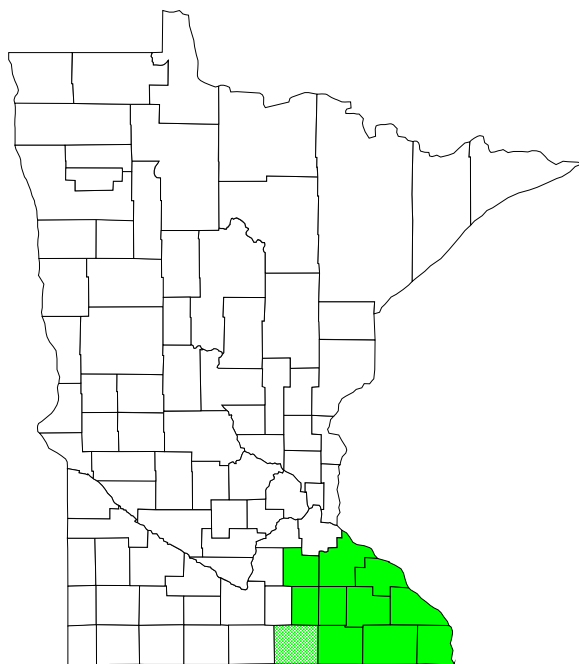
Fillmore County results

Payments from all funds in the year ended June 30, 2007 (\$000)	11,673
Number of beneficiaries	758
Estimated spending by beneficiaries (87 % of payments), (\$000)	10,155
Total output impact from beneficiaries' spending (\$000)	11,262
Output multiplier	1.11
Added jobs	61

State Retirement Systems Benefit Impact

Economic Development Region 10

Freeborn County



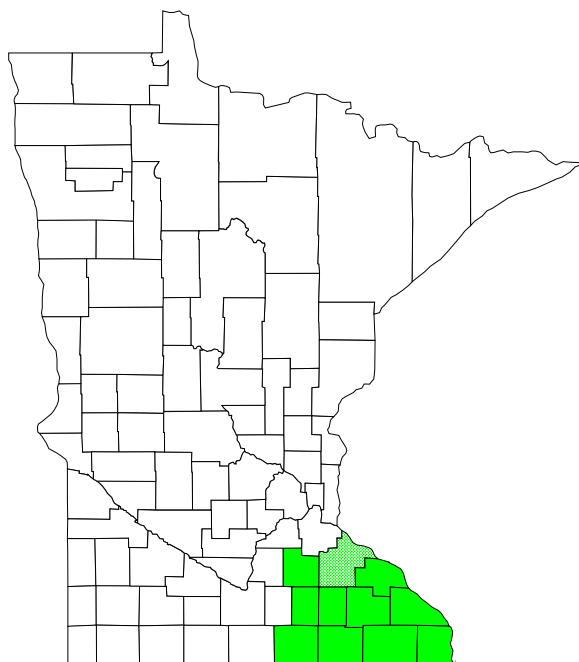
Freeborn County results

Payments from all funds in the year ended June 30, 2007 (\$000)	17,537
Number of beneficiaries	921
Estimated spending by beneficiaries (87 % of payments), (\$000)	15,257
Total output impact from beneficiaries' spending (\$000)	17,258
Output multiplier	1.13
Added jobs	99

State Retirement Systems Benefit Impact

Economic Development Region 10

Goodhue County



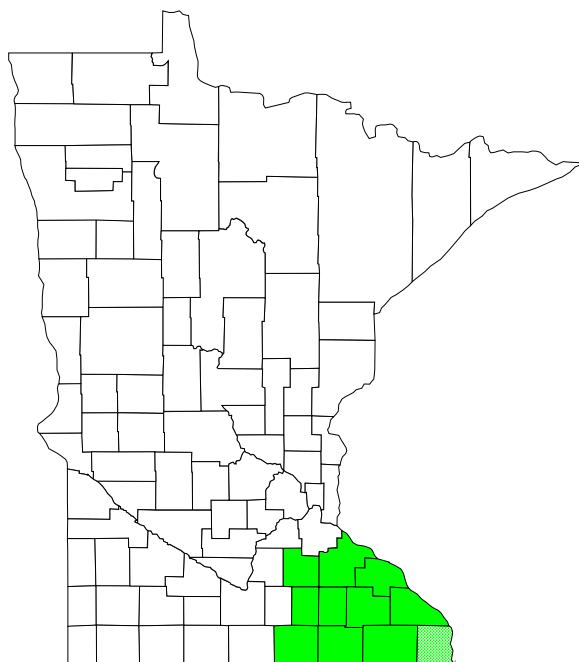
Goodhue County results

Payments from all funds in the year ended June 30, 2007 (\$000)	26,346
Number of beneficiaries	1,352
Estimated spending by beneficiaries (87 % of payments), (\$000)	22,921
Total output impact from beneficiaries' spending (\$000)	26,818
Output multiplier	1.17
Added jobs	172

State Retirement Systems Benefit Impact

Economic Development Region 10

Houston County



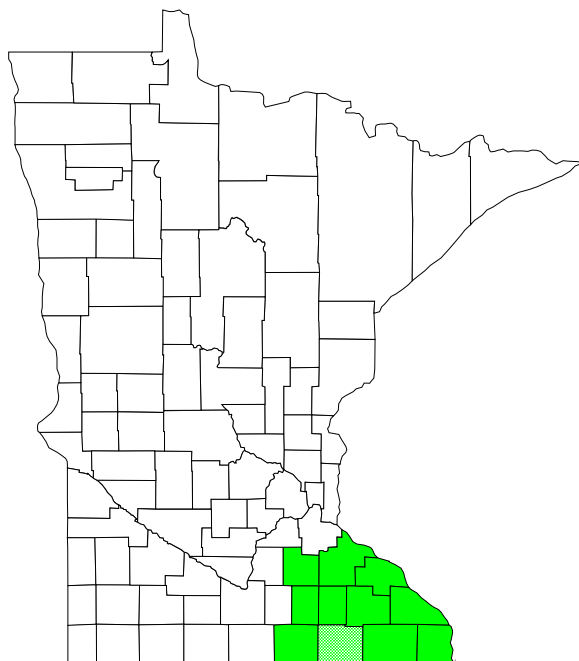
Houston County results

Payments from all funds in the year ended June 30, 2007 (\$000)	7,017
Number of beneficiaries	416
Estimated spending by beneficiaries (87 % of payments), (\$000)	6,105
Total output impact from beneficiaries' spending (\$000)	6,469
Output multiplier	1.06
Added jobs	28

