

1.1 Senator ..... moves to amend S.F. No. 2884 as follows:

1.2 Page 75, line 21, delete "and"

1.3 Page 75, line 24, delete "." and insert "; and"

1.4 Page 75, after line 24, insert:

1.5 "(3) except that, for the State Patrol retirement plan, the public employees police and  
1.6 fire retirement plan, and the Teachers Retirement Association, the unfunded actuarial accrued  
1.7 liability resulting from benefit increases enacted in 2025 must be amortized over a period  
1.8 that ends June 30, 2048."

1.9 Page 111, after line 20, insert:

1.10 "ARTICLE 19

1.11 PUBLIC SAFETY BENEFIT INCREASES

1.12 Section 1. Minnesota Statutes 2024, section 356.415, subdivision 1c, is amended to read:

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

1.17 (1) for each annuitant or benefit recipient who will have been receiving an annuity or  
1.18 benefit for at least ~~36~~ 24 full months as of the immediate preceding June 30, a postretirement  
1.19 increase of one percent must be applied each year to the amount of the monthly annuity or  
1.20 benefit of the annuitant or benefit recipient; or

1.21 (2) for each annuitant or benefit recipient who has been receiving the annuity or benefit  
1.22 for at least ~~25~~ 13 full months, but less than ~~36~~ 24 months as of the immediate preceding  
1.23 June 30, a postretirement increase of 1/12 of one percent for each full month that the person  
1.24 has been receiving an annuity or benefit during the fiscal year in which the annuity or benefit  
1.25 was effective must be applied each year to the amount of the monthly annuity or benefit of  
1.26 the annuitant or benefit recipient.

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

**EFFECTIVE DATE.** This section is effective for postretirement adjustments beginning on or after January 1, 2026.

Sec. 2. Minnesota Statutes 2024, section 356.415, subdivision 1e, is amended to read:

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

(1) a postretirement increase of ~~one~~ 1.25 percent must be applied each year to the monthly annuity or benefit of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 12 full months as of the June 30 of the calendar year immediately before the adjustment; and

(2) for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least one full month, but less than 12 full months as of the June 30 of the calendar year immediately before the adjustment, an annual postretirement increase of 1/12 of ~~one~~ 1.25 percent for each month that the person has been receiving an annuity or benefit must be applied to the amount of the monthly annuity or benefit of each annuitant or benefit recipient.

(b) An increase in annuity or benefit payments under this subdivision must be made automatically unless written notice is filed by the annuitant or benefit recipient with the executive director of the ~~applicable covered~~ Minnesota State Retirement plan System requesting that the increase not be made.

**EFFECTIVE DATE.** This section is effective for postretirement adjustments beginning on or after January 1, 2026.

Sec. 3. **POSTRETIREMENT ADJUSTMENT FOR CALENDAR YEAR 2026.**

(a) Notwithstanding Minnesota Statutes, section 356.415, subdivisions 1c, the postretirement adjustment for the year beginning January 1, 2026, and ending December 31, 2026, is three percent for eligible recipients of a retirement annuity, disability benefit, or survivor benefit from the public employees police and fire retirement plan.

(b) A recipient is an eligible recipient if:

(1) the recipient's annuity or benefit is attributable to service as a member of the public employees police and fire plan; and

(2) the recipient has received monthly benefits for at least 12 full months as of December 31, 2025.

**EFFECTIVE DATE.** This section is effective for the postretirement adjustment on January 1, 2026.

## ARTICLE 20

### DIRECT STATE AID FOR PUBLIC SAFETY PLANS

#### Section 1. **[352B.251] DIRECT STATE AID.**

Subdivision 1. **Aid.** The commissioner of management and budget must transfer \$2,300,000 annually from the general fund to the State Patrol retirement fund on or before October 1, 2025, and October 1 of each year thereafter.

Subd. 2. **Aid expiration.** The aid under subdivision 1 expires July 1, 2048.

Sec. 2. Minnesota Statutes 2024, section 353.65, subdivision 3b, is amended to read:

Subd. 3b. **Direct state aid.** (a) The state must pay \$4,500,000 on October 1, 2018, and October 1, 2019, to the public employees police and fire retirement plan. By October 1 of each year after 2019, the state must pay \$9,000,000 to the public employees police and fire retirement plan.

(b) By October 1 of each year after 2024, the state must pay \$17,700,000 to the public employees police and fire retirement plan.

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

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

(1) the first day of the fiscal year following three consecutive fiscal years in which, for each fiscal year, the actuarial value of assets of the fund equals or exceeds 100 percent of the actuarial accrued liabilities as reported by the actuary retained under section 356.214 in the annual actuarial valuation prepared under section 356.215; or

(2) July 1, 2048.

