

S.F. No. 1692, as introduced - 87th Legislative Session (2011-2012) [12-4699]

- 2.1 (5) chaplain;
- 2.2 (6) chief cook;
- 2.3 (7) cook;
- 2.4 (8) cook coordinator;
- 2.5 (9) ~~corrections~~ clinical program therapist 1;
- 2.6 (10) ~~corrections~~ clinical program therapist 2;
- 2.7 (11) ~~corrections~~ clinical program therapist 3;
- 2.8 (12) ~~corrections~~ clinical program therapist 4;
- 2.9 (13) corrections inmate program coordinator;
- 2.10 (14) corrections transitions program coordinator;
- 2.11 (15) corrections security caseworker;
- 2.12 (16) corrections security caseworker career;
- 2.13 (17) corrections teaching assistant;
- 2.14 (18) delivery van driver;
- 2.15 (19) dentist;
- 2.16 (20) electrician supervisor;
- 2.17 (21) general maintenance worker lead;
- 2.18 (22) general repair worker;
- 2.19 (23) library/information research services specialist;
- 2.20 (24) library/information research services specialist senior;
- 2.21 (25) library technician;
- 2.22 (26) painter lead;
- 2.23 (27) plant maintenance engineer lead;
- 2.24 (28) plumber supervisor;
- 2.25 (29) psychologist 1;
- 2.26 (30) psychologist 3;
- 2.27 (31) recreation therapist;
- 2.28 (32) recreation therapist coordinator;
- 2.29 (33) recreation program assistant;
- 2.30 (34) recreation therapist senior;
- 2.31 (35) sports medicine specialist;
- 2.32 (36) work therapy assistant;
- 2.33 (37) work therapy program coordinator; and
- 2.34 (38) work therapy technician.

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

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3.1 Sec. 2. Minnesota Statutes 2011 Supplement, section 356.215, subdivision 8, is
 3.2 amended to read:

3.3 Subd. 8. **Interest and salary assumptions.** (a) The actuarial valuation must use
 3.4 the applicable following preretirement interest assumption and the applicable following
 3.5 postretirement interest assumption:

3.6		preretirement	postretirement
3.7		interest	interest
3.8	plan	rate assumption	rate assumption
3.9	general state employees retirement plan	8.5%	6.0%
3.10	correctional state employees retirement plan	8.5	6.0
3.11	State Patrol retirement plan	8.5	6.0
3.12	legislators retirement plan	8.5	6.0
3.13	elective state officers retirement plan	8.5	6.0
3.14	judges retirement plan	8.5	6.0
3.15	general public employees retirement plan	8.5	6.0
3.16	public employees police and fire retirement plan	8.5	6.0
3.17	local government correctional service		
3.18	retirement plan	8.5	6.0
3.19	teachers retirement plan	8.5	6.0
3.20	Duluth teachers retirement plan	8.5	8.5
3.21	St. Paul teachers retirement plan	8.5	8.5
3.22	Fairmont Police Relief Association	5.0	5.0
3.23	Virginia Fire Department Relief Association	5.0	5.0
3.24	Bloomington Fire Department Relief		
3.25	Association	6.0	6.0
3.26	local monthly benefit volunteer firefighters		
3.27	relief associations	5.0	5.0

3.28 (b) Before July 1, 2010, the actuarial valuation must use the applicable following
 3.29 single rate future salary increase assumption, the applicable following modified single
 3.30 rate future salary increase assumption, or the applicable following graded rate future
 3.31 salary increase assumption:

3.32 (1) single rate future salary increase assumption

3.33	plan	future salary increase assumption
3.34	legislators retirement plan	5.0%
3.35	judges retirement plan	4.0
3.36	Fairmont Police Relief Association	3.5
3.37	Virginia Fire Department Relief Association	3.5
3.38	Bloomington Fire Department Relief	
3.39	Association	4.0

3.40 (2) age-related select and ultimate future salary increase assumption or graded rate
 3.41 future salary increase assumption

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4.1	plan	future salary increase assumption
4.2	correctional state employees retirement plan	assumption D
4.3	State Patrol retirement plan	assumption C
4.4	local government correctional service retirement plan	assumption C
4.5	Duluth teachers retirement plan	assumption A
4.6	St. Paul teachers retirement plan	assumption B

