

1.1 **Senator Kiffmeyer from the Committee on State Government Finance and Policy**
1.2 **and Elections, to which was referred**

1.3 **S.F. No. 3541:** A bill for an act relating to retirement; establishing a work group to study
1.4 member communications by the statewide pension systems; requiring a report.

1.5 Reports the same back with the recommendation that the bill be amended as follows:

1.6 Delete everything after the enacting clause and insert:

1.7 **"ARTICLE 1**

1.8 **EMPLOYEE CONTRIBUTION RATE DECREASE**

1.9 Section 1. Minnesota Statutes 2020, section 352.04, subdivision 2, is amended to read:

1.10 Subd. 2. **Employee contributions.** (a) The employee contribution to the fund must be
1.11 equal to the following percent of salary:

1.12	from July 1, 2014, to June 30, 2018	5.5
1.13	from July 1, 2018, to June 30, 2019	5.75
1.14	after <u>from July 1, 2019, to June 30, 2019</u> <u>2022</u>	6
1.15	<u>after June 30, 2022</u>	<u>5.75</u>

1.16 (b) These contributions must be made by deduction from salary as provided in subdivision
1.17 4.

1.18 (c) Contribution increases under paragraph (a) must be paid starting the first day of the
1.19 first full pay period after the effective date of the increase.

1.20 Sec. 2. Minnesota Statutes 2020, section 352.92, subdivision 1, is amended to read:

1.21 Subdivision 1. **Employee contributions.** (a) Employee contributions of covered
1.22 correctional employees must be in an amount equal to the following percent of salary:

1.23	from July 1, 2014, to June 30, 2018	9.1
1.24	after <u>from July 1, 2018, to June 30, 2018</u> <u>2022</u>	9.6
1.25	<u>after June 30, 2022</u>	<u>7.5</u>

1.26 (b) These contributions must be made by deduction from salary as provided in section
1.27 352.04, subdivision 4.

1.28 (c) Contribution increases under paragraph (a) must be paid starting the first day of the
1.29 first full pay period after the effective date of the increase.

2.1 Sec. 3. Minnesota Statutes 2020, section 352B.02, subdivision 1a, is amended to read:

2.2 Subd. 1a. **Member contributions.** (a) The member contribution is the following
2.3 percentage of the member's salary:

2.4	from July 1, 2014, to June 30, 2016	13.4
2.5	from July 1, 2016, to June 30, 2018	14.4
2.6	from July 1, 2018, to June 30, 2020	14.9
2.7	after June 30, <u>from July 1, 2020, to June 30, 2022</u>	15.4
2.8	<u>after June 30, 2022</u>	<u>10.5</u>

2.9 (b) These contributions must be made by deduction from salary as provided in section
2.10 352.04, subdivision 4.

2.11 (c) Contribution increases under paragraph (a) must be paid starting the first day of the
2.12 first full pay period after the effective date of the increase.

2.13 Sec. 4. Minnesota Statutes 2020, section 353.27, subdivision 2, is amended to read:

2.14 Subd. 2. **General employees retirement plan; employee contribution.** (a) For a basic
2.15 member of the general employees retirement plan of the Public Employees Retirement
2.16 Association, the employee contribution is 9.10 percent of salary. For a coordinated member
2.17 of the general employees retirement plan of the Public Employees Retirement Association,
2.18 the employee contribution is the following percentage of salary plus any contribution rate
2.19 adjustment under subdivision 3b:

2.20	Effective after December 31, 2010	6.25
2.21	Effective <u>from January 1, 2015, to June 30, 2022</u>	6.5
2.22	<u>after June 30, 2022</u>	<u>6.25</u>

2.23 (b) These contributions must be made by deduction from salary as defined in section
2.24 353.01, subdivision 10, in the manner provided in subdivision 4. If any portion of a member's
2.25 salary is paid from other than public funds, the member's employee contribution must be
2.26 based on the total salary received by the member from all sources.

2.27 Sec. 5. Minnesota Statutes 2020, section 353.65, subdivision 2, is amended to read:

2.28 Subd. 2. **Employee contribution.** (a) For members other than members who were active
2.29 members of the former Minneapolis Firefighters Relief Association on December 29, 2011,
2.30 or for members other than members who were active members of the former Minneapolis
2.31 Police Relief Association on December 29, 2011, the employee contribution is an amount
2.32 equal to the following percentage of the total salary of each member, as follows:

3.1	before January 1, 2019	10.8 percent
3.2	from January 1, 2019, through December 31, 2019	11.3 percent
3.3	from January 1, 2020, and thereafter <u>through June 30,</u>	
3.4	<u>2022</u>	11.8 percent
3.5	<u>after June 30, 2022</u>	<u>9.4 percent</u>

3.6 (b) For members who were active members of the former Minneapolis Firefighters Relief
 3.7 Association on December 29, 2011, the employee contribution is an amount equal to eight
 3.8 percent of the monthly unit value under section 353.01, subdivision 10a, multiplied by 80
 3.9 and expressed as a biweekly amount for each member. The employee contribution made
 3.10 by a member with at least 25 years of service credit as an active member of the former
 3.11 Minneapolis Firefighters Relief Association must be deposited in the postretirement health
 3.12 care savings account established under section 352.98.

3.13 (c) For members who were active members of the former Minneapolis Police Relief
 3.14 Association on December 29, 2011, the employee contribution is an amount equal to eight
 3.15 percent of the monthly unit value under section 353.01, subdivision 10b, multiplied by 80
 3.16 and expressed as a biweekly amount for each member. The employee contribution made
 3.17 by a member with at least 25 years of service credit as an active member of the former
 3.18 Minneapolis Police Relief Association must be deposited in the postretirement health care
 3.19 savings account established under section 352.98.

3.20 (d) Contributions under this section must be made by deduction from salary in the manner
 3.21 provided in subdivision 4. Where any portion of a member's salary is paid from other than
 3.22 public funds, the member's employee contribution is based on the total salary received from
 3.23 all sources.

3.24 Sec. 6. Minnesota Statutes 2020, section 354.42, subdivision 2, is amended to read:

3.25 Subd. 2. **Employee contribution.** (a) The employee contribution to the fund is the
 3.26 following percentage of the member's salary:

3.27	Period	Basic Program	Coordinated Program
3.28	from July 1, 2014, through June 30, 2023		
3.29	<u>2022</u>	11 percent	7.5 percent
3.30	after June 30, 2023 <u>2022</u>	11.25 <u>10.75</u> percent	7.75 <u>7.25</u> percent

3.31 (b) When an employee contribution rate changes for a fiscal year, the new contribution
 3.32 rate is effective for the entire salary paid for each employer unit with the first payroll cycle
 3.33 reported.

4.1 (c) This contribution must be made by deduction from salary. Where any portion of a
 4.2 member's salary is paid from other than public funds, the member's employee contribution
 4.3 must be based on the entire salary received.