State Retirement Systems Benefit Impact

Economic Development Region 10

Mower County



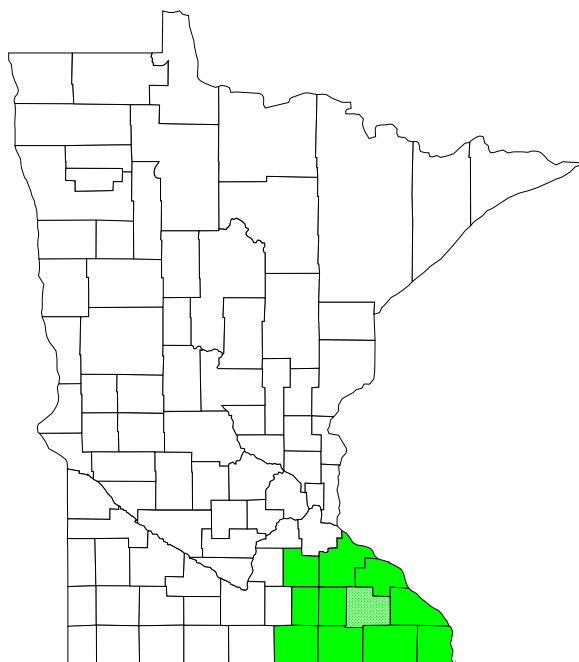
Mower County results

Payments from all funds in the year ended June 30, 2007 (\$000)	23,943
Number of beneficiaries	1,241
Estimated spending by beneficiaries (87 % of payments), (\$000)	20,831
Total output impact from beneficiaries' spending (\$000)	23,363
Output multiplier	1.12
Added jobs	129

State Retirement Systems Benefit Impact

Economic Development Region 10

Olmsted County



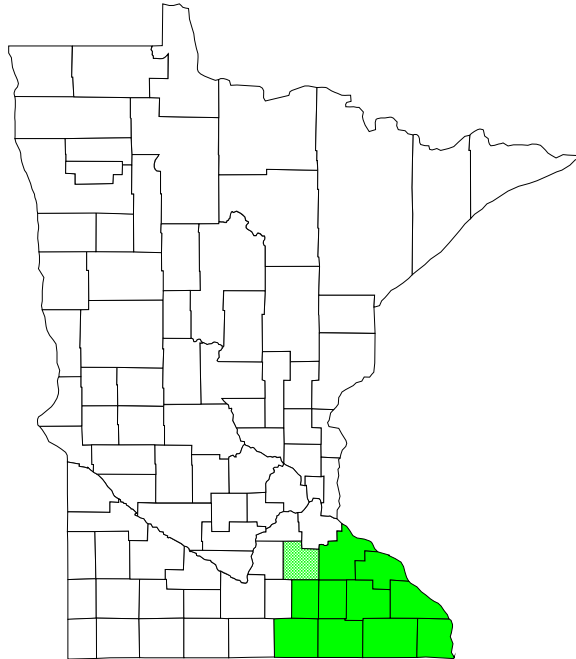
Olmsted County results

Payments from all funds in the year ended June 30, 2007 (\$000)	63,788
Number of beneficiaries	2,900
Estimated spending by beneficiaries (87 % of payments), (\$000)	55,495
Total output impact from beneficiaries' spending (\$000)	69,859
Output multiplier	1.26
Added jobs	457

State Retirement Systems Benefit Impact

Economic Development Region 10

Rice County



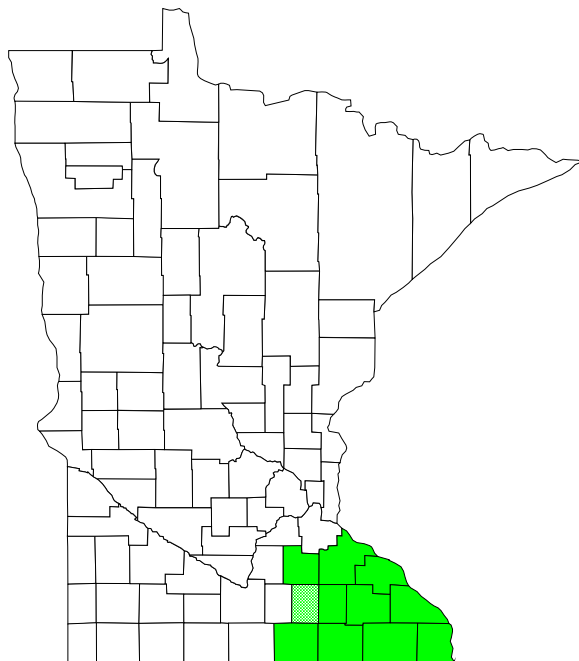
Rice County results

Payments from all funds in the year ended June 30, 2007 (\$000)	32,231
Number of beneficiaries	1,751
Estimated spending by beneficiaries (87 % of payments), (\$000)	28,041
Total output impact from beneficiaries' spending (\$000)	31,841
Output multiplier	1.14
Added jobs	192

