



2024 Pension and Retirement Omnibus Bill: Delete-Everything Amendment H5040-DE1 to HF 5040 (Her); SF 4643 (Frentz)

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Introduction

Amendment H5040 -DE1, a delete everything amendment, replaces everything in HF 5040 (Her); SF 4643 (Frentz) with the contents of the 2024 Pension and Retirement Omnibus Bill. The DE includes 18 bills heard by the Legislative Commission on Pensions and Retirement (Commission) during the 2024 legislative session and appropriations.

Very few of the bills included appear in the DE verbatim as introduced. Many bills were amended by the Commission and the amendments have been incorporated. In compiling the DE, Commission staff made many editorial changes to clarify language, correct drafting errors, or revise provisions at the request of pension fund staff and stakeholders. These changes were made with the concurrence of the Commission Chair. This summary notes the changes made by staff (*in italics*) and is intended to be as comprehensive as possible in noting these changes.

The DE also includes provisions for benefit improvements to the pensions for members of the Teachers Retirement Association (TRA) and St. Paul Teachers Retirement Fund Association (St. Paul Teachers), that are included because of state funding made available to the Chair. An appropriation section at the end of the DE provides this funding to the two teacher pension plans and to an account, called the IRAP to TRA transfer account, which will help fund purchases of past service credit for employees of Minnesota State who transfer from the Higher Education Individual Retirement Account Plan (IRAP) to TRA.

Article- by- Article Summary

Article 1: Teacher Pensions

The first two sections of Article 1 have not been previously considered by the Commission and were added by the Chair as a result of the appropriations made available in a pension target.

Section 1 changes the effective date of the change made last session to the normal retirement age for Tier II members of TRA. The change was to lower the age at which a member receives an unreduced

pension (“normal retirement age”) from 66 to 65. Tier II members are members who joined TRA after June 30, 1989. The effective date in current law of July 1, 2025, is changed to July 1, 2024.

Section 2 lowers the employee contribution rate for members of St. Paul Teachers by 0.25% of salary for each of the fiscal years ending June 30, 2025, and June 30, 2026. The current employee contribution rate for coordinated members of 7.75% of salary through June 30, 2025, which would have increased to 9% of salary on July 1, 2025, is reduced to the following:

Through June 30, 2024:	7.75%
June 30, 2024, through June 30, 2025:	7.5%
June 30, 2025, through June 30, 2026:	8.75%
After June 30, 2026:	9%

The employee contribution rates for basic members are similarly reduced. These sections are effective the day following final enactment.

Legislation recommended by the IRAP to TRA Work Group

Source: HF 5040 (Her)/SF 4643 (Frentz), as amended by Amendment 24-06717-1A

Sections 3 to 6 are from the legislation recommended by the IRAP to TRA work group established by the 2023 Omnibus Pension Policy bill to find a solution to the requests received by legislators nearly every session to introduce bills for one or a few individuals who want to transfer retirement plan coverage from the Higher Education Individual Retirement Account Plan (IRAP) administered by Minnesota State to TRA but had not been given the opportunity to do so when they were initially eligible, either when they were hired or granted tenure. The work group met during the 2023 interim and recommended this legislation.

These sections establish a new process for participants in the IRAP to apply for a transfer and, if the participant satisfies the eligibility criteria, elect to transfer retirement coverage from the IRAP to TRA. The participant’s IRAP account is transferred to purchase past service credit toward the TRA pension and up to \$10,000 will be transferred from the new IRAP to TRA transfer account to TRA to help the participant pay for the service credit purchase.

These sections are effective January 1, 2025.

Extending the suspension of earnings limitation for retired teachers who return to employment

Source: HF 4933 (Nadeau)/SF 4968 (Pappas)

Sections 7 and 8 amend a 2022 session law that suspended the earnings limitation for retirees of TRA and St. Paul Teachers who return to teaching service. The suspension, which is scheduled to expire on January 1, 2026, is extended by three years. Without the extension, retirees who return to employment would have their annuity payments reduced if their earnings from reemployment exceed the earnings limitation, beginning in 2026. These sections are effective the day following final enactment.