4.4 Sec. 7. Minnesota Statutes 2021 Supplement, section 354A.12, subdivision 1, is amended
 4.5 to read:

4.6 Subdivision 1. **Employee contributions.** (a) The contribution required to be paid by
 4.7 each member of the St. Paul Teachers Retirement Fund Association is the percentage of
 4.8 total salary specified below ~~for the applicable association and program:~~

4.9	Program	Percentage of Total Salary
4.10	St. Paul Teachers Retirement Fund Association	
4.11	basic program after June 30, 2016	10 percent
4.12	basic program after June 30, 2023	10.25 percent
4.13	coordinated program after June 30, 2016,	
4.14	to June 30, 2022	7.5 percent
4.15	coordinated program after June 30, 2023 <u>2022</u>	7.75 <u>7.25</u> percent

4.16 (b) Contributions must be made by deduction from salary and must be remitted directly
 4.17 to the St. Paul Teachers Retirement Fund Association at least once each month.

4.18 (c) When an employee contribution rate changes for a fiscal year, the new contribution
 4.19 rate is effective for the entire salary paid by the employer with the first payroll cycle reported.

4.20 Sec. 8. Minnesota Statutes 2020, section 354B.23, subdivision 1, is amended to read:

4.21 Subdivision 1. **Member contribution rate.** (a) Except for a participant described under
 4.22 paragraph (b), the member contribution rate for participants in the individual retirement
 4.23 account plan is equal to the coordinated employee contribution rate in section 354.42,
 4.24 subdivision 2.

4.25 (b) The member contribution rate is the rate described in paragraph (c) for a participant
 4.26 in the individual retirement account plan who:

4.27 (1) achieved tenure or its equivalent at a Minnesota state college or university before
 4.28 July 1, 2018; or

4.29 (2) is an employee in an eligible unclassified administrative position, is not a faculty
 4.30 member, and first contributed to the individual retirement account plan before July 1, 2018.

4.31 (c) The member contribution rate for a participant described in paragraph (b) is the
 4.32 following percentage of salary:

5.1	from July 1, 2019, to June 30, 2020	5.15
5.2	from July 1, 2020, to June 30, 2021	5.80
5.3	from July 1, 2021, to June 30, 2022	6.45
5.4	from July 1, 2022, to June 30, 2023	7.10
5.5	from July 1, 2023, to June 30, 2024	7.75

5.6 After June 30, ~~2024~~ 2023, the member contribution rate is the rate specified in paragraph
5.7 (a).

5.8 Sec. 9. EFFECTIVE DATE.

5.9 Sections 1 to 8 are effective the day following enactment.

5.10 **ARTICLE 2**

5.11 **POSTRETIREMENT ADJUSTMENTS**

5.12 Section 1. Minnesota Statutes 2020, section 354A.29, subdivision 7, is amended to read:

5.13 Subd. 7. **Postretirement adjustments.** (a) Except as set forth in paragraph (c), each
5.14 person who has been receiving an annuity or benefit under the articles of incorporation, the
5.15 bylaws, or this chapter, whose effective date of benefit commencement occurred on or
5.16 before July 1 of the calendar year immediately before the adjustment, is eligible to receive
5.17 an annual postretirement adjustment, effective as of each January 1, as follows:

5.18 (1) ~~there shall be no~~ the postretirement adjustment is one percent on January 1, ~~2019,~~
5.19 ~~and January 1, 2020~~ 2022; and

5.20 (2) the postretirement adjustment ~~shall be one~~ is 1.5 percent on January 1, ~~2021~~ 2023,
5.21 and each January 1 thereafter.

5.22 (b) A postretirement adjustment is to be applied as a permanent increase to the regular
5.23 payment of each eligible member on January 1. For any eligible member whose effective
5.24 date of benefit commencement occurred after January 1 of the immediately preceding
5.25 calendar year, the amount of the postretirement adjustment must be reduced by 50 percent.

5.26 (c) Each person who retires on or after July 1, 2024, is entitled to an annual postretirement
5.27 adjustment, effective as of each January 1, beginning with the year following the year in
5.28 which the member attains normal retirement age.

5.29 (d) Paragraph (c) does not apply to members who retire under section 354A.31,
5.30 subdivision 6, paragraph (b), or who retire when the member is at least age 62 and has at
5.31 least 30 years of service under section 354A.31, subdivision 7.

6.1 Sec. 2. Minnesota Statutes 2020, section 356.415, subdivision 1, is amended to read:

6.2 Subdivision 1. **Annual postretirement adjustments; Minnesota State Retirement**
6.3 **System general state employees retirement plan, legislators retirement plan, and**
6.4 **unclassified state employees retirement program.** (a) Except as set forth in paragraph
6.5 (c), recipients of a retirement annuity, disability benefit, or survivor benefit from the general
6.6 state employees retirement plan, the legislators retirement plan, or the unclassified state
6.7 employees retirement program are entitled to an annual postretirement adjustment, effective
6.8 as of each January 1, as follows:

6.9 (1) effective January 1, 2019, through December 31, ~~2023~~ 2022, a postretirement increase
6.10 of one percent must be applied each year to the amount of the monthly annuity or benefit
6.11 of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at
6.12 least 12 full months as of the June 30 of the calendar year immediately before the adjustment;

6.13 (2) effective January 1, 2019, through December 31, ~~2023~~ 2022, for each annuitant or
6.14 benefit recipient who has been receiving an annuity or a benefit for at least one full month,
6.15 but less than 12 full months as of the June 30 of the calendar year immediately before the
6.16 adjustment, a postretirement increase of 1/12 of one percent for each month that the person
6.17 has been receiving an annuity or benefit must be applied to the amount of the monthly
6.18 annuity or benefit of the annuitant or benefit recipient;

6.19 (3) effective January 1, ~~2024~~ 2023, and thereafter, a postretirement increase of 1.5 percent
6.20 must be applied each year to the amount of the monthly annuity or benefit of each annuitant
6.21 or benefit recipient who has been receiving an annuity or a benefit for at least 12 full months
6.22 as of the June 30 of the calendar year immediately before the adjustment; and

6.23 (4) effective January 1, ~~2024~~ 2023, and thereafter, for each annuitant or benefit recipient
6.24 who has been receiving an annuity or a benefit for at least one full month, but less than 12
6.25 full months as of the June 30 of the calendar year immediately before the adjustment, an
6.26 annual postretirement increase of 1/12 of 1.5 percent for each month that the person has
6.27 been receiving an annuity or benefit must be applied to the amount of the monthly annuity
6.28 or benefit of the annuitant or benefit recipient.

6.29 (b) An increase in annuity or benefit payments under this subdivision must be made
6.30 automatically unless written notice is filed by the annuitant or benefit recipient with the
6.31 executive director of the covered retirement plan requesting that the increase not be made.

6.32 (c) Members who retire on or after January 1, 2024, under the general state employees
6.33 retirement plan, the legislators retirement plan, or the unclassified state employees retirement
6.34 program are entitled to an annual postretirement adjustment of the member's retirement

7.1 annuity, effective as of each January 1, beginning with the year following the year in which
7.2 the member attains normal retirement age, as follows:

7.3 (1) if a member has been receiving an annuity for at least 12 full months as of the June
7.4 30 of the calendar year immediately before the date of the adjustment, a postretirement
7.5 increase equal to the percentage specified in paragraph (a), clause (3), must be applied,
7.6 effective on January 1, to the amount of the member's monthly annuity;

7.7 (2) if a member has been receiving an annuity for at least one full month, but less than
7.8 12 full months as of the June 30 of the calendar year immediately before the date of
7.9 adjustment, a postretirement increase of 1/12 of the percentage specified in paragraph (a),
7.10 clause (4), for each month that the member has been receiving an annuity must be applied,
7.11 effective on January 1, to the amount of the member's monthly annuity; or

7.12 (3) if a member has been receiving an annuity for fewer than seven months before the
7.13 date of adjustment, a postretirement increase shall not be applied until the next January 1
7.14 and the amount of the adjustment shall be the amount determined under clause (2).