4.7 For plans other than the Duluth teachers
4.8 retirement plan, the select calculation
4.9 is: during the designated select period, a
4.10 designated percentage rate is multiplied by
4.11 the result of the designated integer minus T,
4.12 where T is the number of completed years of
4.13 service, and is added to the applicable future
4.14 salary increase assumption. ~~The designated~~
4.15 ~~select period is five years and the designated~~
4.16 ~~integer is five for the general state employees~~
4.17 ~~retirement plan.~~ The designated select period
4.18 is ten years and the designated integer is ten
4.19 for all ~~other~~ retirement plans covered by
4.20 this clause. The designated percentage rate
4.21 is: (1) 0.2 percent for the correctional state
4.22 employees retirement plan, the State Patrol
4.23 retirement plan, and the local government
4.24 correctional service retirement plan; and (2)
4.25 ~~0.6 percent for the general state employees~~
4.26 ~~retirement plan; and (3) 0.3 percent for the~~
4.27 ~~teachers retirement plan, the Duluth Teachers~~
4.28 ~~Retirement Fund Association, and the St.~~
4.29 Paul Teachers Retirement Fund Association.
4.30 The select calculation for the Duluth Teachers
4.31 Retirement Fund Association is 8.00 percent
4.32 per year for service years one through seven,
4.33 7.25 percent per year for service years seven
4.34 and eight, and 6.50 percent per year for
4.35 service years eight and nine.

4.36 The ultimate future salary increase assumption is:

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	age	A	B	C	D
5.2	16	8.00%	6.90%	7.7500%	7.2500%
5.3	17	8.00	6.90	7.7500	7.2500
5.4	18	8.00	6.90	7.7500	7.2500
5.5	19	8.00	6.90	7.7500	7.2500
5.6	20	6.90	6.90	7.7500	7.2500
5.7	21	6.90	6.90	7.1454	6.6454
5.8	22	6.90	6.90	7.0725	6.5725
5.9	23	6.85	6.85	7.0544	6.5544
5.10	24	6.80	6.80	7.0363	6.5363
5.11	25	6.75	6.75	7.0000	6.5000
5.12	26	6.70	6.70	7.0000	6.5000
5.13	27	6.65	6.65	7.0000	6.5000
5.14	28	6.60	6.60	7.0000	6.5000
5.15	29	6.55	6.55	7.0000	6.5000
5.16	30	6.50	6.50	7.0000	6.5000
5.17	31	6.45	6.45	7.0000	6.5000
5.18	32	6.40	6.40	7.0000	6.5000
5.19	33	6.35	6.35	7.0000	6.5000
5.20	34	6.30	6.30	7.0000	6.5000
5.21	35	6.25	6.25	7.0000	6.5000
5.22	36	6.20	6.20	6.9019	6.4019
5.23	37	6.15	6.15	6.8074	6.3074
5.24	38	6.10	6.10	6.7125	6.2125
5.25	39	6.05	6.05	6.6054	6.1054
5.26	40	6.00	6.00	6.5000	6.0000
5.27	41	5.90	5.95	6.3540	5.8540
5.28	42	5.80	5.90	6.2087	5.7087
5.29	43	5.70	5.85	6.0622	5.5622
5.30	44	5.60	5.80	5.9048	5.4078
5.31	45	5.50	5.75	5.7500	5.2500
5.32	46	5.40	5.70	5.6940	5.1940
5.33	47	5.30	5.65	5.6375	5.1375
5.34	48	5.20	5.60	5.5822	5.0822
5.35	49	5.10	5.55	5.5404	5.0404
5.36	50	5.00	5.50	5.5000	5.0000
5.37	51	4.90	5.45	5.4384	4.9384
5.38	52	4.80	5.40	5.3776	4.8776
5.39	53	4.70	5.35	5.3167	4.8167
5.40	54	4.60	5.30	5.2826	4.7826
5.41	55	4.50	5.25	5.2500	4.7500
5.42	56	4.40	5.20	5.2500	4.7500
5.43	57	4.30	5.15	5.2500	4.7500