Article 2: Volunteer Firefighter Relief Associations

Source: HF 3636 (Cha)/SF 3574 (Pappas)

Article 2 is legislation recommended by the State Auditor’s Fire Relief Association Working Group. The 32 sections in Article 2 amend Chapter 424A, which governs volunteer firefighter relief associations, as follows:

- Clarifies the requirements a relief association must meet to amend its bylaws to allow for a benefit level increase without municipal ratification.
- Requires the board of trustees of a relief association being involuntarily dissolved to comply with the same requirements that normally apply to dissolutions and gives the State Auditor the authority to waive the requirements if the board of trustees requests such a waiver.
- Clarifies that a person receiving disability or survivor benefits does not have to have reached age 50 to receive a supplemental payment.
- Changes the certification requirements for the “Investment Report Card” so that instead of requiring the entire board of trustees to certify the Investment Report Card, only one member of the board of trustees needs to certify the report.
- Changes the default method for allocating investment performance to the accounts of deferred members part of a defined contribution plan. This change requires investment returns to be allocated to deferred member accounts beginning on the date that the member separates from active service and ending on the last date the deferred member account is valued before final distribution of the deferred service pension.
- Redefines “firefighter” and “volunteer firefighter” and deletes references to the term “volunteer” in Chapter 424A, which governs volunteer firefighter relief associations.

These sections are effective January 1, 2025, except section 27, which is effective the day following final enactment.

Article 3: Statewide Volunteer Firefighter Plan; Adding a Defined Contribution Plan

Source: HF 5039 (Cha)/SF 5062 (Rasmusson)

Article 3 amends Chapter 353G, which governs the Public Employees Retirement Association (PERA) Statewide Volunteer Firefighter Plan (SVF Plan), to add a defined contribution plan and make other changes. Most of the article establishes and integrates the defined contribution plan as part of the SVF Plan, including the following:

Sections 2 to 22 revise definitions in current law, section 353G.01, and add new ones.

Section 25 amends section 353G.03, subdivision 3, which governs the composition of the SVF Plan advisory board. The revision is to require that one of the three representatives of volunteer firefighters appointed by the Minnesota State Fire Department Association must be covered by the defined contribution plan. This section is effective January 1, 2027.

Section 31 adds new section 353G.082, which establishes the new defined contribution plan and requires the establishment of individual accounts and annual allocation of state aid, contributions, forfeitures, expense deductions, and investment earnings and losses.

Since the Commission meeting at which this bill was considered, staff worked with PERA to make one change to this section to add language to subdivision 4 stating that the crediting of investment earnings and the deduction of investment losses from the individual accounts must be done “as of the end of each calendar year or more frequently, if determined necessary by the executive director to make distributions or for other purposes.”

Section 35 was added by staff, in the process of compiling the omnibus DE, to add a reference to the defined contribution plan in this section 353G.09, subdivision 2, governing vesting, and correct a cross reference.

Section 36 revises section 353G.10, which governs the retirement benefit of volunteer firefighters who leave firefighting service before reaching the SVF Plan’s retirement age of 50. For firefighters in fire departments in the defined benefit plan, the firefighter must wait until age 50 to take a distribution of the firefighter’s lump sum benefit or monthly annuity. For firefighters in the new defined contribution plan, the firefighter may take distribution of the firefighter’s individual account immediately following termination of active service.

Section 44 adds new section 353G.19 which provides the procedure for converting from coverage by the defined benefit plan to coverage by the defined contribution plan. This section takes effect January 1, 2026.

Two other sections make the following notable changes unrelated to the new defined contribution plan:

Section 28 adds a new section 353G.075 that addresses service credit for vesting, to which language in the current law definition of “vesting service credit” has been transferred and revised. Paragraph (b) of this new section requires a volunteer firefighter who wants to have past service with another fire department not in the SVF Plan count toward vesting in the firefighter’s retirement benefit in the SVF Plan to make a request to the executive director of PERA to have the prior service counted and provide documents to verify that past service. This is a change from current law under which the volunteer firefighter’s current fire chief is required to certify to PERA that the volunteer firefighter’s prior service be counted toward vesting. This section and the changes to the related definitions for “service credit” in section 19 and “vesting service credit” in section 20 are effective July 1, 2024.

Section 29 changes the frequency with which PERA must determine the funding requirements for the fire department accounts in the lump sum division of the defined benefit plan, from annually to biennially.