7.15 (d) Paragraph (c) does not apply to members who retire under section 352.116,
7.16 subdivision 1, paragraph (c).

7.17 Sec. 3. Minnesota Statutes 2020, section 356.415, subdivision 1c, is amended to read:

7.18 Subd. 1c. **Annual postretirement adjustments; ~~PERA-police~~ public employees police**
7.19 **and fire retirement plan.** (a) Retirement annuity, disability benefit, or survivor benefit
7.20 recipients of the public employees police and fire retirement plan are entitled to an annual
7.21 postretirement adjustment, effective as of each January 1, as follows:

7.22 (1) through December 31, 2022, for each annuitant or benefit recipient who will have
7.23 been receiving an annuity or benefit for at least 36 full months as of the immediate preceding
7.24 June 30, a postretirement increase of one percent must be applied each year to the amount
7.25 of the monthly annuity or benefit of the annuitant or benefit recipient; ~~or~~

7.26 (2) through December 31, 2022, for each annuitant or benefit recipient who has been
7.27 receiving ~~the~~ an annuity or benefit for at least 25 full months, but less than 36 months as of
7.28 the immediate preceding June 30, a postretirement increase of 1/12 of one percent for each
7.29 full month that the person has been receiving an annuity or benefit during the fiscal year in
7.30 which the annuity or benefit was effective must be applied each year to the amount of the
7.31 monthly annuity or benefit of the annuitant or benefit recipient;

7.32 (3) effective January 1, 2023, and thereafter, for each annuitant or benefit recipient who
7.33 has been receiving an annuity or benefit for at least 36 full months as of the immediate

8.1 preceding June 30, a postretirement increase of 1.5 percent must be applied each year to
 8.2 the amount of the monthly annuity or benefit of the annuitant or benefit recipient; or

8.3 (4) effective January 1, 2023, and thereafter, for each annuitant or benefit recipient who
 8.4 has been receiving an annuity or benefit for at least 25 full months, but less than 36 months
 8.5 as of the immediate preceding June 30, a postretirement increase of 1/12 of 1.5 percent for
 8.6 each full month that the person has been receiving an annuity or benefit during the fiscal
 8.7 year in which the annuity or benefit was effective must be applied to the amount of the
 8.8 monthly annuity or benefit of the annuitant or benefit recipient.

8.9 (b) An increase in annuity or benefit payments under this section must be made
 8.10 automatically unless written notice is filed by the annuitant or benefit recipient with the
 8.11 executive director of the Public Employees Retirement Association requesting that the
 8.12 increase not be made.

8.13 Sec. 4. Minnesota Statutes 2020, section 356.415, subdivision 1d, is amended to read:

8.14 Subd. 1d. **Teachers Retirement Association annual postretirement adjustments.** (a)
 8.15 Except as set forth in paragraph (d), recipients of a retirement annuity, disability benefit,
 8.16 or survivor benefit from the Teachers Retirement Association are entitled to an annual
 8.17 postretirement adjustment, effective as of each January 1, as follows:

8.18 (1) effective January 1, 2019, through December 31, ~~2023~~ 2022, a postretirement increase
 8.19 of one percent must be applied each year to the amount of the monthly annuity or benefit
 8.20 of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at
 8.21 least 12 full months as of the June 30 of the calendar year immediately before the adjustment;

8.22 (2) effective January 1, 2019, through December 31, ~~2023~~ 2022, for each annuitant or
 8.23 benefit recipient who has been receiving an annuity or a benefit for at least one full month,
 8.24 but less than 12 full months as of the June 30 of the calendar year immediately before the
 8.25 adjustment, a postretirement increase of 1/12 of one percent for each month the person has
 8.26 been receiving an annuity or benefit must be applied to the amount of the monthly annuity
 8.27 or benefit of the annuitant or benefit recipient;

8.28 (3) effective January 1, ~~2024~~ 2023, and thereafter, a postretirement increase of 1.5 percent
 8.29 must be applied each year to the amount of the monthly annuity or benefit of each annuitant
 8.30 or benefit recipient who has been receiving an annuity or a benefit for at least 12 full months
 8.31 as of the June 30 of the calendar year immediately before the adjustment, ~~at the following~~
 8.32 ~~rates;~~ and

9.1	from January 1, 2024, through December 31, 2024	1.1 percent
9.2	from January 1, 2025, through December 31, 2025	1.2 percent
9.3	from January 1, 2026, through December 31, 2026	1.3 percent
9.4	from January 1, 2027, through December 31, 2027	1.4 percent
9.5	from January 1, 2028, and thereafter	1.5 percent

9.6 (4) effective January 1, ~~2024~~ 2023, and thereafter, for each annuitant or benefit recipient
 9.7 who has been receiving an annuity or a benefit for at least one full month, but less than 12
 9.8 full months, as of the June 30 of the calendar year immediately before the adjustment, an
 9.9 annual postretirement increase of 1/12 of ~~the applicable percentage~~ 1.5 percent for each
 9.10 month that the person has been receiving an annuity or benefit must be applied to the amount
 9.11 of the monthly annuity or benefit of the annuitant or benefit recipient. ~~The applicable~~
 9.12 ~~percentages are the following:~~

9.13	from January 1, 2024, through December 31, 2024	1.1 percent
9.14	from January 1, 2025, through December 31, 2025	1.2 percent
9.15	from January 1, 2026, through December 31, 2026	1.3 percent
9.16	from January 1, 2027, through December 31, 2027	1.4 percent
9.17	from January 1, 2028, and thereafter	1.5 percent

9.18 (b) An increase in annuity or benefit payments under this section must be made
 9.19 automatically unless written notice is filed by the annuitant or benefit recipient with the
 9.20 executive director of the Teachers Retirement Association requesting that the increase not
 9.21 be made.

9.22 (c) The retirement annuity payable to a person who retires before becoming eligible for
 9.23 Social Security benefits and who has elected the optional payment as provided in section
 9.24 354.35 must be treated as the sum of a period-certain retirement annuity and a life retirement
 9.25 annuity for the purposes of any postretirement adjustment. The period-certain retirement
 9.26 annuity plus the life retirement annuity must be the annuity amount payable until age 62,
 9.27 65, or normal retirement age, as selected by the member at retirement, for an annuity amount
 9.28 payable under section 354.35. A postretirement adjustment granted on the period-certain
 9.29 retirement annuity must terminate when the period-certain retirement annuity terminates.

9.30 (d) Members who retire on or after July 1, 2024, are entitled to an annual postretirement
 9.31 adjustment of the member's retirement annuity, effective as of each January 1, beginning
 9.32 with the year following the year in which the member attains normal retirement age, as
 9.33 follows:

10.1 (1) if a member has been receiving an annuity for at least 12 full months as of the June
10.2 30 of the calendar year immediately before the date of the adjustment, a postretirement
10.3 increase equal to the percentage specified in paragraph (a), clause (3), must be applied,
10.4 effective on January 1, to the amount of the member's monthly annuity;

10.5 (2) if a member has been receiving an annuity for at least one full month, but less than
10.6 12 full months as of the June 30 of the calendar year immediately before the date of
10.7 adjustment, a postretirement increase of 1/12 of the applicable percentage specified in
10.8 paragraph (a), clause (4), for each month that the member has been receiving an annuity
10.9 must be applied, effective on January 1, to the amount of the member's monthly annuity;
10.10 or

10.11 (3) if a member has been receiving an annuity for fewer than seven months as of the
10.12 January 1 of the year following the year in which the member attains normal retirement
10.13 age, a postretirement adjustment shall be applied effective as of the next January 1. The
10.14 amount of the adjustment shall be determined under clause (2).