(e) The aid under paragraph (b) expires July 1, 2048.

**EFFECTIVE DATE.** Sections 1 to 2 are effective the day following final enactment.

**ARTICLE 21****TEACHER RETIREMENT ASSOCIATION BENEFIT INCREASES**

Section 1. Minnesota Statutes 2024, section 126C.10, subdivision 37, is amended to read:

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

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

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

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

(2) the product of the salaries paid to district employees who were members of the Teachers Retirement Association and the St. Paul Teachers' Retirement Fund Association for the prior fiscal year and the district's pension adjustment rate for the fiscal year. The pension adjustment rate for Independent School District No. 625, St. Paul, equals 2.3 percent for fiscal year 2023, 2.5 percent for fiscal year 2024 and fiscal year 2025, and 3.25 percent for fiscal year 2026 and later. The pension adjustment rate for all other districts equals ~~1.05 percent for fiscal year 2023, 1.25 percent for fiscal year 2024 and fiscal year 2025, and 2.0~~ 2.31 percent for fiscal year 2026 and later.

(b) For fiscal year 2025, the state total pension adjustment revenue under paragraph (a), clause (2), must not exceed the amount calculated under paragraph (a), clause (2), for fiscal year 2024. The commissioner must prorate the pension adjustment revenue under paragraph (a), clause (2), so as not to exceed the maximum.

(c) For fiscal year 2026 and fiscal year 2027, the state total pension adjustment revenue under paragraph (a), clause (2), must not be prorated.

(d) For fiscal year 2028 and later, the state total pension adjustment revenue under paragraph (a), clause (2), must not exceed the amount calculated under paragraph (a), clause (2), for fiscal year 2027. The commissioner must prorate the pension adjustment revenue under paragraph (a), clause (2), so as not to exceed the maximum.

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

**EFFECTIVE DATE.** This section is effective for revenue in fiscal years 2026 and later.

Sec. 2. Minnesota Statutes 2024, section 354.42, subdivision 3, is amended to read:

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

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

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

(c) The employer contribution to the fund for every other employer is an amount equal to ~~the applicable following percentage~~ 9.81 percent of the salary of each coordinated member and ~~the applicable following percentage~~ 13.81 percent of the salary of each basic member:

| Period                                              | <del>Coordinated Member</del> | <del>Basic Member</del>  |
|-----------------------------------------------------|-------------------------------|--------------------------|
| <del>from July 1, 2022, through June 30, 2023</del> | <del>8.55 percent</del>       | <del>12.55 percent</del> |
| <del>from July 1, 2023, through June 30, 2025</del> | <del>8.75 percent</del>       | <del>12.75 percent</del> |
| <del>after June 30, 2025</del>                      | <del>9.5 percent</del>        | <del>13.5 percent</del>  |

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

**EFFECTIVE DATE.** This section is effective June 30, 2025.

Sec. 3. Minnesota Statutes 2024, section 354.44, subdivision 6, is amended to read:

Subd. 6. **Computation of formula program retirement annuity.** (a) The formula retirement annuity must be computed in accordance with the applicable provisions of the formulas stated in paragraph (b) or (d) on the basis of each member's average salary under section 354.05, subdivision 13a, for the period of the member's formula service credit.

(b) This paragraph, in conjunction with paragraph (c), applies to a person who first became a member of the association or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, unless paragraph (d), in conjunction with paragraph (e), produces a higher annuity amount, in which case paragraph (d) applies. The average salary

as defined in section 354.05, subdivision 13a, multiplied by the following percentages per year of formula service credit shall determine the amount of the annuity to which the member qualifying therefor is entitled for service rendered before July 1, 2006:

| Period                                | Coordinated Member   | Basic Member         |
|---------------------------------------|----------------------|----------------------|
| Each year of service during first ten | 1.2 percent per year | 2.2 percent per year |
| Each year of service thereafter       | 1.7 percent per year | 2.7 percent per year |

For service rendered on or after July 1, 2006, by a member other than a member who was a member of the former Duluth Teachers Retirement Fund Association between January 1, 2006, and June 30, 2015, and for service rendered on or after July 1, 2013, by a member who was a member of the former Duluth Teachers Retirement Fund Association between January 1, 2013, and June 30, 2015, the average salary as defined in section 354.05, subdivision 13a, multiplied by the following percentages per year of service credit, determines the amount the annuity to which the member qualifying therefor is entitled:

| Period                                          | Coordinated Member   | Basic Member         |
|-------------------------------------------------|----------------------|----------------------|
| Each year of service during first ten           | 1.4 percent per year | 2.2 percent per year |
| Each year of service after ten years of service | 1.9 percent per year | 2.7 percent per year |

(c)(1) This paragraph applies only to a person who first became a member of the association or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, and whose annuity is higher when calculated under paragraph (b), in conjunction with this paragraph than when calculated under paragraph (d), in conjunction with paragraph (e).