State Retirement Systems Benefit Impact

Economic Development Region 10

Steele County



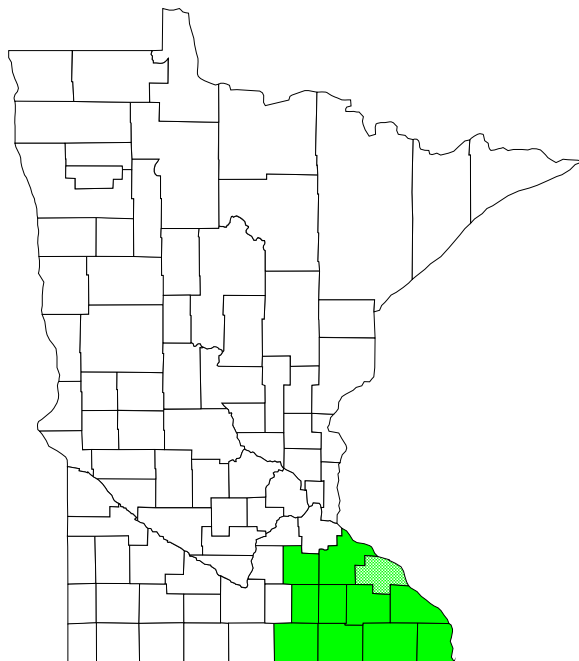
Steele County results

Payments from all funds in the year ended June 30, 2007 (\$000)	17,545
Number of beneficiaries	860
Estimated spending by beneficiaries (87 % of payments), (\$000)	15,264
Total output impact from beneficiaries' spending (\$000)	17,498
Output multiplier	1.15
Added jobs	111

State Retirement Systems Benefit Impact

Economic Development Region 10

Wabasha County



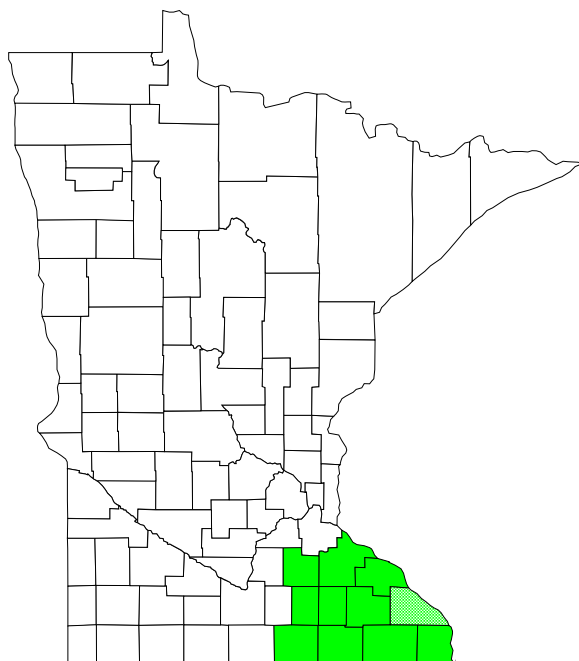
Wabasha County results

Payments from all funds in the year ended June 30, 2007 (\$000)	5,259
Number of beneficiaries	277
Estimated spending by beneficiaries (87 % of payments), (\$000)	4,575
Total output impact from beneficiaries' spending (\$000)	11,518
Output multiplier	1.06
Added jobs	54

State Retirement Systems Benefit Impact

Economic Development Region 10

Winona County



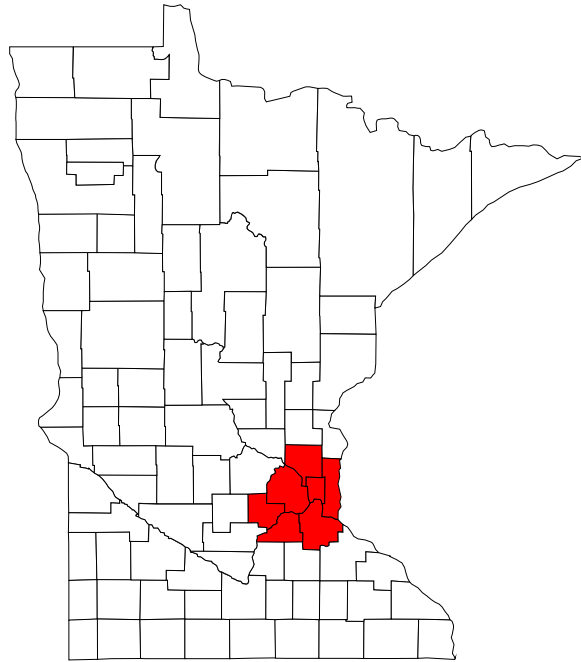
Winona County results

Payments from all funds in the year ended June 30, 2007 (\$000)	25,374
Number of beneficiaries	1,253
Estimated spending by beneficiaries (87 % of payments), (\$000)	22,075
Total output impact from beneficiaries' spending (\$000)	25,446
Output multiplier	1.15
Added jobs	166

State Retirement Systems Benefit Impact

Economic Development Region 11

7 County Twin Cities



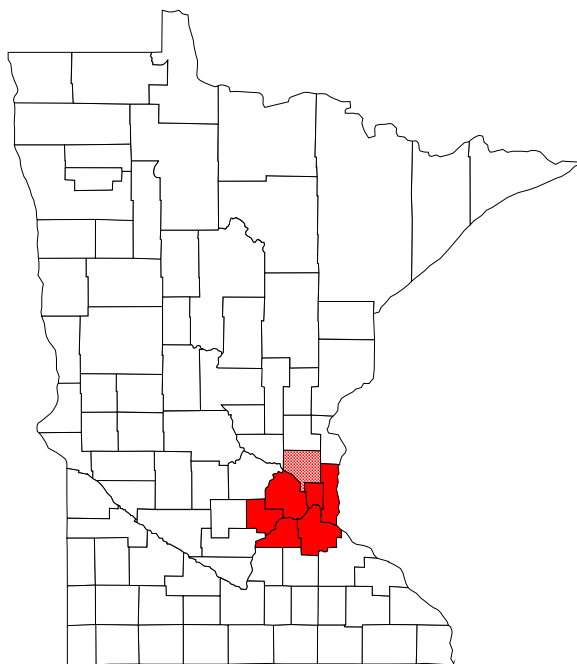
Economic Development Region 11 results

Payments from all funds in the year ended June 30, 2007 (\$000)	1,157,666
Number of beneficiaries	54,100
Estimated spending by beneficiaries (87 % of payments), (\$000)	1,007,169
Total output impact from beneficiaries' spending (\$000)	1,459,967
Output multiplier	1.45
Added jobs	9,214