10.15 (e) Paragraph (d) does not apply to members who retire under section 354.44, subdivision
10.16 6, paragraph (c), clause (3), or who retire when the member is at least age 62 and has at
10.17 least 30 years of service under section 354.44, subdivision 6, paragraph (c), (d), (e), or (f),
10.18 as applicable.

10.19 Sec. 5. Minnesota Statutes 2020, section 356.415, subdivision 1e, is amended to read:

10.20 Subd. 1e. **Annual postretirement adjustments; State Patrol retirement plan.** (a)
10.21 Retirement annuity, disability benefit, or survivor benefit recipients of the State Patrol
10.22 retirement plan are entitled to an annual postretirement adjustment, effective as of each
10.23 January 1, as follows:

10.24 (1) through December 31, 2022, a postretirement increase of one percent must be applied
10.25 each year to the monthly annuity or benefit of each annuitant or benefit recipient who has
10.26 been receiving an annuity or a benefit for at least 12 full months as of the June 30 of the
10.27 calendar year immediately before the adjustment; ~~and~~

10.28 (2) through December 31, 2022, for each annuitant or benefit recipient who has been
10.29 receiving an annuity or a benefit for at least one full month, but less than 12 full months as
10.30 of the June 30 of the calendar year immediately before the adjustment, an annual
10.31 postretirement increase of 1/12 of one percent for each month that the person has been
10.32 receiving an annuity or benefit must be applied to the amount of the monthly annuity or
10.33 benefit of each annuitant or benefit recipient;

11.1 (3) effective January 1, 2023, and thereafter, a postretirement increase of 1.5 percent
 11.2 must be applied each year to the monthly annuity or benefit of each annuitant or benefit
 11.3 recipient who has been receiving an annuity or benefit for at least 12 full months as of the
 11.4 June 30 of the calendar year immediately before the adjustment; and

11.5 (4) effective January 1, 2023, and thereafter, for each annuitant or benefit recipient who
 11.6 has been receiving an annuity or benefit for at least one full month, but less than 12 full
 11.7 months, as of the June 30 of the calendar year immediately before the adjustment, an annual
 11.8 postretirement increase of 1/12 of 1.5 percent for each month that the person has been
 11.9 receiving an annuity or benefit must be applied to the amount of the monthly annuity or
 11.10 benefit of each annuitant or benefit recipient.

11.11 (b) An increase in annuity or benefit payments under this subdivision must be made
 11.12 automatically unless written notice is filed by the annuitant or benefit recipient with the
 11.13 executive director of the applicable covered retirement plan requesting that the increase not
 11.14 be made.

11.15 Sec. 6. **EFFECTIVE DATE.**

11.16 Sections 1 to 5 are effective the day following final enactment.

11.17 **ARTICLE 3**

11.18 **POLICE AND FIRE PLAN EMPLOYER CONTRIBUTION RATE**

11.19 Section 1. Minnesota Statutes 2020, section 353.65, subdivision 3, is amended to read:

11.20 Subd. 3. **Employer contribution and supplemental employer contribution.** (a) With
 11.21 respect to members other than members who were active members of the former Minneapolis
 11.22 Firefighters Relief Association on December 29, 2011, or for members other than members
 11.23 who were active members of the former Minneapolis Police Relief Association on December
 11.24 29, 2011, the employer contribution is an amount equal to the ~~following~~ percentage of the
 11.25 total salary of each member, as follows:

11.26	before January 1, 2019	16.2 percent
11.27	from January 1, 2019, through December 31, 2019	16.95 percent
11.28	from January 1, 2020, and thereafter <u>through June 30,</u>	
11.29	<u>2022</u>	17.7 percent
11.30	<u>from July 1, 2022, and thereafter</u>	<u>14.1 percent</u>

11.31 (b) With respect to members who were active members of the former Minneapolis
 11.32 Firefighters Relief Association on December 29, 2011, the employer contribution is an

12.1 amount equal to the amount of the member contributions under subdivision 2, paragraph
12.2 (b).

12.3 (c) With respect to members who were active members of the former Minneapolis Police
12.4 Relief Association on December 29, 2011, the employer contribution is an amount equal
12.5 to the amount of the member contributions under subdivision 2, paragraph (c).

12.6 (d) Effective July 1, 2022, with respect to members other than members described in
12.7 paragraphs (b) and (c), the employing governmental subdivision must pay to the public
12.8 employees police and fire retirement plan a supplemental employer contribution. The
12.9 supplemental employer contribution is 3.6 percent of the total salary of each member. The
12.10 supplemental employer contribution remains in effect until the earlier of:

12.11 (1) December 31 following two consecutive annual actuarial valuations, prepared under
12.12 section 356.215 by the actuary retained by the fund under section 356.214, which indicate
12.13 that the actuarial value of assets of the fund equals or exceeds 100 percent of the actuarial
12.14 accrued liabilities; or

12.15 (2) July 1, 2048.

12.16 ~~(d)~~ (e) Contributions under this subdivision must be made from funds available to the
12.17 employing governmental subdivision by the means and in the manner provided in section
12.18 353.28.

12.19 **EFFECTIVE DATE.** This section is effective the day following final enactment.

12.20 **ARTICLE 4**

12.21 **OTHER PERA POLICE AND FIRE PLAN PROVISIONS**

12.22 Section 1. Minnesota Statutes 2020, section 353.01, subdivision 47, is amended to read:

12.23 Subd. 47. **Vesting.** (a) "Vesting" means obtaining a nonforfeitable entitlement to an
12.24 annuity or benefit from a retirement plan administered by the Public Employees Retirement
12.25 Association by having credit for sufficient allowable service under paragraph (b), (c), or
12.26 (d), whichever applies.

12.27 (b) For purposes of qualifying for an annuity or benefit as a basic or coordinated plan
12.28 member of the general employees retirement plan of the Public Employees Retirement
12.29 Association:

12.30 (1) a public employee who first became a member of the association before July 1, 2010,
12.31 is 100 percent vested when the person has accrued credit for not less than three years of
12.32 allowable service in the general employees retirement plan; and

13.1 (2) a public employee who first becomes a member of the association after June 30,
13.2 2010, is 100 percent vested when the person has accrued credit for not less than five years
13.3 of allowable service in the general employees retirement plan.

13.4 (c) For purposes of qualifying for an annuity or benefit as a member of the local
13.5 government correctional service retirement plan:

13.6 (1) a public employee who first became a member of the association before July 1, 2010,
13.7 is 100 percent vested when the person has accrued credit for not less than three years of
13.8 allowable service in the local government correctional service retirement plan; and

13.9 (2) a public employee who first becomes a member of the association after June 30,
13.10 2010, is vested at the following percentages when the person has accrued credit for allowable
13.11 service in the local government correctional service retirement plan, as follows:

13.12 (i) 50 percent after five years;

13.13 (ii) 60 percent after six years;

13.14 (iii) 70 percent after seven years;

13.15 (iv) 80 percent after eight years;

13.16 (v) 90 percent after nine years; and

13.17 (vi) 100 percent after ten years.