(2) Where any member retires prior to normal retirement age under a formula annuity, the member shall be paid a retirement annuity in an amount equal to the normal annuity provided in paragraph (b) reduced by one-quarter of one percent for each month that the member is under normal retirement age at the time of retirement except that for any member who has 30 or more years of allowable service credit, the reduction shall be applied only for each month that the member is under age 62.

(3) Any member whose attained age plus credited allowable service totals 90 years is entitled, upon application, to a retirement annuity in an amount equal to the normal annuity provided in paragraph (b), without any reduction by reason of early retirement.

(d) This paragraph applies to a member who has become at least 55 years old and first became a member of the association after June 30, 1989, and to any other member who has become at least 55 years old and whose annuity amount when calculated under this paragraph and in conjunction with paragraph (e), is higher than it is when calculated under paragraph (b), in conjunction with paragraph (c).

(1) For a basic member, the average salary, as defined in section 354.05, subdivision 13a, multiplied by 2.7 percent for each year of service for a basic member determines the amount of the retirement annuity to which the basic member is entitled. The annuity of a basic member who was a member of the former Minneapolis Teachers Retirement Fund Association as of June 30, 2006, must be determined according to the annuity formula under the articles of incorporation of the former Minneapolis Teachers Retirement Fund Association in effect as of that date.

(2) For a coordinated member, the average salary, as defined in section 354.05, subdivision 13a, multiplied by 1.7 percent for each year of service rendered before July 1, 2006, and by 1.9 percent for each year of service rendered on or after July 1, 2006, for a member other than a member who was a member of the former Duluth Teachers Retirement Fund Association between January 1, 2006, and June 30, 2015, and by 1.9 percent for each year of service rendered on or after July 1, 2013, for a member of the former Duluth Teachers Retirement Fund Association between January 1, 2013, and June 30, 2015, determines the amount of the retirement annuity to which the coordinated member is entitled.

(e) This paragraph applies to a person who has become at least 55 years old and first becomes a member of the association after June 30, 1989, and to any other member who has become at least 55 years old and whose annuity is higher when calculated under paragraph (d) in conjunction with this paragraph than when calculated under paragraph (b) in conjunction with paragraph (c). An employee who retires under the formula annuity before the normal retirement age is entitled to receive ~~the normal~~ an annuity ~~provided in paragraph (d), reduced as described in~~ under clause (1) or (2), as applicable.

(1) For a member who is at least age ~~62~~ 60 and has at least 30 years of service, the annuity ~~shall be~~ is the normal annuity provided in paragraph (d) reduced by an early reduction factor of ~~six~~ five percent for each year that the member's age of retirement precedes the normal retirement age. The resulting reduced annuity shall be further adjusted to take into account the increase in the monthly amount that would have occurred had the member retired early and deferred receipt of the annuity until normal retirement age and the annuity was augmented during the deferral period at 2.5 percent, if the member commenced

employment after June 30, 2006, or at three percent, if the member commenced employment before July 1, 2006, compounded annually.

(2) For a member who has not attained age ~~62~~ 60 or has fewer than 30 years of service, the annuity ~~shall be~~ is the normal annuity provided in paragraph (d) reduced for each year that the member's age of retirement precedes normal retirement age by the following early reduction factors:

(i) for the period during which the member is age 55 through age 58, the factor is four percent; and

(ii) for the period during which the member is at least age 59 but not yet normal retirement age, the factor is seven percent.

The resulting annuity shall be further adjusted to take into account the increase in the monthly amount that would have occurred had the member retired early and deferred receipt of the annuity until normal retirement age and the annuity was augmented during the deferral period at the applicable annual rate, compounded annually. The applicable annual rate is the rate in effect for the month that includes the member's effective date of retirement and ~~shall~~ must be considered as fixed for the member for the period until the member reaches normal retirement age. The applicable annual rate for June 2019 is 2.5 percent, if the member commenced employment after June 30, 2006, or three percent, if the member commenced employment before July 1, 2006, compounded annually, and decreases each month beginning July 2019 in equal monthly increments over the five-year period that begins July 1, 2019, and ends June 30, 2024, to zero percent effective for July 2024 and thereafter.

After June 30, 2024, the reduced annuity commencing before normal retirement age under this clause shall not take into account any augmentation.

