

MMB Non-Operating

FY 2024-25 Biennial Budget Change Item

Change Item Title: Calendar Year 2024 Cost of Living Adjustment Increase for Retirees

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	78,120	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	78,120	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends transferring \$78.12 million in general fund resources to Minnesota State Retirement System (MSRS), Teacher’s Retirement Association (TRA), Public Employees Retirement Association (PERA), and St. Paul Teachers Retirement Fund Association (SPTRFA) to fund a one-time non-compounded cost of living adjustment (COLA) increase for retirees in those plans.

Rationale/Background:

Recommended funding is intended to respond to inflationary pressures and provide necessary one-time increases so all MSRS, TRA, PERA, and SPTRFA retirees receive a 2.5% COLA adjustment in calendar year 2024. Under this proposal, approximately 255,000 retirees will see an increased retirement payment in 2024.

Proposal:

Under this proposal general fund resources will be transferred to MSRS, TRA, PERA, and SPTRFA to fund a one-time non-compounding increase for retirees in those plans. Under this proposal all retirees in MSRS, TRA, PERA, and SPTRFA will receive a 2.5% COLA adjustment in calendar year 2024. The following table shows general fund resources transferred to each plan under the proposal.

<i>Plan</i>	<i>FY 2024 Transfer (\$ in Thousands)</i>
MSRS-General	\$15,085
MSRS-Highway Patrol	1,003
MSRS-Correctional	911
MSRS-Judges	293
MSRS-Legislators	135
MSRS Total	\$17,428
PERA-General	\$18,169
PERA-Police & Fire	9,882
PERA-Correctional	-

<i>Plan</i>	<i>FY 2024 Transfer (\$ in Thousands)</i>
PERA Total	\$28,051
TRA	\$30,758
St. Paul TRA	\$1,883
Total – All Plans	\$78,120

Results:

This proposal is intended to help relieve inflationary pressures experienced by retirees receiving a pension from MSRS, TRA, PERA, and SPTRFA.