13.18 (d) For purposes of qualifying for an annuity or benefit as a member of the public
13.19 employees police and fire retirement plan:

13.20 (1) a public employee who first became a member of the association before July 1, 2010,
13.21 is 100 percent vested when the person has accrued credit for not less than three years of
13.22 allowable service in the public employees police and fire retirement plan;

13.23 (2) a public employee who first ~~becomes~~ became a member of the association after June
13.24 30, 2010, and before July 1, 2014, is vested at the following percentages when the person
13.25 has accrued credited allowable service in the public employees police and fire retirement
13.26 plan, as follows:

13.27 (i) 50 percent after five years;

13.28 (ii) 60 percent after six years;

13.29 (iii) 70 percent after seven years;

13.30 (iv) 80 percent after eight years;

14.1 (v) 90 percent after nine years; and

14.2 (vi) 100 percent after ten years; ~~and~~

14.3 (3) a public employee who first ~~becomes~~ became a member of the association after June
 14.4 30, 2014, and is not a member of the association after June 30, 2022, is vested at the following
 14.5 percentages when the person has accrued credit for allowable service in the public employees
 14.6 police and fire retirement plan, as follows:

14.7 (i) 50 percent after ten years;

14.8 (ii) 55 percent after 11 years;

14.9 (iii) 60 percent after 12 years;

14.10 (iv) 65 percent after 13 years;

14.11 (v) 70 percent after 14 years;

14.12 (vi) 75 percent after 15 years;

14.13 (vii) 80 percent after 16 years;

14.14 (viii) 85 percent after 17 years;

14.15 (ix) 90 percent after 18 years;

14.16 (x) 95 percent after 19 years; and

14.17 (xi) 100 percent after 20 or more years; and

14.18 (4) a public employee who first became a member of the association after June 30, 2014,
 14.19 and who is a member of the association after June 30, 2022, is 100 percent vested when the
 14.20 person has accrued credit for not less than ten years of allowable service in the public
 14.21 employees police and fire retirement plan.

14.22 Sec. 2. **[353.6513] REEMPLOYMENT OF RETIREE.**

14.23 (a) Notwithstanding any state law to the contrary, including section 353.37, if an eligible
 14.24 person described in paragraph (b) is receiving an annuity from the public employees police
 14.25 and fire retirement plan, the eligible person may return to employment with a governmental
 14.26 subdivision on or after the effective date without any reduction or suspension of the person's
 14.27 annuity.

14.28 (b) An eligible person is a person who:

14.29 (1) has been separated from public service for at least 30 days;

15.1 (2) is returning with the approval of the chief of the police or fire department or director
 15.2 of the agency to a position that is covered by the public employees police and fire retirement
 15.3 plan or the State Patrol retirement plan; and

15.4 (3) if returning to a position covered by the State Patrol retirement plan, has not yet
 15.5 attained age 60 or the mandatory retirement age specified in section 43A.34, subdivision
 15.6 4, if later.

15.7 (c) This section expires December 31, 2032.

15.8 Sec. 3. **EFFECTIVE DATE.**

15.9 Sections 1 and 2 are effective July 1, 2022.

15.10 **ARTICLE 5**

15.11 **INVESTMENT RATE OF RETURN ASSUMPTION**

15.12 Section 1. Minnesota Statutes 2020, section 356.215, subdivision 8, is amended to read:

15.13 Subd. 8. **Actuarial assumptions.** (a) The actuarial valuation must use the applicable
 15.14 following investment return assumption:

15.15	15.16	investment return
	plan	assumption
15.17	general state employees retirement plan	7.5% <u>7%</u>
15.18	correctional state employees retirement plan	7.5 <u>7</u>
15.19	State Patrol retirement plan	7.5 <u>7</u>
15.20	legislators retirement plan, and for the	0
15.21	constitutional officers calculation of total plan	
15.22	liabilities	
15.23	judges retirement plan	7.5 <u>7</u>
15.24	general public employees retirement plan	7.5 <u>7</u>
15.25	public employees police and fire retirement plan	7.5 <u>7</u>
15.26	local government correctional service retirement	7.5 <u>7</u>
15.27	plan	
15.28	teachers retirement plan	7.5 <u>7</u>
15.29	St. Paul teachers retirement plan	7.5 <u>7</u>
15.30	Bloomington Fire Department Relief Association	6
15.31	local monthly benefit volunteer firefighter relief	5
15.32	associations	
15.33	monthly benefit retirement plans in the statewide	6
15.34	volunteer firefighter retirement plan	

16.1 (b) The actuarial valuation for each of the covered retirement plans listed in section
 16.2 356.415, subdivision 2, and the St. Paul Teachers Retirement Fund Association must take
 16.3 into account the postretirement adjustment rate or rates applicable to the plan as specified
 16.4 in section 354A.29, subdivision 7, or 356.415, whichever applies.

16.5 (c) The actuarial valuation must use the applicable salary increase and payroll growth
 16.6 assumptions found in the appendix to the standards for actuarial work adopted by the
 16.7 Legislative Commission on Pensions and Retirement pursuant to section 3.85, subdivision
 16.8 10. The appendix must be updated whenever new assumptions have been approved or
 16.9 deemed approved under subdivision 18.

16.10 (d) The assumptions set forth in the appendix to the standards for actuarial work continue
 16.11 to apply, unless a different salary assumption or a different payroll increase assumption:

16.12 (1) has been proposed by the governing board of the applicable retirement plan;

16.13 (2) is accompanied by the concurring recommendation of the actuary retained under
 16.14 section 356.214, subdivision 1, if applicable, or by the approved actuary preparing the most
 16.15 recent actuarial valuation report if section 356.214 does not apply; and

16.16 (3) has been approved or deemed approved under subdivision 18.

16.17 **EFFECTIVE DATE.** This section is effective June 30, 2022.

16.18 Sec. 2. Minnesota Statutes 2020, section 356.59, is amended to read:

16.19 **356.59 INTEREST RATES.**

16.20 Subdivision 1. **Applicable interest rates.** Whenever the payment of interest is required
 16.21 with respect to any payment, including refunds, remittances, shortages, contributions, or
 16.22 repayments, the rate of interest is the rate or rates specified in subdivisions 2 to 5 for each
 16.23 public retirement plan.