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6.1	58	4.20	5.10	5.2500	4.7500
6.2	59	4.10	5.05	5.2500	4.7500
6.3	60	4.00	5.00	5.2500	4.7500
6.4	61	3.90	5.00	5.2500	4.7500
6.5	62	3.80	5.00	5.2500	4.7500
6.6	63	3.70	5.00	5.2500	4.7500
6.7	64	3.60	5.00	5.2500	4.7500
6.8	65	3.50	5.00	5.2500	4.7500
6.9	66	3.50	5.00	5.2500	4.7500
6.10	67	3.50	5.00	5.2500	4.7500
6.11	68	3.50	5.00	5.2500	4.7500
6.12	69	3.50	5.00	5.2500	4.7500
6.13	70	3.50	5.00	5.2500	4.7500
6.14	(3) service-related ultimate future salary increase assumption				
6.15	general state employees retirement plan of the				assumption A
6.16	Minnesota State Retirement System				
6.17	general employees retirement plan of the Public				assumption B
6.18	Employees Retirement Association				
6.19	Teachers Retirement Association				assumption C
6.20	public employees police and fire retirement plan				assumption D
6.21	service				
6.22	length	A	B	C	D
6.23	1	10.75%	12.25%	12.00%	13.00%
6.24	2	8.35	9.15	9.00	11.00
6.25	3	7.15	7.75	8.00	9.00
6.26	4	6.45	6.85	7.50	8.00
6.27	5	5.95	6.25	7.25	6.50
6.28	6	5.55	5.75	7.00	6.10
6.29	7	5.25	5.45	6.85	5.80
6.30	8	4.95	5.15	6.70	5.60
6.31	9	4.75	4.85	6.55	5.40
6.32	10	4.65	4.65	6.40	5.30
6.33	11	4.45	4.45	6.25	5.20
6.34	12	4.35	4.35	6.00	5.10
6.35	13	4.25	4.15	5.75	5.00
6.36	14	4.05	4.05	5.50	4.90
6.37	15	3.95	3.95	5.25	4.80
6.38	16	3.85	3.85	5.00	4.80
6.39	17	3.75	3.75	4.75	4.80
6.40	18	3.75	3.75	4.50	4.80
6.41	19	3.75	3.75	4.25	4.80
6.42	20	3.75	3.75	4.00	4.80
6.43	21	3.75	3.75	3.90	4.70

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7.1	22	3.75	3.75	3.80	4.60
7.2	23	3.75	3.75	3.70	4.50
7.3	24	3.75	3.75	3.60	4.50
7.4	25	3.75	3.75	3.50	4.50
7.5	26	3.75	3.75	3.50	4.50
7.6	27	3.75	3.75	3.50	4.50
7.7	28	3.75	3.75	3.50	4.50
7.8	29	3.75	3.75	3.50	4.50
7.9	30 or more	3.75	3.75	3.50	4.50

7.10 (c) Before July 2, 2010, the actuarial valuation must use the applicable following
 7.11 payroll growth assumption for calculating the amortization requirement for the unfunded
 7.12 actuarial accrued liability where the amortization retirement is calculated as a level
 7.13 percentage of an increasing payroll:

7.14	plan	payroll growth assumption
7.15	general state employees retirement plan of the	
7.16	Minnesota State Retirement System	3.75%
7.17	correctional state employees retirement plan	4.50
7.18	State Patrol retirement plan	4.50
7.19	legislators retirement plan	4.50
7.20	judges retirement plan	4.00
7.21	general employees retirement plan of the Public	
7.22	Employees Retirement Association	3.75
7.23	public employees police and fire retirement plan	3.75
7.24	local government correctional service retirement plan	4.50
7.25	teachers retirement plan	3.75
7.26	Duluth teachers retirement plan	4.50
7.27	St. Paul teachers retirement plan	5.00

7.28 (d) After July 1, 2010, the assumptions set forth in paragraphs (b) and (c) continue to
 7.29 apply, unless a different salary assumption or a different payroll increase assumption:

- 7.30 (1) has been proposed by the governing board of the applicable retirement plan;
 7.31 (2) is accompanied by the concurring recommendation of the actuary retained under
 7.32 section 356.214, subdivision 1, if applicable, or by the approved actuary preparing the
 7.33 most recent actuarial valuation report if section 356.214 does not apply; and
 7.34 (3) has been approved or deemed approved under subdivision 18.