Except for sections 19, 20, 25, 28, and 44, all sections are effective January 1, 2025.

Article 4: Public Employees Retirement Association

Eliminating or limiting the right to elect to participate and revoke that election in the PERA Defined Contribution Plan and PERA General Plan

Source: HF 4899 (O'Driscoll)/SF 5073 (Westlin), as amended by Amendment H4899-1A

Sections 1 to 5, 13, and 14 amend statutes governing eligibility for the PERA Defined Contribution and General Plans to shorten the period for electing participation or electing not to participate and eliminating the right to revoke that election.

These changes are required to bring the plans into compliance with federal law prohibiting cash or deferred arrangements (CODAs) for governmental plans, as follows:

- Election periods for city managers to elect not to participate in the PERA General Plan and for eligible employees to elect to participate in the Defined Contribution Plan are shortened from six months to 30 days after commencing employment; and
- Provisions permitting employees to revoke an election to participate or not to participate are deleted.

Section 18 is a session law that allows city managers, local government officials, and public ambulance service personnel who could have elected to participate in the PERA Defined Contribution Plan or, in the case of city managers, to revoke participation in the PERA General Plan during employment or periods longer than 30 days to make a one-time election during the month of August 2024.

Since the Commission meeting at which this bill was considered, PERA staff requested changes to the effective dates and the election window noted in section 18. Accordingly, the effective date for sections 1 to 5, 13 and 14 is changed from the day after final enactment to August 1, 2024, and the window in section 18 is changed to between October 1, 2024, and October 30, 2024. Commission staff identified one other change, with which PERA staff agreed, and that change is to insert "to which the city contributed" in lines 64.8, 64.33, and 73.33 ("city" is replaced with "governmental subdivision" to conform to the language of this subdivision).

Section 19, paragraph (a), repeals section 353D.071 (titled "Federal Compliance"), which is no longer needed because of section 10 in H5040-1A (Amendment 1A to the DE). This statute and section 10 in Amendment 1A impose requirements for "required minimum distributions" or "RMDs" under Internal Revenue Code section 401(a)(9).

Eliminating the offset for workers' compensation from disability pensions under the PERA General and Correctional Plans

Source: HF 4429 (Nelson, M.)/SF 4751 (Seeberger)

Sections 6 to 8, 17, and 19, paragraph (b), amend or remove provisions from Chapters 353 and 353E to modify the limitation on disability payments by eliminating an offset for income received from workers' compensation for members of the PERA General and PERA Correctional Plans to match the changes made in 2023 to the PERA Police and Fire Plan. A member of the PERA General or PERA Correctional

Plans receiving disability benefits will no longer need to report workers' compensation benefits to PERA, nor will the member's disability benefit be reduced due to income received from workers' compensation. These sections are effective January 1, 2025.

Revising eligibility for firefighters in the PERA Police and Fire Plan

Source: HF 4297 (Berg)/SF 4604 (Nelson)

Sections 9 to 12 modify the eligibility requirements for the PERA Police and Fire Plan to include certain employees that work in fire service but are not currently included in the Plan, among other changes.

The key distinctions between the current statutory requirements and the new requirements are that the new requirements:

- include supervisors of firefighters, which applies to other supervisors in addition to fire chiefs, allowing positions such as assistant fire chief to be eligible;
- recognize job duties that exist within fire service in addition to "firefighting," including fire prevention, suppression, or investigation; and
- adding the phrase "or exposed to" to the requirement that firefighters and others be "engaged in" the hazards of firefighting or the other duties mentioned above, which allows for positions such as fire marshal to be eligible.

Since the bill was heard at a Commission meeting on February 26, 2024, stakeholders requested that the language of the bill be replaced with the language in a previous draft of the bill. The language in section 9 at lines 68.12 to 68.17 is the language from the previous draft.

These sections are effective the day following final enactment.

Increasing the benefit multiplier from 1.9% to 2.2% for prospective service for the PERA Local Government Correctional Plan

Source: HF 4081 (Stephenson)/SF 4092 (Gustafson)

Section 15 increases the employee and employer contributions to the PERA Local Government Correctional Plan. The employee contribution rate is increased by one percent of pay, from 5.83 percent to 6.83 percent, and the employer contribution rate by 1.5 percent of pay, from 8.75 percent to 10.25 percent. These increases are intended to fully fund the increase in the multiplier in section 16.