State Retirement Systems Benefit Impact

Economic Development Region 11

Anoka County



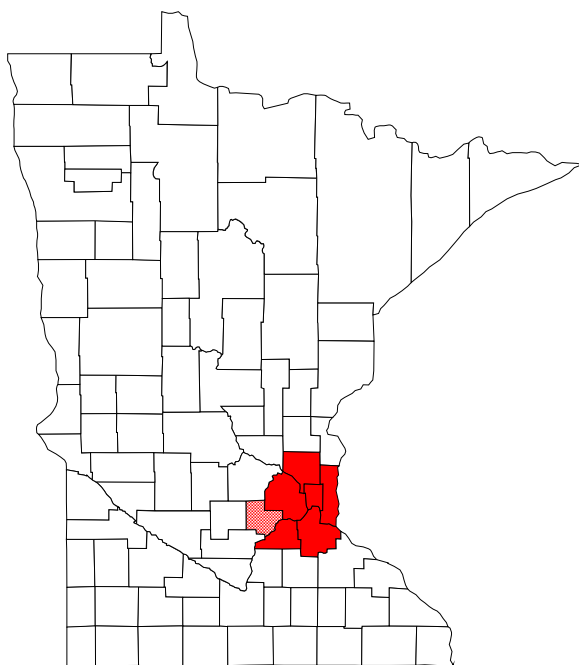
Anoka County results

Payments from all funds in the year ended June 30, 2007 (\$000)	118,922
Number of beneficiaries	5,762
Estimated spending by beneficiaries (87 % of payments), (\$000)	103,462
Total output impact from beneficiaries' spending (\$000)	128,238
Output multiplier	1.24
Added jobs	803

State Retirement Systems Benefit Impact

Economic Development Region 11

Carver County



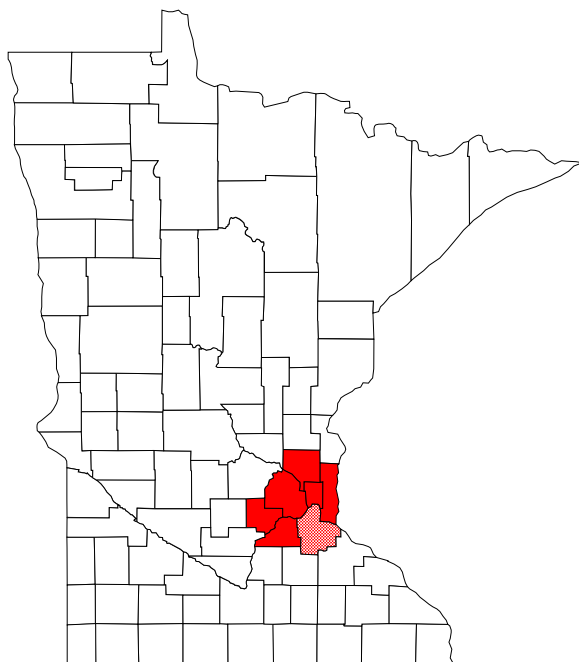
Carver County results

Payments from all funds in the year ended June 30, 2007 (\$000)	24,951
Number of beneficiaries	1,299
Estimated spending by beneficiaries (87 % of payments), (\$000)	21,707
Total output impact from beneficiaries' spending (\$000)	25,824
Output multiplier	1.19
Added jobs	134

State Retirement Systems Benefit Impact

Economic Development Region 11

Dakota County



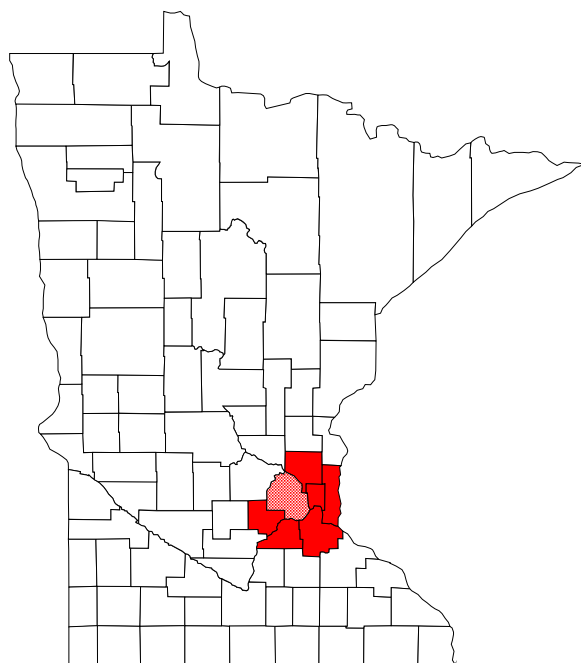
Dakota County results

Payments from all funds in the year ended June 30, 2007 (\$000)	145,597
Number of beneficiaries	7,156
Estimated spending by beneficiaries (87 % of payments), (\$000)	126,669
Total output impact from beneficiaries' spending (\$000)	161,987
Output multiplier	1.28
Added jobs	958