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

7.36 Sec. 3. Minnesota Statutes 2010, section 356.415, subdivision 1d, is amended to read:

7.37 Subd. 1d. **Teachers Retirement Association annual postretirement adjustments.**

7.38 (a) Retirement annuity, disability benefit, or survivor benefit recipients of the Teachers

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8.1 Retirement Association are entitled to a postretirement adjustment annually on January
8.2 1, as follows:

8.3 (1) for January 1, 2011, and January 1, 2012, no postretirement increase is payable;

8.4 (2) for January 1, 2013, and each successive January 1 until funding stability is
8.5 restored, a postretirement increase of two percent must be applied each year, effective
8.6 on January 1, to the monthly annuity or benefit amount of each annuitant or benefit
8.7 recipient who has been receiving an annuity or a benefit for at least 18 full months prior
8.8 to the January 1 increase;

8.9 (3) for January 1, 2013, and each successive January 1 until funding stability is
8.10 restored, for each annuitant or benefit recipient who has been receiving an annuity or a
8.11 benefit for at least six full months before the January 1 increase, an annual postretirement
8.12 increase of 1/12 of two percent for each month the person has been receiving an annuity or
8.13 benefit must be applied, effective January 1, ~~following the year in~~ for which the person has
8.14 been retired for at least six months but less than ~~12~~ 18 months;

8.15 (4) for each January 1 following the restoration of funding stability, a postretirement
8.16 increase of 2.5 percent must be applied each year, effective January 1, to the monthly
8.17 annuity or benefit amount of each annuitant or benefit recipient who has been receiving an
8.18 annuity or a benefit for at least 18 full months prior to the January 1 increase; and

8.19 (5) for each January 1 following the restoration of funding stability, for each
8.20 annuitant or benefit recipient who has been receiving an annuity or a benefit for at least six
8.21 full months before the January 1 increase, an annual postretirement increase of 1/12 of
8.22 2.5 percent for each month the person has been receiving an annuity or benefit must be
8.23 applied, effective January 1, ~~following the year in~~ for which the person has been retired
8.24 for at least six months but less than ~~12~~ 18 months.

8.25 (b) Funding stability is restored when the market value of assets of the Teachers
8.26 Retirement Association equals or exceeds 90 percent of the actuarial accrued liabilities of
8.27 the Teachers Retirement Association in the most recent prior actuarial valuation prepared
8.28 under section 356.215 and the standards for actuarial work by the approved actuary
8.29 retained by the Teachers Retirement Association under section 356.214.

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

8.34 (d) The retirement annuity payable to a person who retires before becoming eligible
8.35 for Social Security benefits and who has elected the optional payment as provided in
8.36 section 354.35 must be treated as the sum of a period-certain retirement annuity and a life

9.1 retirement annuity for the purposes of any postretirement adjustment. The period-certain
9.2 retirement annuity plus the life retirement annuity must be the annuity amount payable
9.3 until age 62, 65, or normal retirement age, as selected by the member at retirement, for an
9.4 annuity amount payable under section 354.35. A postretirement adjustment granted on
9.5 the period-certain retirement annuity must terminate when the period-certain retirement
9.6 annuity terminates.

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

9.8 Sec. 4. Minnesota Statutes 2010, section 356.611, subdivision 3, is amended to read:

9.9 Subd. 3. **Maximum benefit limitations.** ~~A member's~~ An annuitant's annual benefit,
9.10 if necessary, must be reduced to the extent required by section 415(b) of the federal
9.11 Internal Revenue Code, as adjusted by the United States secretary of the treasury under
9.12 section 415(d) of the federal Internal Revenue Code for any applicable increases in the
9.13 cost of living, including applicable increases in the cost of living after the member's
9.14 termination of employment. ~~For purposes of section 415 of the federal Internal Revenue~~
9.15 ~~Code, the limitation year of a pension plan covered by this section must be the fiscal year~~
9.16 ~~or calendar year of that plan, whichever is applicable.~~ If an annuitant participated in more
9.17 than one pension plan maintained by the same employer, the benefits under each plan must
9.18 be reduced proportionately, if necessary, to satisfy the applicable limitation.