Section 16 increases the multiplier used to calculate the annuity amount for members of the PERA Correctional Plan from 1.9 percent to 2.2 percent. The new multiplier applies to years of service earned after June 30, 2024. The current multiplier of 1.9 percent will continue to apply to years of service earned prior to the effective date. With these changes, the benefit formula will be:

$$\text{Annual benefit} = ((\text{years of service earned prior to July 1, 2024} \times 1.9\%) + (\text{years of service earned after June 30, 2024} \times 2.2\%)) \times \text{high-five average annual salary}$$

The effective date for both sections is July 1, 2024.

Since the bill was heard by the Commission, stakeholders requested that the effective date be changed to January 1, 2025. The effective date for sections 15 and 16 has been changed to January 1, 2025.

Article 5: Minnesota State Retirement System (MSRS)

MSRS administrative changes

Source: HF 3956 (Berg)

Sections 1 to 8 and 10 amend statutes governing the pension plans administered by MSRS. The changes, which were proposed by MSRS, are administrative in nature and consist of the following:

- Section 1 modifies the definition of “salary” to clarify the timing and content of information needed by MSRS to consider pay received as part of a grievance proceeding or legal settlement as salary;
- Section 2 replaces an obsolete cross reference related to executive director compensation with a reference to the managerial plan;
- Sections 3 and 5 conform the vesting requirements for total and permanent disability benefits and survivor benefits to match changes made to vesting for retirement annuities in the 2023 Pension Omnibus Budget bill;
- Sections 4, 7 and 8 replace an outdated term, “reversionary annuity,” with the term “bounce-back annuity;”
- Section 6 clarifies that a dependent child is eligible for a survivor benefit only if the dependent child did not elect to receive a refund; and
- Section 10 gives the executive director of MSRS discretion to not require an independent medical exam for all MSRS Correctional Plan disability applicants.

The effective date for all sections except 3 and 5 is the day following final enactment. Sections 3 and 5 are retroactively effective July 1, 2023, to match the effective date of the change to the vesting requirement in the 2023 Pension Omnibus Budget bill.

MSRS Correctional Plan eligibility

Source: HF 3930 (Frederick)/SF 3761 (Frentz); HF 4539 (Frederick)/SF 4424 (Pappas), as amended by Amendment S4424-2A

Sections 9, 13, and 14 incorporate two bills that add to the positions covered by the MSRS Correctional Plan and an amendment.

Section 9 amends section 352.91, subdivision 3f, to add “baker,” “cook,” “culinary supervisor,” “food services supervisor,” “food service worker,” and “music therapist” to the list of Department of Human Services positions covered by the MSRS Correctional Plan.

Since the bills were heard by the Commission on February 26, 2024, at the request of stakeholders and the agency, the position of “kitchen supervisor” was corrected to “food services supervisor.”

Sections 13 and 14 authorize eligible employees working in the positions listed in section 9 to transfer past service credit from the MSRS General Plan to MSRS Correctional Plan, if elected by the employee. To transfer past service credit, the employee must follow the process outlined in section 352.955, subdivision 1. The employee can elect a service credit transfer if the employee's prior service would have been considered MSRS Correctional service had the employee been covered by the plan at the time. In addition, the employee must pay the difference between the MSRS General and MSRS Correctional employee contributions for the period. If the payment is made, then the employer is required to pay the difference between the plans' employer contributions for the period.

These sections are effective the day following final enactment.

***Section 15** establishes a work group consisting of the executive director and staff from MSRS, the commissioner and an HR staff member from each of the Department of Corrections and Department of Human Services, and representatives from several bargaining organizations. The work group is required to meet during the interim to recommend legislation to address the ongoing issues regarding eligibility for the MSRS Correctional Plan, including the inmate or patient direct contact requirement and the process for adding new positions and members. The executive director of the Commission is required to convene the work group by August 1, 2024. The work group must submit its proposal to the Commission by January 10, 2025. This work group requirement was not considered by the Commission at a meeting, but was added by the Chair to address concerns raised by members of the Commission and stakeholders when these bills and a third similar bill were considered.*

MSRS State Patrol reemployment

Source: HF 4553 (Tabke)/SF 4645(Hauschild), First Engrossment

Section 11 adds a new section to chapter 352B, which governs the State Patrol Plan, to amend and codify policy and procedures that have been operational at MSRS for at least 15 years. Section 11 permits a member of the State Patrol Plan to:

- separate from service;
- begin to receive a retirement annuity;
- return to covered employment after a break-in-service of at least one day if at least age 55 or at least a month if at least age 50;
- make employee contributions and have employer contributions made on behalf of the member; and
- following the next separation from service, receive a refund of the employee contributions made during the period of reemployment, plus interest.