16.24 Subd. 2. **Minnesota State Retirement System.** The interest rates for all retirement plans
 16.25 administered by the Minnesota State Retirement System are as follows:

	Annual	Monthly
16.26 before July 1, 2015	8.5 percent	0.71 percent
16.27 from July 1, 2015, to June 30, 2018	8.0 percent	0.667 percent
16.28 after June 30, from July 1, 2018, to		
16.29 <u>June 30, 2022</u>	7.5 percent	0.625 percent
16.30 <u>after June 30, 2022</u>	<u>7.0 percent</u>	<u>0.583 percent</u>

17.1 Subd. 3. **Public Employees Retirement Association.** The interest rates for all retirement
17.2 plans administered by the Public Employees Retirement Association are as follows:

17.3	before July 1, 2015	8.5 percent
17.4	from July 1, 2015, to June 30, 2018	8.0 percent
17.5	after June 30, from July 1, 2018, to	
17.6	<u>June 30, 2022</u>	7.5 percent
17.7	<u>after June 30, 2022</u>	<u>7.0 percent</u>

17.8 Subd. 4. **Teachers Retirement Association.** The interest rates for the retirement plan
17.9 administered by the Teachers Retirement Association are as follows:

	Annual	Monthly
17.10		
17.11	before July 1, 2018	8.5 percent
17.12	after June 30, from July 1, 2018, to	
17.13	<u>June 30, 2022</u>	7.5 percent
17.14	<u>after June 30, 2022</u>	<u>7.0 percent</u>
		0.71 percent
		0.625 percent
		0.583 percent

17.15 Subd. 5. **St. Paul Teachers Retirement Fund Association.** The interest rates for the
17.16 retirement plan administered by the St. Paul Teachers Retirement Fund Association are as
17.17 follows:

	Annual	Monthly
17.18		
17.19	before July 1, 2015	8.5 percent
17.20	from July 1, 2015, to June 30, 2018	8.0 percent
17.21	after June 30, from July 1, 2018, to	
17.22	<u>June 30, 2022</u>	7.5 percent
17.23	<u>after June 30, 2022</u>	<u>7.0 percent</u>
		0.71 percent
		0.667 percent
		0.625 percent
		0.583 percent

17.24 **EFFECTIVE DATE.** This section is effective June 30, 2022.

17.25 **ARTICLE 6**

17.26 **DIRECT AIDS TO PENSION PLANS**

17.27 Section 1. **[352.043] DIRECT STATE AID; GENERAL STATE EMPLOYEES**
17.28 **RETIREMENT FUND.**

17.29 **Subdivision 1. Aid authorization.** Beginning in 2022, the state shall pay \$8,000,000
17.30 annually to the general state employees retirement fund.

17.31 **Subd. 2. Aid appropriation.** The commissioner of management and budget shall pay
17.32 the aid amount under subdivision 1 on or before October 1, 2022, and October 1 of each
17.33 year thereafter. The amount required is appropriated annually from the general fund to the
17.34 commissioner of management and budget.

18.1 Subd. 3. **Aid expiration.** The aid under subdivision 1 continues until the earlier of:

18.2 (1) December 31 following two consecutive annual actuarial valuations, prepared under
 18.3 section 356.215 by the actuary retained by the fund under section 356.214, which indicate
 18.4 that the actuarial value of assets of the fund equals or exceeds 100 percent of the actuarial
 18.5 accrued liabilities; or

18.6 (2) July 1, 2048.

18.7 Sec. 2. **[352.922] DIRECT STATE AID; CORRECTIONAL STATE EMPLOYEES**
 18.8 **RETIREMENT FUND.**

18.9 Subdivision 1. **Aid authorization.** Beginning in 2022, the state shall pay \$6,000,000
 18.10 annually to the correctional state employees retirement fund.

18.11 Subd. 2. **Aid appropriation.** The commissioner of management and budget shall pay
 18.12 the aid amount under subdivision 1 on or before October 1, 2022, and October 1 of each
 18.13 year thereafter. The amount required is appropriated annually from the general fund to the
 18.14 commissioner of management and budget.

18.15 Subd. 3. **Aid expiration.** The aid under subdivision 1 continues until the earlier of:

18.16 (1) December 31 following two consecutive annual actuarial valuations, prepared under
 18.17 section 356.215 by the actuary retained by the fund under section 356.214, which indicate
 18.18 that the actuarial value of assets of the fund equals or exceeds 100 percent of the actuarial
 18.19 accrued liabilities; or

18.20 (2) July 1, 2048.

18.21 Sec. 3. **[352B.025] DIRECT STATE AID; STATE PATROL RETIREMENT FUND.**

18.22 Subdivision 1. **Aid authorization.** Beginning in 2022, the state shall pay \$14,500,000
 18.23 annually to the State Patrol retirement fund.

18.24 Subd. 2. **Aid appropriation.** The commissioner of management and budget shall pay
 18.25 the aid amount under subdivision 1 on or before October 1, 2022, and October 1 of each
 18.26 year thereafter. The amount required is appropriated annually from the general fund to the
 18.27 commissioner of management and budget.

18.28 Subd. 3. **Aid expiration.** The aid under subdivision 1 continues until the earlier of:

18.29 (1) December 31 following two consecutive annual actuarial valuations, prepared under
 18.30 section 356.215 by the actuary retained by the fund under section 356.214, which indicate

19.1 that the actuarial value of assets of the fund equals or exceeds 100 percent of the actuarial
 19.2 accrued liabilities; or
 19.3 (2) July 1, 2048.

19.4 Sec. 4. **[353.275] DIRECT STATE AID; GENERAL EMPLOYEES RETIREMENT**
 19.5 **FUND.**

19.6 Subdivision 1. **Aid Authorization.** Beginning in 2022, the state shall pay \$17,000,000
 19.7 annually to the general employees retirement fund of the Public Employees Retirement
 19.8 Association.

19.9 Subd. 2. **Aid appropriation.** The commissioner of management and budget shall pay
 19.10 the amount under subdivision 1 on or before October 1, 2022, and October 1 of each year
 19.11 thereafter. The amount required is appropriated annually from the general fund to the
 19.12 commissioner of management and budget.

19.13 Subd. 3. **Aid expiration.** The aid under subdivision 1 continues until the earlier of:

19.14 (1) December 31 following two consecutive annual actuarial valuations, prepared under
 19.15 section 356.215 by the actuary retained by the fund under section 356.214, which indicate
 19.16 that the actuarial value of assets of the fund equals or exceeds 100 percent of the actuarial
 19.17 accrued liabilities; or

19.18 (2) July 1, 2048.

19.19 Sec. 5. Minnesota Statutes 2020, section 353.65, subdivision 3b, is amended to read:

19.20 Subd. 3b. **Direct state aid.** (a) The state shall pay ~~\$4,500,000~~ \$9,000,000 on ~~October~~
 19.21 ~~1, 2018, and October 1, 2019~~ 2021, to the public employees police and fire retirement plan.

19.22 (b) By October 1 of each year after ~~2019~~ 2021, the state shall pay ~~\$9,000,000~~ \$84,000,000
 19.23 to the public employees police and fire retirement plan.

19.24 (c) The commissioner of management and budget shall pay the aid specified in this
 19.25 subdivision. The amount required is annually appropriated from the general fund to the
 19.26 commissioner of management and budget.

19.27 ~~(b) The aid under paragraph (a) continues until the earlier of:~~

19.28 ~~(1) the first day of the fiscal year following the fiscal year in which the actuarial value~~
 19.29 ~~of assets of the fund equals or exceeds 100 percent of the actuarial accrued liabilities as~~
 19.30 ~~reported by the actuary retained under section 356.214 in the annual actuarial valuation~~
 19.31 ~~prepared under section 356.215; or~~

20.1 ~~(2) July 1, 2048.~~

20.2 Sec. 6. Minnesota Statutes 2020, section 353.65, is amended by adding a subdivision to
20.3 read:

20.4 Subd. 3c. **Aid expiration.** The aid under subdivision 3b continues until the earlier of:

20.5 (1) December 31 following two consecutive annual actuarial valuations, prepared under
20.6 section 356.215 by the actuary retained by the fund under section 356.214, which indicate
20.7 that the actuarial value of assets of the fund equals or exceeds 100 percent of the actuarial
20.8 accrued liabilities; or

20.9 (2) July 1, 2048.