(f) No retirement annuity is payable to a former employee with a salary that exceeds 95 percent of the governor's salary unless and until the salary figures used in computing the highest five successive years average salary under paragraph (a) have been audited by the Teachers Retirement Association and determined by the executive director to comply with the requirements and limitations of section 354.05, subdivisions 35 and 35a.

**EFFECTIVE DATE.** This section is effective June 30, 2025.

Sec. 4. Minnesota Statutes 2024, section 356.415, subdivision 1d, is amended to read:

Subd. 1d. **Annual postretirement adjustments; Teachers Retirement Association** ~~annual postretirement adjustments.~~ (a) Except as set forth in paragraph (d), recipients of a retirement annuity, disability benefit, or survivor benefit from the Teachers Retirement

9.1 Association are entitled to an annual postretirement adjustment, effective as of each January  
9.2 1, as follows:

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

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

9.13 ~~(3) effective January 1, 2024, and thereafter, (1)~~ a postretirement increase must be applied  
9.14 each year to the amount of the monthly annuity or benefit of each annuitant or benefit  
9.15 recipient who has been receiving an annuity or a benefit for at least 12 full months as of the  
9.16 June 30 of the calendar year immediately before the adjustment, at the following rates:

|      |                                                 |             |
|------|-------------------------------------------------|-------------|
| 9.17 | from January 1, 2024, through December 31, 2024 | 1.1 percent |
| 9.18 | from January 1, 2025, through December 31, 2025 | 1.2 percent |
| 9.19 | from January 1, 2026, through December 31, 2026 | 1.3 percent |
| 9.20 | from January 1, 2027, through December 31, 2027 | 1.4 percent |
| 9.21 | from January 1, 2028, and thereafter            | 1.5 percent |

9.22 ~~(4) effective January 1, 2024, and thereafter, (2)~~ for each annuitant or benefit recipient  
9.23 who has been receiving an annuity or a benefit for at least one full month, but less than 12  
9.24 full months, as of the June 30 of the calendar year immediately before the adjustment, an  
9.25 annual postretirement increase of 1/12 of the applicable percentage for each month that the  
9.26 person has been receiving an annuity or benefit must be applied to the amount of the monthly  
9.27 annuity or benefit of the annuitant or benefit recipient. The applicable percentages are the  
9.28 following:

|      |                                                 |             |
|------|-------------------------------------------------|-------------|
| 9.29 | from January 1, 2024, through December 31, 2024 | 1.1 percent |
| 9.30 | from January 1, 2025, through December 31, 2025 | 1.2 percent |
| 9.31 | from January 1, 2026, through December 31, 2026 | 1.3 percent |
| 9.32 | from January 1, 2027, through December 31, 2027 | 1.4 percent |
| 9.33 | from January 1, 2028, and thereafter            | 1.5 percent |

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

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

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

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

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

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

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

**EFFECTIVE DATE.** This section is effective June 30, 2025.

## ARTICLE 22

### APPROPRIATIONS FOR TEACHERS RETIREMENT ASSOCIATION

#### Section 1. **APPROPRIATIONS; TEACHERS RETIREMENT ASSOCIATION.**

(a) \$4,000 in fiscal year 2026 and \$4,000 in fiscal year 2027 are appropriated from the general fund to the Department of Education for increased employer pension contributions to the Teachers Retirement Association.

(b) \$17,000 in fiscal year 2026 and \$17,000 in fiscal year 2027 are appropriated from the general fund to the Minnesota State Academies for increased employer pension contributions to the Teachers Retirement Association.

(c) \$5,000 in fiscal year 2026 and \$5,000 in fiscal year 2027 are appropriated from the general fund to the Perpich Center for the Arts for increased employer pension contributions to the Teachers Retirement Association.

(d) \$543,000 in fiscal year 2026 and \$543,000 in fiscal year 2027 are appropriated from the general fund to the Minnesota State Colleges and Universities for increased employer pension contributions to the Teachers Retirement Association.

#### Sec. 2. **EDUCATION APPROPRIATIONS.**

Subdivision 1. **Department of Education.** The sums indicated are appropriated from the general fund to the Department of Education for the fiscal years designated. These sums are in addition to appropriations made for the same purpose in any other law.

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

|    |                   |              |             |
|----|-------------------|--------------|-------------|
| \$ | <u>17,098,000</u> | <u>.....</u> | <u>2026</u> |
|----|-------------------|--------------|-------------|

|    |                   |              |             |
|----|-------------------|--------------|-------------|
| \$ | <u>19,711,000</u> | <u>.....</u> | <u>2027</u> |
|----|-------------------|--------------|-------------|

The 2026 appropriation includes \$0 for 2025 and \$17,098,000 for 2026.

The 2027 appropriation includes \$1,899,000 for 2026 and \$17,812,000 for 2027."

Amend the title accordingly