State Retirement Systems Benefit Impact

Economic Development Region 11

Hennepin County



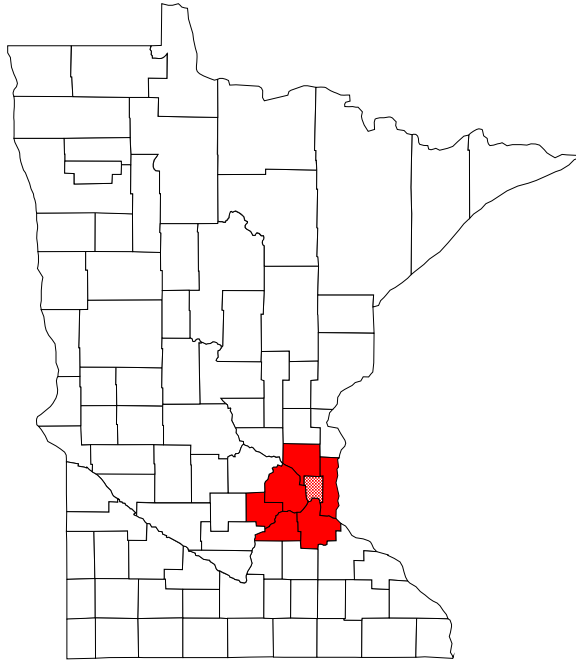
Hennepin County results

Payments from all funds in the year ended June 30, 2007 (\$000)	446,858
Number of beneficiaries	20,241
Estimated spending by beneficiaries (87 % of payments), (\$000)	388,767
Total output impact from beneficiaries' spending (\$000)	525,519
Output multiplier	1.35
Added jobs	3,185

State Retirement Systems Benefit Impact

Economic Development Region 11

Ramsey County



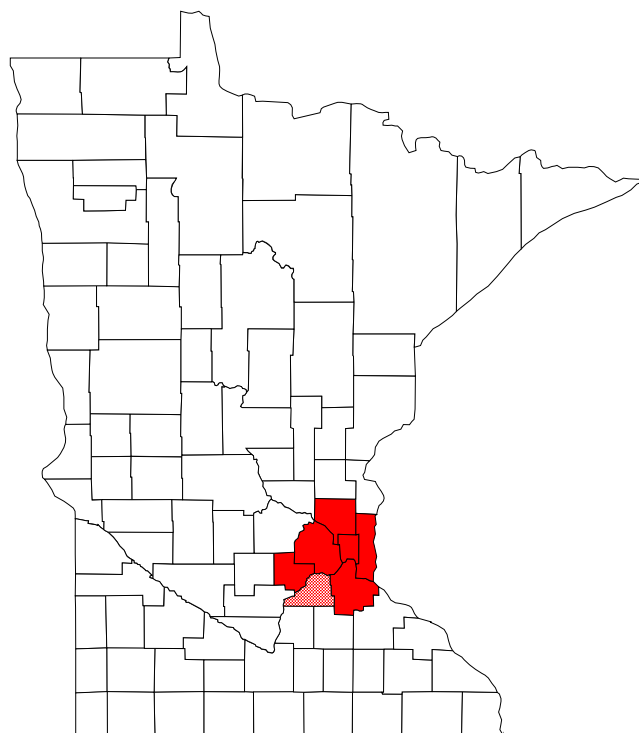
Ramsey County results

Payments from all funds in the year ended June 30, 2007 (\$000)	262,168
Number of beneficiaries	12,199
Estimated spending by beneficiaries (87 % of payments), (\$000)	228,086
Total output impact from beneficiaries' spending (\$000)	299,260
Output multiplier	1.31
Added jobs	1,898

State Retirement Systems Benefit Impact

Economic Development Region 11

Scott County



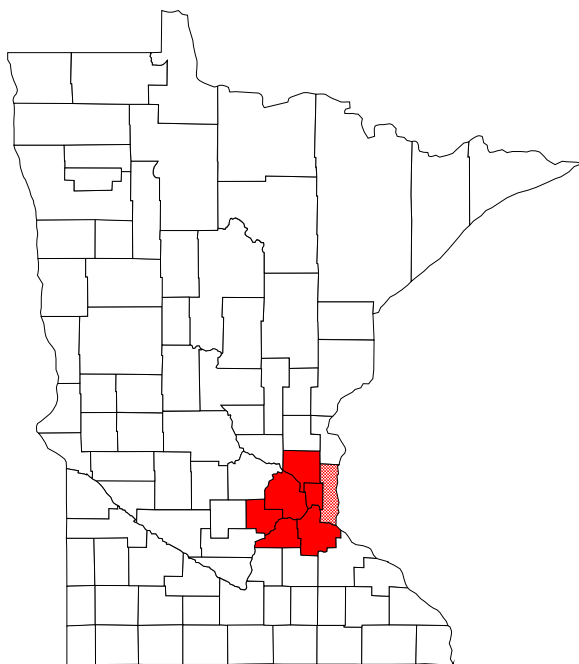
Scott County results

Payments from all funds in the year ended June 30, 2007 (\$000)	32,900
Number of beneficiaries	1,617
Estimated spending by beneficiaries (87 % of payments), (\$000)	28,623
Total output impact from beneficiaries' spending (\$000)	33,380
Output multiplier	1.17
Added jobs	179

State Retirement Systems Benefit Impact

Economic Development Region 11

Washington County



Washington County results

Payments from all funds in the year ended June 30, 2007 (\$000)	126,270
Number of beneficiaries	5,826
Estimated spending by beneficiaries (87 % of payments), (\$000)	109,854
Total output impact from beneficiaries' spending (\$000)	136,201
Output multiplier	1.24
Added jobs	765

Appendix A: Data underlying figures 1 through 9

Source data for figure 1, Gross state product by sectors and Retirement Systems' impact.
(\$ million)

Mining	816
Paper mfg.	1,669
Arts, entertainment, recreation	1,769
Air transportation	1,834
Wood product mfg.	1,306
Forestry, fishing & related	331
Printing & related support	2,582
Crop and animal production (farms)	3,310

For source data for figure 2, see economic development region and county reports beginning on page 17.

Source data for figure 3, sources of changes in asset value, 1998–2007.