Following the separation from service, the employer contributions are not refunded to the employer. The ability to return to reemployment and continue to receive a full retirement annuity does not extend or affect the application of the age 60 mandatory retirement. This section is effective the day following final enactment.

When a similar bill for the PERA Police and Fire Plan was heard by the Commission, concerns were expressed regarding the need to have the return to employment be with the same department and the

application of certain rules relating to requiring background checks and psychological evaluations on the return to employment. Accordingly, after consultation with stakeholders and PERA staff, two changes were made to the bill, as amended, and are included in section 11:

- *at line 84.21, a phrase is inserted to require that reemployment must be to the “same department;” and*
- *at lines 85.13 to 85.18, new paragraphs (b) and (c) are inserted stating that rules regarding psychological evaluations and background checks do not apply, except that the reemployed member must be fingerprinted and the fingerprints must be forwarded to two federal agencies.*

Authorizing visa holders to purchase service credit for prior period when excluded from the MSRS General Plan

Source: SF 5197 (Pappas)

Section 12 reinstates the authority, which ended on August 31, 2021, granted to employees by a 2021 session law to purchase service credit for a prior period of employment when the employee was excluded from membership in the MSRS General Plan due to employment under an H-1b or similar visa. Under a change in federal law, these employees were required to participate in the Plan immediately upon hire. The University of Minnesota, one of the employers whose employees were excluded from membership in the MSRS General Plan due to employment on an H-1b visa, recently discovered that an employee who would have been able to purchase past service credit under the 2021 session law had not been notified of that right. The University is seeking to reinstate the option to purchase past service credit for this employee and because University human resources staff may identify additional employees.

This section is effective the day following final enactment.

Section 12 includes an expiration date as new subdivision 3. This provision was added at the request of MSRS when the bill was heard by the Commission on April 2, 2024. Section 12 also incorporates changes identified by staff to definitions in the 2021 session law. These changes result in needing to include both subdivisions 1 and 2 of the 2021 session law, amending them, and inserting new subdivision 1a from the bill. The new provision and changes are the following:

- *Lines 85.28 to 86.11 revise the definitions in the 2021 session law to delete obsolete definitions and expand the definition of “eligible employee,” which had been tied to the session law’s effective date.*
- *Line 87.33 adds new subdivision 3, which states that this section 12 expires on June 30, 2027.*

Article 6: Minnesota Secure Choice Retirement Program

Permitting home and community-based services employees to participate in Secure Choice

Source: HF 4248 (Moller), as amended by Amendment H4248-1A

The Program was established by legislation approved by the Commission and eventually enacted in 2023. The Program is intended to help employees who have no access to a 401(k) plan or other

retirement plan through their employment save for retirement. Employers who do not offer a retirement plan are required to transmit employee salary deferral contributions to the Program for deposit in an IRA established for each employee. The Program is required to be opened in phases, over a two-year period, beginning after January 1, 2025.

Sections 1 and 2 add a definition and amend a statute to require the board of directors of the Minnesota Secure Choice Retirement Program to allow “home and community-based services employees” to participate in the Program. A “home and community-based services employee” is an individual employed by the individual’s child or spouse to provide services through programs under chapters 256B (“Medical assistance for needy persons”) or 256S (“Medical assistance elderly waiver”). These employees, under current law, are not considered “covered employees,” who are required to participate in the Program (but can later opt out). This change requires the board to allow these employees to participate in the Program within six months of opening the Program.

