

1.1 Senator moves to amend the delete-everything amendment (SCS2255A-3)
1.2 to S.F. No. 2255 as follows:

1.3 Page 8, line 31, delete "2028" and insert "2026"

1.4 Page 8, after line 32, insert:

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

1.6 Page 13, after line 17, insert:

1.7 "Sec. 16. Minnesota Statutes 2024, section 126C.43, subdivision 2, is amended to read:

1.8 Subd. 2. **Payment to unemployment insurance program trust fund by state and**
1.9 **political subdivisions.** (a) A district may levy the amount necessary (1) to pay the district's
1.10 obligations under section 268.052, subdivision 1, and (2) to pay for job placement services
1.11 offered to employees who may become eligible for benefits pursuant to section 268.085 for
1.12 the fiscal year the levy is certified.

1.13 (b) Districts with a balance remaining in their reserve for reemployment as of June 30,
1.14 2003, may not expend the reserved funds for future reemployment expenditures. Each year
1.15 a levy reduction must be made to return these funds to taxpayers. The amount of the levy
1.16 reduction must be equal to the lesser of: (1) the remaining reserved balance for reemployment;
1.17 or (2) the amount of the district's current levy under paragraph (a).

1.18 ~~(c) The amount in paragraph (a) must not include the amounts for hourly school~~
1.19 ~~employees during the period of the summer term.~~

1.20 **EFFECTIVE DATE.** This section is effective for fiscal year 2026 and later."

1.21 Page 15, delete section 17 and insert:

1.22 "Sec. 18. Minnesota Statutes 2024, section 268.085, subdivision 7, is amended to read:

1.23 Subd. 7. **School employees; between terms denial.** (a) Wage credits from employment
1.24 with an educational institution or institutions may not be used for unemployment benefit
1.25 purposes for any week during the period between two successive academic years or terms
1.26 if:

1.27 (1) the applicant had employment for an educational institution or institutions in the
1.28 prior academic year or term; and

1.29 (2) there is a reasonable assurance that the applicant will have employment for an
1.30 educational institution or institutions in the following academic year or term.

2.1 This paragraph applies to a vacation period or holiday recess if the applicant was
2.2 employed immediately before the vacation period or holiday recess, and there is a reasonable
2.3 assurance that the applicant will be employed immediately following the vacation period
2.4 or holiday recess. This paragraph also applies to the period between two regular but not
2.5 successive terms if there is an agreement for that schedule between the applicant and the
2.6 educational institution.

2.7 This paragraph does not apply if the subsequent employment is substantially less
2.8 favorable than the employment of the prior academic year or term, or the employment prior
2.9 to the vacation period or holiday recess.

2.10 (b) Paragraph (a) does not apply to ~~any week during the period between two successive~~
2.11 ~~academic years or terms if an applicant worked in a capacity~~ an applicant who, at the end
2.12 of the prior academic year or term, had an agreement for a definite period of employment
2.13 between academic years or terms in other than instructional, research, or principal
2.14 administrative capacity and the educational institution or institutions failed to provide that
2.15 employment.

2.16 (c) ~~Paragraph (a) applies to a vacation period or holiday recess if the applicant was~~
2.17 ~~employed immediately before the vacation period or holiday recess, and there is a reasonable~~
2.18 ~~assurance that the applicant will be employed immediately following the vacation period~~
2.19 ~~or holiday recess, including applicants who worked in a capacity other than instructional,~~
2.20 ~~research, or principal administrative capacity.~~ If unemployment benefits are denied to any
2.21 applicant under paragraph (a) who was employed in the prior academic year or term in other
2.22 than an instructional, research, or principal administrative capacity and who was not offered
2.23 an opportunity to perform the employment in the following academic year or term, the
2.24 applicant is entitled to retroactive unemployment benefits for each week during the period
2.25 between academic years or terms that the applicant filed a timely continued request for
2.26 unemployment benefits, but unemployment benefits were denied solely because of paragraph
2.27 (a).

2.28 (d) This subdivision applies to employment with an educational service agency if the
2.29 applicant performed the services at an educational institution or institutions. "Educational
2.30 service agency" means a governmental entity established and operated for the purpose of
2.31 providing services to one or more educational institutions.

2.32 (e) This subdivision applies to employment with Minnesota, a political subdivision, or
2.33 a nonprofit organization, if the services are provided to or on behalf of an educational
2.34 institution or institutions.

(f) Paragraph (a) applies beginning the Sunday of the week that there is a reasonable assurance of employment.

(g) Employment and a reasonable assurance with multiple education institutions must be aggregated for purposes of application of this subdivision.

(h) If all of the applicant's employment with any educational institution or institutions during the prior academic year or term consisted of on-call employment, and the applicant has a reasonable assurance of any on-call employment with any educational institution or institutions for the following academic year or term, it is not considered substantially less favorable employment.

(i) A "reasonable assurance" may be written, oral, implied, or established by custom or practice.

(j) An "educational institution" is a school, college, university, or other educational entity operated by Minnesota, a political subdivision or instrumentality thereof, or a nonprofit organization.

(k) An "instructional, research, or principal administrative capacity" does not include an educational assistant.

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

Sec. 19. Minnesota Statutes 2024, section 268.085, is amended by adding a subdivision to read:

Subd. 8a. Services for school contractors. (a) Wage credits from an employer are subject to subdivision 7, if:

(1) the employment was provided under a contract between the employer and an elementary or secondary school; and

(2) the contract was for services that the elementary or secondary school could have had performed by its employees.

(b) Wage credits from an employer are not subject to subdivision 7 if:

(1) those wage credits were earned by an employee of a private employer performing work under a contract between the employer and an elementary or secondary school; and

(2) the employment was related to food services provided to the school by the employer.