Member contributions for each fund, 1998–2007 (\$ million)

Year	MSRS	TRA	PERA	Total
2007	112,973	199,869	321,185	634,027
2006	106,560	180,267	286,752	573,579
2005	102,903	163,967	261,766	528,636
2004	101,588	162,506	258,682	522,776
2003	103,665	157,067	247,144	507,876
2002	98,663	153,453	231,105	483,221
2001	92,755	145,464	210,029	448,248
2000	87,837	138,696	206,668	433,201
1999	83,705	132,040	192,801	408,546
1998	78,204	124,096	172,671	374,971

Employer contributions for each fund 1998–2007 (\$ million)

Year	MSRS	TRA	PERA	Total
2007	123,909	209,219	377,241	710,369
2006	115,537	200,285	335,792	651,614
2005	113,262	157,693	304,032	574,987
2004	109,548	151,029	292,682	553,259
2003	116,560	149,481	286,067	552,108
2002	111,917	142,222	271,901	526,040
2001	108,461	139,799	249,222	497,482
2000	101,044	134,419	246,302	481,765
1999	94,620	130,526	231,219	456,365
1998	93,468	151,323	207,514	452,305

Investment earnings for each fund 1998–2007 (\$ million)

Year	MSRS	TRA	PERA	Total
2007	1,788,840	3,056,492	3,117,839	7,963,171
2006	1,080,168	1,951,778	1,890,079	4,922,025
2005	861,894	1,575,520	1,493,491	3,930,905
2004	1,163,787	2,204,787	2,024,197	5,392,771
2003	140,183	293,085	277,813	711,081
2002	-653,793	-1,236,188	-1,097,416	-2,987,397
2001	-634,048	-1,244,341	-1,090,879	-2,969,268
2000	800,730	1,555,989	1,355,616	3,712,335
1999	863,462	1,775,404	1,513,820	4,152,686
1998	1,324,542	2,637,948	2,305,833	6,268,323

Source data for figure 4, active membership (000) in the three retirement systems.

Fiscal Yr.	PERA	MSRS	TRA
2007	161	55	78
2006	158	55	79
2005	156	54	75
2004	151	53	72
2003	153	54	72
2002	151	56	72
2001	152	55	71
2000	148	54	71
1999	147	53	69
1998	145	53	68
1997	140	52	69
1996	138	55	68

Source data for figure 5, deferred membership (000) in the three retirement systems.

Fiscal Yr.	PERA	MSRS	TRA
2007	42	18	36
2006	40	17	34
2005	38	16	29
2004	36	17	29
2003	33	15	29
2002	30	14	28
2001	27	14	27
2000	22	13	25
1999	14	13	26
1998	13	13	24
1997	11	11	23
1996	9	8	22

Source data for figure 6, benefit recipients (000) in the three retirement systems.

Fiscal Yr.	PERA	MSRS	TRA
2007	69	28	46
2006	66	27	45
2005	63	26	39
2004	61	25	38
2003	59	24	36
2002	57	23	35
2001	55	22	34
2000	53	21	32
1999	51	20	30
1998	48	20	27
1997	45	19	26

Source data for figure 7, total benefits paid (\$ million) by the three retirement systems.

Fiscal Yr.	PERA	MSRS	TRA
2007	1,066	483	1,273
2006	1,014	452	1,224
2005	968	429	1,048
2004	925	405	1,008
2003	890	385	977
2002	855	366	945
2001	785	333	862
2000	693	292	755
1999	607	254	621
1998	530	222	534
1997	433	182	428

Source data for figure 8, average monthly benefit paid by the three retirement systems.

Fiscal Yr.	PERA	MSRS	TRA
2007	1,314	1,413	2,282
2006	1,289	1,396	2,283
2005	1,281	1,371	2,243
2004	1,273	1,338	2,232
2003	1,235	1,343	2,249
2002	1,242	1,321	2,252
2001	1,205	1,256	2,127
2000	1,128	1,158	1,970
1999	1,031	1,043	1,739
1998	952	945	1,634
1997	868	808	1,387

Source data for figure 9 is included in the text.

Appendix B: Definitions of selected GSP sectors

Economic sector definitions for sectors highlighted in Figure 1.

The following contains the official definitions for the sectors highlighted in Figure 2. These definitions were obtained from the Census Bureau website.

Source: <http://www.census.gov/naics/2007/def>

21 Mining, Quarrying, and Oil and Gas Extraction

The Sector as a Whole

The Mining, Quarrying, and Oil and Gas Extraction sector comprises establishments that extract naturally occurring mineral solids, such as coal and ores; liquid minerals, such as crude petroleum; and gases, such as natural gas. The term mining is used in the broad sense to include quarrying, well operations, beneficiating (e.g., crushing, screening, washing, and flotation), and other preparation customarily performed at the mine site, or as a part of mining activity.

The Mining, Quarrying, and Oil and Gas Extraction sector distinguishes two basic activities: mine operation and mining support activities. Mine operation includes establishments operating mines, quarries, or oil and gas wells on their own account or for others on a contract or fee basis. Mining support activities include establishments that perform exploration (except geophysical surveying) and/or other mining services on a contract or fee basis (except mine site preparation and construction of oil/gas pipelines). Establishments in the Mining, Quarrying, and Oil and Gas Extraction sector are grouped and classified according to the natural resource mined or to be mined. Industries include establishments that develop the mine site, extract the natural resources, and/or those that beneficiate (i.e., prepare) the mineral mined. Beneficiation is the process whereby the extracted material is reduced to particles that can be separated into mineral and waste, the former suitable for further processing or direct use. The operations that take place in beneficiation are primarily mechanical, such as grinding, washing, magnetic separation, and centrifugal separation. In contrast, manufacturing operations primarily use chemical and electrochemical processes, such as electrolysis and distillation. However, some treatments, such as heat treatments, take place in both the beneficiation and the manufacturing (i.e., smelting/refining) stages. The range of preparation activities varies by mineral and the purity of any given ore deposit. While some minerals, such as petroleum and natural gas, require little or no preparation, others are washed and screened, while yet others, such as gold and silver, can be transformed into bullion before leaving the mine site.