Modifying the board of directors, authorizing the appointment of an interim executive director, making technical changes

Source: HF 4270 (Becker-Finn)/SF 4319 (Pappas)

Sections 3 to 6 make changes to the requirements for the board of directors of the Minnesota Secure Choice Retirement Program, authorize the board to appoint an interim director, and make technical changes. The changes consist of the following:

- Section 3 expands the eligibility for the board seat currently designated for a small business owner to permit an individual who is a “nonprofit executive,” not just a “small business owner or executive,” to fill the seat;
- Section 4 authorizes the board to appoint an interim executive director and authorizes the executive director or interim executive director to hire staff;
- Section 5 makes a technical correction; and
- Section 6 removes a session law requirement that the executive director of the Commission serve as the interim executive director of the Program, and instead, requires the executive director of the Commission to assist the board in her capacity as Commission executive director until the board appoints an interim or full-time executive director of the Program.

These sections are effective the day following final enactment, except section 6, which is retroactively effective January 1, 2024.

Article 7: Supplemental Plans

Source: HF 4656 (Pursell)/SF 4759 (Westlin)

Article 7 has two sections and revises requirements for supplemental plans, which are retirement plans other than the primary pension or defined contribution plan offered to public employees. A school district or other governmental subdivision is prohibited from contributing public funds to a supplemental plan unless the plan satisfies the requirements in section 356.24.

Section 1 adds a new paragraph (15) to section 356.24, subdivision 1, regarding supplemental plans to which employees can contribute the value of sick leave, vacation leave, and severance pay. This provision had been inadvertently deleted by legislation in 2020.

Section 2 amends the definition of “deferred compensation plan” to:

- permit the plan to provide for an employer matching contribution based on qualified student loan repayments, as authorized by the federal Secure 2.0 Act of 2022; and
- permit the plan to be documented in an employment contract between a superintendent and a school district.

Since the bill was considered by the Commission, stakeholders requested three changes to the definition of deferred compensation plan. These changes appear in section 2 and are the following:

- *Line 98.24: “fixed annuity contract” is added as an additional exclusion from having to comply with the requirement that investment rates of return and fees be disclosed to participants and filed with the Commission. The other exclusion in current law is for self-directed brokerage accounts.*
- *Line 98.27: the investment disclosure requirement of investment rates of returns for one-, three-, five-, and ten-year periods is revised to delete the “three-” year return period. This more closely aligns with disclosure requirements under federal law for ERISA-governed plans.*
- *Lines 98.29 to 98.31: the timing requirements for filing the investment return and fee disclosure with the Commission is revised to add “annually” and remove “within 30 days of the end of each fiscal year of the plan.”*

These sections are effective the day following final enactment.

Article 8: Applicable to All Plans

Changing the lookback for the full funding threshold from one year to three years

Source: Revisor #24-08106

Sections 1 to 5, 7, and 8 amend the statutes that require the payment of state aid or supplemental employer contributions to the following pension plans:

- MSRS State Patrol Plan
- PERA General Plan
- PERA Police and Fire Plan
- TRA
- St. Paul Teachers

The statutes being amended require that the state aid or supplemental employer contribution, as applicable to the statute, expire as of the earlier of July 1, 2048, or after the plan reaches a specified funding target (100% or 90%) in the prior fiscal year. These sections revise each of these statutes to

require that the pension plan meet the funding target for each of the three preceding fiscal years, rather than just the preceding fiscal year. These sections are effective the day following final enactment.

Since the bill was heard by the Commission on April 2, 2024, at the request of stakeholders, a section was removed that amended section 353.27, subdivision 3a, which requires employers with employees covered by the PERA General Plan to make supplemental employer contributions and provides an expiration date that is March 31 after the fiscal year in which the plan is at least 100% funded.

Amending a conflict between provisions in section 356.215 regarding the established date for full funding

Source: SF 5227 (Rasmusson), as amended by Amendment S5227-2A

Section 6 resolves a conflict in section 356.215, subdivision 11, related to amortization periods. Section 356.215, subdivision 11, requires the statewide pension plans and St. Paul Teachers, in the plan's actuarial valuation, to show the contribution needed each year to pay off the plan's unfunded liability by the end of the amortization period (the "established date for full funding"). Subdivision 11, paragraphs (d) through (j), sets forth the "established date for full funding" for each pension plan (June 30, 2048, for all plans except TRA, which is June 30, 2053).