20.10 Sec. 7. **[354.434] DIRECT STATE AID; TEACHERS RETIREMENT FUND.**

20.11 Subdivision 1. **Aid authorization.** Beginning in 2022, the state shall pay \$7,000,000
20.12 annually to the Teachers Retirement Association.

20.13 Subd. 2. **Aid appropriation.** Beginning in 2022, the commissioner of management and
20.14 budget shall pay the aid amount under subdivision 1 on or before October 1, 2022, and
20.15 October 1 of each year thereafter. The amount required is appropriated annually from the
20.16 general fund to the commissioner of management and budget.

20.17 Subd. 3. **Aid expiration.** The aid under subdivision 1 continues until the earlier of:

20.18 (1) December 31 following two consecutive annual actuarial valuations, prepared under
20.19 section 356.215 by the actuary retained by the fund under section 356.214, which indicate
20.20 that the actuarial value of assets of the fund equals or exceeds 100 percent of the actuarial
20.21 accrued liabilities; or

20.22 (2) July 1, 2048.

20.23 Sec. 8. Minnesota Statutes 2020, section 354A.12, subdivision 3a, is amended to read:

20.24 Subd. 3a. ~~Direct state aid to first class city teachers retirement fund associations.~~ (a)
20.25 The state shall pay \$2,827,000 to the St. Paul Teachers Retirement Fund Association.

20.26 (b) In addition to other amounts specified in this subdivision, the state shall pay
20.27 \$7,000,000 as state aid to the St. Paul Teachers Retirement Fund Association.

20.28 (c) In addition to the amounts specified in paragraphs (a) and (b), the state shall pay
20.29 \$5,000,000 as state aid to the St. Paul Teachers Retirement Fund Association.

21.1 (d) In addition to the amounts specified in paragraphs (a) to (c), the state shall pay
 21.2 \$12,000,000 as state aid to the St. Paul Teachers Retirement Fund Association beginning
 21.3 in 2022.

21.4 ~~(d)~~ (e) The aid under this subdivision is payable October 1 annually. The commissioner
 21.5 of management and budget shall pay the aid specified in this subdivision. The amount
 21.6 required is appropriated annually from the general fund to the commissioner of management
 21.7 and budget.

21.8 Sec. 9. Minnesota Statutes 2020, section 354A.12, subdivision 3c, is amended to read:

21.9 Subd. 3c. **Termination of supplemental contributions and direct matching and state**
 21.10 **aid.** ~~(a)~~ The supplemental contributions payable to the St. Paul Teachers Retirement Fund
 21.11 Association by Independent School District No. 625 under section 423A.02, subdivision 3,
 21.12 and the aid under subdivision 3a, ~~paragraphs (a) and (b)~~, continue until the earlier of:

21.13 (1) ~~the first day of the fiscal year~~ December 31 following ~~the year in~~ two consecutive
 21.14 annual actuarial valuations, prepared under section 356.215 by the actuary retained by the
 21.15 fund under section 356.214, which indicate that the actuarial value of assets of the fund
 21.16 equals or exceeds 100 percent of the actuarial accrued liability as reported by the actuary
 21.17 retained under section 356.214 in the most recent annual actuarial valuation prepared under
 21.18 section 356.215 liabilities; or

21.19 (2) July 1, 2048.

21.20 ~~(b) The aid under subdivision 3a, paragraph (c), continues until the earlier of:~~

21.21 ~~(1) the first day of the fiscal year following the fiscal year in which the actuarial value~~
 21.22 ~~of assets of the fund equals or exceeds 100 percent of the actuarial accrued liabilities as~~
 21.23 ~~reported by the actuary retained under section 356.214 in the annual actuarial valuation~~
 21.24 ~~prepared under section 356.215; or~~

21.25 ~~(2) July 1, 2048.~~

21.26 Sec. 10. **EFFECTIVE DATE.**

21.27 Sections 1 to 8 are effective the day following final enactment.

22.1 **ARTICLE 7**

22.2 **TEACHER PLAN EMPLOYER CONTRIBUTION INCREASE AND FUNDING**

22.3 Section 1. Minnesota Statutes 2020, section 126C.10, subdivision 37, is amended to read:

22.4 Subd. 37. **Pension adjustment revenue.** (a) A school district's pension adjustment
22.5 revenue equals the sum of:

22.6 (1) the greater of zero or the product of:

22.7 (i) the difference between the district's adjustment under Minnesota Statutes 2012, section
22.8 127A.50, subdivision 1, for fiscal year 2014 per adjusted pupil unit and the state average
22.9 adjustment under Minnesota Statutes 2012, section 127A.50, subdivision 1, for fiscal year
22.10 2014 per adjusted pupil unit; and

22.11 (ii) the district's adjusted pupil units for the fiscal year; and

22.12 (2) the product of the salaries paid to district employees who were members of the
22.13 Teachers Retirement Association and the St. Paul Teachers' Retirement Fund Association
22.14 for the prior fiscal year and the district's pension adjustment rate for the fiscal year. The
22.15 pension adjustment rate for Independent School District No. 625, St. Paul, equals ~~0.84~~
22.16 ~~percent for fiscal year 2019, 1.67 percent for fiscal year 2020, 1.88 percent for fiscal year~~
22.17 ~~2021, 2.09 percent for fiscal year 2022, 2.3~~ 2.55 percent for fiscal year 2023, and ~~2.5~~ 3.0
22.18 percent for fiscal year 2024 and later. The pension adjustment rate for all other districts
22.19 equals ~~0.21 percent for fiscal year 2019, 0.42 percent for fiscal year 2020, 0.63 percent for~~
22.20 ~~fiscal year 2021, 0.84 percent for fiscal year 2022, 1.05~~ 1.3 percent for fiscal year 2023,
22.21 and ~~1.25~~ 1.75 percent for fiscal year 2024 and later.

22.22 (b) For fiscal year ~~2025~~ 2027 and later, the state total pension adjustment revenue under
22.23 paragraph (a), clause (2), must not exceed the amount calculated under paragraph (a), clause
22.24 (2), for fiscal year ~~2024~~ 2026. The commissioner must prorate the pension adjustment
22.25 revenue under paragraph (a), clause (2), so as not to exceed the maximum.

22.26 (c) Notwithstanding section 123A.26, subdivision 1, a cooperative unit, as defined in
22.27 section 123A.24, subdivision 2, qualifies for pension adjustment revenue under paragraph
22.28 (a), clause (2), as if it was a district, and the aid generated by the cooperative unit shall be
22.29 paid to the cooperative unit.

22.30 **EFFECTIVE DATE.** This section is effective the day following final enactment.

23.1 Sec. 2. Minnesota Statutes 2020, section 354.42, subdivision 3, is amended to read:

23.2 Subd. 3. **Employer.** (a) The regular employer contribution to the fund by Special School
23.3 District No. 1, Minneapolis, is an amount equal to the applicable following percentage of
23.4 salary of each coordinated member and the applicable percentage of salary of each basic
23.5 member specified in paragraph (c).

23.6 The additional employer contribution to the fund by Special School District No. 1,
23.7 Minneapolis, is an amount equal to 3.64 percent of the salary of each teacher who is a
23.8 coordinated member or who is a basic member.