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

9.20 Sec. 5. Minnesota Statutes 2010, section 356.611, subdivision 3a, is amended to read:

9.21 Subd. 3a. **Maximum annual addition limitation, defined contribution plans.** The
9.22 annual additions on behalf of a member to ~~the~~ a defined contribution plan established
9.23 ~~under chapter 352D or 353D for any limitation year beginning after December 31, 2001,~~
9.24 shall not exceed the ~~lesser of 100 percent of the member's compensation, as defined for~~
9.25 ~~purposes of~~ applicable limitation on annual additions under section 415(c) of the federal
9.26 Internal Revenue Code; ~~or \$40,000,~~ as adjusted by the United States secretary of the
9.27 treasury under section 415(d) of the federal Internal Revenue Code.

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

9.29 Sec. 6. Minnesota Statutes 2010, section 356.611, subdivision 4, is amended to read:

9.30 Subd. 4. **Compensation.** ~~(a)~~ For purposes of this section, compensation means a
9.31 member's compensation actually paid or made available for any limitation year including
9.32 all items of remuneration described in federal treasury regulation section 1.415 (c)-2(b)

10.1 and excluding all items of remuneration described in federal treasury regulation section
10.2 1.415 (c)-2(c). Compensation for pension plan purposes for any limitation year shall not
10.3 exceed the applicable federal compensation limit described in subdivision 2.

10.4 ~~(b) Compensation for any period includes:~~

10.5 ~~(1) any elective deferral as defined in section 402(g)(3) of the federal Internal~~
10.6 ~~Revenue Code;~~

10.7 ~~(2) any elective amounts that are not includable in a member's gross income by~~
10.8 ~~reason of sections 125 or 457 of the federal Internal Revenue Code; and~~

10.9 ~~(3) any elective amounts that are not includable in a member's gross income by~~
10.10 ~~reason of section 132(f)(4) of the federal Internal Revenue Code.~~

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

10.12 Sec. 7. Minnesota Statutes 2010, section 356.611, is amended by adding a subdivision
10.13 to read:

10.14 Subd. 5. **Limitation year.** Unless otherwise specifically provided, for purposes of
10.15 section 415 of the federal Internal Revenue Code, the limitation year of a pension plan
10.16 covered by this section is the calendar year or fiscal year, whichever is applicable.

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

10.18 **ARTICLE 2**

10.19 **AID PROVISION RECODIFICATION; ADDING SHORTAGE**
10.20 **RECOVERY PROCEDURE**

10.21 Section 1. Minnesota Statutes 2010, section 126C.41, subdivision 3, is amended to read:

10.22 Subd. 3. **Retirement levies.** (a) In 1991 and each year thereafter, a district to which
10.23 this subdivision applies may levy an additional amount required for contributions to
10.24 the general employees retirement plan of the Public Employees Retirement Association
10.25 as the successor of the Minneapolis Employees Retirement Fund as a result of the
10.26 maximum dollar amount limitation on state contributions to that plan imposed under
10.27 section 353.505. The additional levy must not exceed the most recent amount certified by
10.28 the executive director of the Public Employees Retirement Association as the district's
10.29 share of the contribution requirement in excess of the maximum state contribution under
10.30 section 353.505.

10.31 (b) For taxes payable in 1994 and thereafter, Special School District No. 1,
10.32 Minneapolis, and Independent School District No. 625, St. Paul, may levy for the increase

11.1 in the employer retirement fund contributions, under Laws 1992, chapter 598, article 5,
11.2 section 1.

11.3 (c) If the employer retirement fund contributions under section 354A.12, subdivision
11.4 2a, are increased for fiscal year 1994 or later fiscal years, Special School District No. 1,
11.5 Minneapolis, and Independent School District No. 625, St. Paul, may levy in payable
11.6 1994 or later an amount equal to the amount derived by applying the net increase in
11.7 the employer retirement fund contribution rate of the respective teacher retirement fund
11.8 association between fiscal year 1993 and the fiscal year beginning in the year after the
11.9 levy is certified to the total covered payroll of the applicable teacher retirement fund
11.10 association. If an applicable school district levies under this paragraph, they may not
11.11 levy under paragraph (b).

11.12 (d) In addition to the levy authorized under paragraph (c), Special School District
11.13 No. 1, Minneapolis, may also levy payable in 1997 or later an amount equal to the
11.14 contributions under section ~~423A.02~~ 354.435, subdivision ~~3~~ 2, and may also levy in
11.15 payable 1994 or later an amount equal to the state aid contribution under section ~~354A.12~~
11.16 354.435, subdivision ~~3b~~ 1. Independent School District No. 625, St. Paul, may levy
11.17 payable in 1997 or later an amount equal to the supplemental contributions under section
11.18 423A.02, subdivision 3.