Under current law, paragraph (c) requires the plan's actuary to run a calculation when actuarial assumptions or other changes occur and apply a new established date for full funding if required by the calculation. Three of the pension plans had to extend their amortization end date for their most recent actuarial valuation because of this paragraph, notwithstanding the contrary requirement in paragraphs (d) through (j) under current law. Section 7 reconciles this conflict by stating that the date in paragraphs (d) through (j) (re-numbered paragraph (c), clauses (i) through (vii)) applies only if paragraph (c) (new paragraph (b)) does not apply.

Since the bill was heard by the Commission, after consultation with pension plan staff, section 6 has been revised to state that the established date for full funding determined using the calculation in paragraph (b) "applies only if the calculation under this paragraph for a retirement plan results in an established date for full funding that is earlier than the established date for full funding application to the retirement plan under paragraph (c)." With this change, June 30, 2048, or for TRA, June 30, 2053, will be the established date for full funding unless the calculation under paragraph (b) results in an earlier established date for full funding. The effective date of section 6 is changed from the day following final enactment to June 30, 2024.

Section 10 establishes a work group, consisting of the executive director and a staff person from each of the statewide pension funds, the executive director of St. Paul Teachers, and the executive director of the Commission, to propose legislation that will update Minnesota Statutes, section 356.215, subdivision 11, to "conform to actuarial best practices for amortizing liabilities." The group must meet by August 1, 2024, and submit its proposal to the Commission by January 10, 2025.

These sections are effective the day following final enactment.

Article 9: State Aid Clarification

This amendment to current law, section 477B.02, subdivision 3, has not been previously considered by the Commission and was added by staff after consultation with stakeholders and the Chair.

Article 9 consists of one section that amends current law regarding the requirements that must be met in order to qualify for fire state aid. Section 477B.02, subdivision 3, restricts fire state aid to fire departments:

- with an affiliated relief association; or
- that participate in the PERA Statewide Volunteer Firefighter Plan; or
- “if the municipality solely employs full-time firefighters...” retirement coverage must be provided by the PERA Police and Fire Plan.

With fire departments employing different staffing models to attract and retain firefighters, such as combinations of full-time firefighters and volunteer firefighters or full-time and part-time firefighters covered by the PERA P&F Plan, concern was raised regarding the language in current law and whether these models might not be considered qualified to receive fire state aid.

Under the law prior to recodification in 2019, this requirement, which appeared as section 69.011, subdivision 4, paragraph (b), clause (2), stated this qualification requirement as follows:

(2) having a separate subsidiary incorporated firefighter's relief association providing retirement and relief benefits, or participating in the voluntary statewide lump-sum volunteer firefighter retirement plan or, if a paid fire department, having retirement coverage by the public employees police and fire retirement plan.

This provision does not include the “solely employs full-time firefighters” language, but requires that the fire department be a “paid fire department.” It appears that the language was changed in connection with the recodification in 2019.

Accordingly, Article 9 amends the law to ensure that fire departments using combinations of full-time, part-time, and volunteer firefighters will not be considered as qualifying for fire state aid.

Article 10: Appropriations and Fund Transfers

The two sections in this Article have not been previously considered by the Commission and were added by the Chair as a result of the appropriations made available in a pension target.

Section 1 directs the transfer of one-time funding in the amount of \$1,458,000 in fiscal year 2025 from the general fund to the IRAP to TRA transfer account established by Article 1, sections 3 to 6.

Section 2 transfers or appropriates the following one-time funding in the following amounts:

- (a) \$28,462,200 in fiscal year 2025 to TRA, by October 1, 2024; and
- (b) \$1,537,800 in fiscal year 2025 to St. Paul Teacher, by October 1, 2024.

The total amount of the pension target is \$31,458,000. The remaining \$30 million, after deducting the \$1,458,000 for the IRAP to TRA transfer account from the total, was allocated between the two teacher pension plans on the basis of actuarial accrued liabilities using the actuarial valuations dated July 1, 2023:

Teacher Pension Plan	AAL (\$000s)	AAL %	Appropriation
TRA*	\$ 35,008,293	94.874%	\$28,462,200
St. Paul Teachers*	\$ 1,891,617	5.126%	\$1,537,800

*Source: July 1, 2023, Actuarial Valuation