Mining, beneficiating, and manufacturing activities often occur in a single location. Separate receipts will be collected for these activities whenever possible. When receipts cannot be broken out between mining and manufacturing, establishments that mine or quarry nonmetallic minerals, and then beneficiate the nonmetallic minerals into more finished manufactured products are classified based on the primary activity of the establishment. A mine that manufactures a small amount of finished products will be classified in Sector 21, Mining, Quarrying, and Oil and Gas Extraction. An establishment that mines whose primary output is a more finished manufactured product will be classified in Sector 31-33, Manufacturing.

322 Paper Manufacturing

Industries in the Paper Manufacturing subsector make pulp, paper, or converted paper products. The manufacturing of these products is grouped together because they constitute a series of vertically connected processes. More than one is often carried out in a single establishment. There are essentially three activities. The manufacturing of pulp involves separating the cellulose fibers from other impurities in wood or used paper. The manufacturing of paper involves matting these fibers into a sheet. Converted paper products are made from paper and other materials by various cutting and shaping techniques and includes coating and laminating activities.

The Paper Manufacturing subsector is subdivided into two industry groups, the first for the manufacturing of pulp and paper and the second for the manufacturing of converted paper products. Paper making is treated as the core activity of the subsector. Therefore, any establishment that makes paper (including paperboard), either alone or in combination with pulp manufacturing or paper converting, is classified as a paper or paperboard mill. Establishments that make pulp without making paper are classified as pulp mills. Pulp mills, paper mills and paperboard mills comprise the first industry group.

Establishments that make products from purchased paper and other materials make up the second industry group, Converted Paper Product Manufacturing. This general activity is then subdivided based, for the most part, on process distinctions. Paperboard container manufacturing uses corrugating, cutting, and shaping machinery to form paperboard into containers. Paper bag and coated and treated paper manufacturing establishments cut and coat paper and foil. Stationery product manufacturing establishments make a variety of paper products used for writing, filing, and similar applications. Other converted paper product manufacturing includes, in particular, the conversion of sanitary paper stock into such things as tissue paper and disposable diapers.

An important process used in the Paper Bag and Coated and Treated Paper Manufacturing industry is lamination, often combined with coating. Lamination and coating makes a composite material with improved properties of strength, impermeability, and so on. The laminated materials may be paper, metal foil, or plastics film. While paper is often one of the components, it is not always. Lamination of plastics film to plastics film is classified in the NAICS [Subsector 326](#), Plastics and Rubber Products Manufacturing, because establishments that do this often first make the film. The same situation holds with respect to bags. The manufacturing of bags from plastics only, whether or not laminated, is classified in [Subsector 326](#), Plastics and Rubber Products Manufacturing, but all other bag manufacturing is classified in this subsector. Excluded from this subsector are photosensitive papers. These papers are chemically treated and are classified in [Industry 32599](#), All Other Chemical Product and Preparation Manufacturing.

71 Arts, Entertainment, and Recreation

The Sector as a Whole

The Arts, Entertainment, and Recreation sector includes a wide range of establishments that operate facilities or provide services to meet varied cultural, entertainment, and recreational interests of their patrons. This sector comprises (1) establishments that are involved in producing, promoting, or participating in live performances, events, or exhibits intended for public viewing; (2) establishments that preserve and exhibit objects and sites of historical, cultural, or educational interest; and (3) establishments that operate facilities or provide services that enable patrons to participate in recreational activities or pursue amusement, hobby, and leisure-time interests.

Some establishments that provide cultural, entertainment, or recreational facilities and services are classified in other sectors. Excluded from this sector are: (1) establishments that provide both accommodations and recreational facilities, such as hunting and fishing camps and resort and casino hotels are classified in [Subsector 721](#), Accommodation; (2) restaurants and night clubs that provide live entertainment in addition to the sale of food and beverages are classified in Subsector 722, Food Services and Drinking Places; (3) motion picture theaters, libraries and archives, and publishers of newspapers, magazines, books, periodicals, and computer software are classified in Sector 51, Information; and (4) establishments using transportation equipment to provide recreational and entertainment services, such as those operating sightseeing buses, dinner cruises, or helicopter rides, are classified in [Subsector 487](#), Scenic and Sightseeing Transportation.

481 Air Transportation

Industries in the Air Transportation subsector provide air transportation of passengers and/or cargo using aircraft, such as airplanes and helicopters. The subsector distinguishes scheduled from nonscheduled air transportation. Scheduled air carriers fly regular routes on regular schedules and operate even if flights are only partially loaded. Nonscheduled carriers often operate during non-peak time slots at busy airports. These establishments have more flexibility with respect to choice of airport, hours of operation, load factors, and similar operational characteristics. Nonscheduled carriers provide chartered air transportation of passengers, cargo, or specialty flying services. Specialty flying services establishments use general-purpose aircraft to provide a variety of specialized flying services.

Scenic and sightseeing air transportation and air courier services are not included in this subsector but are included in [Subsector 487](#), Scenic and Sightseeing Transportation and in Subsector 492, Couriers and Messengers. Although these activities may use aircraft, they are different from the activities included in air transportation. Air sightseeing does not usually involve place-to-place transportation; the passenger's flight (e.g., balloon ride, aerial sightseeing) typically starts and ends at the same location. Courier services (individual package or cargo delivery) include more than air transportation; road transportation is usually required to deliver the cargo to the intended recipient.