23.9 (b) The regular employer contribution to the fund by Independent School District No.
23.10 709, Duluth, is an amount equal to the applicable percentage of salary of each old law or
23.11 new law coordinated member specified for the coordinated program in paragraph (c).

23.12 (c) The employer contribution to the fund for every other employer is an amount equal
23.13 to the applicable following percentage of the salary of each coordinated member and the
23.14 applicable following percentage of the salary of each basic member:

23.15	Period	Coordinated Member	Basic Member
23.16	from July 1, 2014, through June 30, 2018	7.5 percent	11.5 percent
23.17	from July 1, 2018, through June 30, 2019	7.71 percent	11.71 percent
23.18	from July 1, 2019, through June 30, 2020	7.92 percent	11.92 percent
23.19	from July 1, 2020, through June 30, 2021	8.13 percent	12.13 percent
23.20	from July 1, 2021, through June 30, 2022	8.34 percent	12.34 percent
23.21	from July 1, 2022, through June 30, 2023	8.55 <u>8.8</u> percent	12.55 <u>12.8</u> percent
23.22	after June 30, 2023	8.75 <u>9.25</u> percent	12.75 <u>13.25</u> percent

23.23 (d) When an employer contribution rate changes for a fiscal year, the new contribution
23.24 rate is effective for the entire salary paid for each employer unit with the first payroll cycle
23.25 reported.

23.26 **EFFECTIVE DATE.** This section is effective the day following final enactment.

23.27 Sec. 3. Minnesota Statutes 2020, section 354A.12, subdivision 2a, is amended to read:

23.28 Subd. 2a. **Employer regular and additional contributions.** (a) The employing units
23.29 shall make the following employer contributions to the teachers retirement fund association:

23.30 (1) for each coordinated member of the St. Paul Teachers Retirement Fund Association,
23.31 the employing unit shall make a regular employer contribution to the retirement fund
23.32 association in an amount equal to the designated percentage of the salary of the coordinated
23.33 member as provided below:

24.1	after June 30, 2016	6.25 percent
24.2	after June 30, 2017	6.5 percent
24.3	after June 30, 2018	7.335 percent
24.4	after June 30, 2019	8.17 percent
24.5	after June 30, 2020	8.38 percent
24.6	after June 30, 2021	8.59 percent
24.7	after June 30, 2022	8.8 <u>9.05</u> percent
24.8	after June 30, 2023	9 <u>9.5</u> percent

24.9 (2) for each basic member of the St. Paul Teachers Retirement Fund Association, the
 24.10 employing unit shall make a regular employer contribution to the respective retirement fund
 24.11 in an amount according to the schedule below:

24.12	after June 30, 2016	9.75 percent of salary
24.13	after June 30, 2017	10 percent of salary
24.14	after June 30, 2018	10.835 percent of salary
24.15	after June 30, 2019	11.67 percent of salary
24.16	after June 30, 2020	11.88 percent of salary
24.17	after June 30, 2021	12.09 percent of salary
24.18	after June 30, 2022	12.3 <u>12.55</u> percent of salary
24.19	after June 30, 2023	12.5 <u>13</u> percent of salary

24.20 (3) for each basic member of the St. Paul Teachers Retirement Fund Association, the
 24.21 employing unit shall make an additional employer contribution to the respective fund in an
 24.22 amount equal to 3.64 percent of the salary of the basic member; and

24.23 (4) for each coordinated member of the St. Paul Teachers Retirement Fund Association,
 24.24 the employing unit shall make an additional employer contribution to the respective fund
 24.25 in an amount equal to 3.84 percent of the coordinated member's salary.

24.26 (b) The regular and additional employer contributions must be remitted directly to the
 24.27 St. Paul Teachers Retirement Fund Association at least once each month. Delinquent amounts
 24.28 are payable with interest under the procedure in subdivision 1a.

24.29 (c) Payments of regular and additional employer contributions for school district or
 24.30 technical college employees who are paid from normal operating funds must be made from
 24.31 the appropriate fund of the district or technical college.

24.32 (d) When an employer contribution rate changes for a fiscal year, the new contribution
 24.33 rate is effective for the entire salary paid by the employer with the first payroll cycle reported.

24.34 **EFFECTIVE DATE.** This section is effective the day following final enactment.

25.1 Sec. 4. **EDUCATION APPROPRIATION.**

25.2 **Subdivision 1. Department of Education.** The sum indicated is appropriated from the
 25.3 general fund to the Department of Education for the fiscal year designated. This sum is in
 25.4 addition to appropriations made for the same purpose in any other law.

25.5 **Subd. 2. General education aid.** For general education aid under Minnesota Statutes,
 25.6 section 126C.13, subdivision 4:

25.7 \$ 12,774,000 2023

25.8 The 2023 appropriation includes \$0 for 2022 and \$12,774,000 for 2023.

25.9 **EFFECTIVE DATE.** This section is effective June 30, 2022.

25.10 **ARTICLE 8**25.11 **APPROPRIATION; LEGISLATIVE COORDINATING COMMISSION**25.12 Section 1. **APPROPRIATION; LEGISLATIVE COORDINATING COMMISSION.**

25.13 \$30,000 in fiscal year 2023 is appropriated from the general fund to the Legislative
 25.14 Coordinating Commission for the Legislative Commission on Pensions and Retirement."

25.15 Delete the title and insert:

25.16 "A bill for an act

25.17 relating to retirement; general state employees retirement plan; correctional state
 25.18 employees retirement plan; unclassified state employees retirement program;
 25.19 legislators retirement plan; State Patrol retirement plan; general employees
 25.20 retirement plan; public employees police and fire retirement plan; Teachers
 25.21 Retirement Association; St. Paul Teachers Retirement Fund Association; higher
 25.22 education individual retirement account plan; reducing employee contribution
 25.23 rates; increasing postretirement adjustments; modifying vesting and return to work
 25.24 requirements, decreasing employer contribution rates, and establishing a
 25.25 supplemental employer contribution for the public employees police and fire
 25.26 retirement plan; reducing the investment rate of return actuarial assumption;
 25.27 increasing or adding direct state aids; increasing employer contributions; increasing
 25.28 the pension adjustment revenue for school districts; appropriating money; amending
 25.29 Minnesota Statutes 2020, sections 126C.10, subdivision 37; 352.04, subdivision
 25.30 2; 352.92, subdivision 1; 352B.02, subdivision 1a; 353.01, subdivision 47; 353.27,
 25.31 subdivision 2; 353.65, subdivisions 2, 3, 3b, by adding a subdivision; 354.42,
 25.32 subdivisions 2, 3; 354A.12, subdivisions 2a, 3a, 3c; 354A.29, subdivision 7;
 25.33 354B.23, subdivision 1; 356.215, subdivision 8; 356.415, subdivisions 1, 1c, 1d,
 25.34 1e; 356.59; Minnesota Statutes 2021 Supplement, section 354A.12, subdivision
 25.35 1; proposing coding for new law in Minnesota Statutes, chapters 352; 352B; 353;
 25.36 354."

25.37 And when so amended the bill do pass and be re-referred to the Committee on Finance.

25.38 Amendments adopted. Report adopted.

26.1

26.2

.....*Mary Kuffner*.....
(Committee Chair)

26.3

26.4

May 17, 2022.....
(Date of Committee recommendation)