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

Page 21, delete subdivision 14

4.1 Page 22, delete section 22 and insert:

4.2 "Sec. 25. **REPEALER.**

4.3 (a) Minnesota Statutes 2024, sections 123B.40; 123B.41, subdivisions 2, 3, 4, 5, 5a, 6,
4.4 7, 8, 12, 14, and 15; 123B.42; 123B.43; 123B.44; 123B.45; 123B.46; 123B.47; 123B.48;
4.5 123B.86, subdivision 2; and 123B.92, subdivision 9, are repealed.

4.6 (b) Minnesota Statutes 2024, section 268.193, is repealed.

4.7 (c) Laws 2023, chapter 41, article 2, section 32; and Laws 2023, chapter 55, article 1,
4.8 section 33, are repealed.

4.9 **EFFECTIVE DATE.** Paragraph (a) is effective July 1, 2025. Paragraphs (b) and (c)
4.10 are effective the day following final enactment."

4.11 Page 52, after line 30, insert:

4.12 "Section 17. Minnesota Statutes 2024, section 354.44, subdivision 6, is amended to read:

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

4.17 (b) This paragraph, in conjunction with paragraph (c), applies to a person who first
4.18 became a member of the association or a member of a pension fund listed in section 356.30,
4.19 subdivision 3, before July 1, 1989, unless paragraph (d), in conjunction with paragraph (e),
4.20 produces a higher annuity amount, in which case paragraph (d) applies. The average salary
4.21 as defined in section 354.05, subdivision 13a, multiplied by the following percentages per
4.22 year of formula service credit shall determine the amount of the annuity to which the member
4.23 qualifying therefor is entitled for service rendered before July 1, 2006:

4.24	Period	Coordinated Member	Basic Member
4.25	Each year of service	1.2 percent per year	2.2 percent per year
4.26	during first ten		
4.27	Each year of service	1.7 percent per year	2.7 percent per year
4.28	thereafter		

4.29 For service rendered on or after July 1, 2006, by a member other than a member who
4.30 was a member of the former Duluth Teachers Retirement Fund Association between January
4.31 1, 2006, and June 30, 2015, and for service rendered on or after July 1, 2013, by a member
4.32 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 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 July 1, 2025.

Sec. 18. 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 Association are entitled to an annual postretirement adjustment, effective as of each January 1, as follows:

~~(1) effective January 1, 2019, through December 31, 2023, a postretirement increase of one percent must be applied each year to the amount of 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;~~

~~(2) effective January 1, 2019, through December 31, 2023, 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, a postretirement increase of 1/12 of one percent for each month the person has been receiving an annuity or benefit must be applied to the amount of the monthly annuity or benefit of the annuitant or benefit recipient;~~

~~(3) effective January 1, 2024, and thereafter,~~ (1) a postretirement increase must be applied each year to the amount of 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, at the following rates:

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

~~(4) effective January 1, 2024, and thereafter,~~ (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 the applicable percentage 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 the annuitant or benefit recipient. The applicable percentages are the following:

from January 1, 2024, through December 31, 2024	1.1 percent
from January 1, 2025, through December 31, 2025	1.2 percent
from January 1, 2026, through December 31, 2026	1.3 percent
from January 1, 2027, through December 31, 2027	1.4 percent
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 under section 354.44, subdivision 6, paragraph (c), clause (2), (d), or (e), 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 the day following final enactment."

Page 94, line 16, delete "46,927,000" and insert "38,250,000"

Page 94, line 17, delete "41,515,000" and insert "38,150,000"

Page 94, delete lines 26 and 27

Page 95, delete lines 8 to 10

Renumber the clauses in sequence

Page 95, line 21, delete "17,838,000" and insert "17,517,000"

Page 95, line 22, delete "17,937,000" and insert "17,616,000"

Page 95, line 23, delete the colon and insert "\$185,000 each year is for a mental health day treatment program."

- 10.1 Page 95, delete lines 24 and 25
- 10.2 Page 96, line 1, delete "8,637,000" and insert "8,613,000"
- 10.3 Page 96, line 2, delete "8,818,000" and insert "8,794,000"
- 10.4 Page 96, delete line 3
- 10.5 Page 96, line 4, delete "(c)" and insert "(b)"
- 10.6 Page 96, after line 17, insert:
- 10.7 "Sec. 8. **APPROPRIATIONS; TEACHERS RETIREMENT ASSOCIATION.**
- 10.8 \$122,500,000 in fiscal year 2026 and \$23,452,000 in fiscal year 2027 are appropriated
- 10.9 from the general fund to the Teachers Retirement Association for the enhanced early
- 10.10 retirement reduction under article 3, sections 17 and 18 of this act.
- 10.11 Sec. 9. **STATE AGENCIES BASE REDUCTION.**
- 10.12 (a) Notwithstanding Laws 2023, chapter 41, article 1, section 2, the base for the Office
- 10.13 of Higher Education for fiscal year 2026 and later is reduced by \$158,000 in each year.
- 10.14 (b) Notwithstanding Laws 2023, chapter 41, article 1, section 3, the base for the
- 10.15 Minnesota State Colleges and Universities for fiscal year 2026 and later is reduced by
- 10.16 \$366,000 in each year.
- 10.17 (c) Notwithstanding Laws 2023, chapter 41, article 1, section 4, the base for the University
- 10.18 of Minnesota for fiscal year 2026 and later is reduced by \$809,000 in each year.
- 10.19 **EFFECTIVE DATE.** This section is effective the day following final enactment."
- 10.20 Renumber the sections in sequence and correct the internal references
- 10.21 Amend the title accordingly