321 Wood Product Manufacturing

Industries in the Wood Product Manufacturing subsector manufacture wood products, such as lumber, plywood, veneers, wood containers, wood flooring, wood trusses, manufactured homes (i.e., mobile homes), and prefabricated wood buildings. The production processes of the Wood Product Manufacturing subsector include sawing, planing, shaping, laminating, and assembling of wood products starting from logs that are cut into bolts, or lumber that then may be further cut, or shaped by lathes or other shaping tools. The lumber or other transformed wood shapes may also be subsequently planed or smoothed, and assembled into finished products, such as wood containers. The Wood Product Manufacturing subsector includes establishments that make wood products from logs and bolts that are sawed and shaped, and establishments that purchase sawed lumber and make wood products. With the exception of sawmills and wood preservation establishments, the establishments are grouped into industries mainly based on the specific products manufactured.

113 Forestry and Logging

Industries in the Forestry and Logging subsector grow and harvest timber on a long production cycle (i.e., of 10 years or more). Long production cycles use different production processes than short production cycles, which require more horticultural interventions prior to harvest, resulting in processes more similar to those found in the Crop Production subsector. Consequently, Christmas tree production and other production involving production cycles of less than 10 years are classified in the Crop Production subsector.

Industries in this subsector specialize in different stages of the production cycle. Reforestation requires production of seedlings in specialized nurseries. Timber production requires natural forest or suitable areas of land that are available for a long duration. The maturation time for timber depends upon the species of tree, the climatic conditions of the region, and the intended purpose of the timber. The harvesting of timber (except when done on an extremely small scale) requires specialized machinery unique to the industry. Establishments gathering forest products, such as gums, barks, balsam needles, rhizomes, fibers, Spanish moss, and ginseng and truffles, are also included in this subsector.

114 Fishing, Hunting and Trapping

Industries in the Fishing, Hunting, and Trapping subsector harvest fish and other wild animals from their natural habitats and are dependent upon a continued supply of the natural resource. The harvesting of fish is the predominant economic activity of this subsector and it usually requires specialized vessels that, by the nature of their size, configuration and equipment, are not suitable for any other type of production, such as transportation.

Hunting and trapping activities utilize a wide variety of production processes and are classified in the same subsector as fishing because the availability of resources and the constraints imposed, such as conservation requirements and proper habitat maintenance, are similar.

323 Printing and Related Support Activities

Industries in the Printing and Related Support Activities subsector print products, such as newspapers, books, labels, business cards, stationery, business forms, and other materials, and perform support activities, such as data imaging, platemaking services, and bookbinding. The support activities included here are an integral part of the printing industry, and a product (a printing plate, a bound book, or a computer disk or file) that is an integral part of the printing industry is almost always provided by these operations.

Processes used in printing include a variety of methods used to transfer an image from a plate, screen, film, or computer file to some medium, such as paper, plastics, metal, textile articles, or wood. The most prominent of these methods is to transfer the image from a plate or screen to the medium (lithographic, gravure, screen, and flexographic printing). A rapidly growing new technology uses a computer file to directly "drive" the printing mechanism to create the image and new electrostatic and other types of equipment (digital or nonimpact printing).

In contrast to many other classification systems that locate publishing of printed materials in manufacturing, NAICS classifies the publishing of printed products in [Subsector 511](#), Publishing Industries (except Internet). Though printing and publishing are often carried out by the same enterprise (a newspaper, for example), it is less and less the case that these distinct activities are carried out in the same establishment. When publishing and printing are done in the same establishment, the establishment is classified in Sector 51, Information, in the appropriate NAICS industry even if the receipts for printing exceed those for publishing.

This subsector includes printing on clothing because the production process for that activity is printing, not clothing manufacturing. For instance, the printing of T-shirts is included in this subsector. In contrast, printing on fabric (or grey goods) is not included. This activity is part of the process of finishing the fabric and is included in the NAICS Textile Mills subsector in [Industry 31331](#), Textile and Fabric Finishing Mills.

111 Crop Production

Industries in the Crop Production subsector grow crops mainly for food and fiber. The subsector comprises establishments, such as farms, orchards, groves, greenhouses, and nurseries, primarily engaged in growing crops, plants, vines, or trees and their seeds. The industries in this subsector are grouped by similarity of production activity, including biological and physiological characteristics and economic requirements, the length of growing season, degree of crop rotation, extent of input specialization, labor requirements, and capital demands. The production process is typically completed when the raw product or commodity grown reaches the "farm gate" for market, that is, at the point of first sale or price determination.

Establishments are classified to the crop production subsector when crop production (i.e., value of crops for market) accounts for one-half or more of the establishment's total agricultural production. Within the subsector, establishments are classified to a specific industry when a product or industry family of products (i.e., oilseed and grain farming, vegetable and melon farming, fruit and tree nut farming) account for one-half or more of the establishment's agricultural production. Establishments with one-half or more crop production with no one product or family of products of an industry accounting for one-half of the establishment's agricultural

production are treated as general combination crop farming and are classified in [Industry 11199](#), All Other Crop Farming.

Industries in the Crop Production subsector include establishments that own, operate, and manage and those that operate and manage. Those that manage only are classified in [Subsector 115](#), Support Activities for Agriculture and Forestry.

112 Animal Production

Industries in the Animal Production subsector raise or fatten animals for the sale of animals or animal products. The subsector comprises establishments, such as ranches, farms, and feedlots primarily engaged in keeping, grazing, breeding, or feeding animals. These animals are kept for the products they produce or for eventual sale. The animals are generally raised in various environments, from total confinement or captivity to feeding on an open range pasture. Establishments primarily engaged in the farm raising and production of aquatic animals or plants in controlled or selected aquatic environments are included in this subsector.

The industries in this subsector are grouped by important factors, such as suitable grazing or pasture land, specialized buildings, type of equipment, and the amount and types of labor required. Establishments are classified to the Animal Production subsector when animal production (i.e., value of animals for market) accounts for one-half or more of the establishment's total agricultural production. Establishments with one-half or more animal production with no one animal product or family of animal products of an industry accounting for one-half of the establishment's agricultural production are treated as combination animal farming classified to [Industry 11299](#), All Other Animal Production.