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

11.20 **Sec. 2. [354.435] ADDITIONAL CONTRIBUTIONS BY SPECIAL SCHOOL**
11.21 **DISTRICT NO. 1 AND CITY OF MINNEAPOLIS.**

11.22 **Subdivision 1. Special direct state matching aid.** (a) Special School District No. 1,
11.23 Minneapolis, and the city of Minneapolis must make additional employer contributions
11.24 to the Teachers Retirement Association in the amounts specified in paragraph (b). These
11.25 contributions can be made from any available source. If made in whole or in part by a
11.26 levy, the levy may be classified as that of a special taxing district for purposes of sections
11.27 275.065 and 276.04, and for all other property tax purposes.

11.28 (b) Each fiscal year \$1,250,000 must be contributed by Special School District
11.29 No. 1, Minneapolis, and \$1,250,000 must be contributed by the city of Minneapolis to
11.30 the Teachers Retirement Association and the state shall match this total by paying to
11.31 the Teachers Retirement Association \$2,500,000. The superintendent of Special School
11.32 District No. 1, Minneapolis, the mayor of the city of Minneapolis, and the executive
11.33 director of the Teachers Retirement Association shall jointly certify to the commissioner
11.34 of management and budget the total amount that has been contributed by Special School
11.35 District No. 1, Minneapolis, and by the city of Minneapolis to the Teachers Retirement

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12.1 Association. Any certification to the commissioner of management and budget must
12.2 be made quarterly. If the certifications for a fiscal year exceed the maximum annual
12.3 direct state matching aid amount in any quarter, the amount of direct state matching aid
12.4 payable to the Teachers Retirement Association must be limited to the balance of the
12.5 maximum annual direct state matching aid amount available. The amount required under
12.6 this paragraph, subject to the maximum direct state matching aid amount, is appropriated
12.7 annually to the commissioner of management and budget.

12.8 (c) The commissioner of management and budget may prescribe the form of the
12.9 certifications required under paragraph (b).

12.10 Subd. 2. **Additional contributions.** In addition to any other required contributions,
12.11 on or before June 30 each fiscal year, Special School District No. 1, Minneapolis, and the
12.12 city of Minneapolis must each make an additional contribution to the Teachers Retirement
12.13 Association of \$1,000,000.

12.14 Subd. 3. **Procedure for recovery of deficient or delinquent amounts.** If Special
12.15 School District No. 1, Minneapolis, or the city of Minneapolis fails to pay the full amount
12.16 required under subdivision 1, paragraph (b), or subdivision 2, in a timely manner, the
12.17 executive director is authorized to use section 354.512, or any other process in law to
12.18 ensure full payment is obtained.

12.19 Subd. 4. **Expiration; repealer.** This section expires and is repealed effective the
12.20 first day of the fiscal year next following the fiscal year in which the Teachers Retirement
12.21 Association has no unfunded actuarial accrued liability as determined by the actuarial
12.22 valuation prepared under section 356.215, by the approved actuary retained under section
12.23 356.214.

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

12.25 Sec. 3. Minnesota Statutes 2010, section 354.51, subdivision 5, is amended to read:

12.26 Subd. 5. **Payment of shortages.** (a) Except as provided in paragraph (b), in the
12.27 event that full required member contributions are not deducted from the salary of a
12.28 teacher, payment must be made as follows:

12.29 (1) Payment of shortages in member deductions on salary earned after June 30,
12.30 1957, and before July 1, 1981, may be made any time before retirement. Payment must
12.31 include interest at an annual rate of 8.5 percent compounded annually from the end of the
12.32 fiscal year in which the shortage occurred to the end of the month in which payment is
12.33 made and the interest must be credited to the fund. If payment of a shortage in deductions
12.34 is not made, the formula service credit of the member must be prorated under section
12.35 354.05, subdivision 25, clause (3).

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13.1 (2) Payment of shortages in member deductions on salary earned after June 30,
13.2 1981, are the sole obligation of the employing unit and are payable by the employing unit
13.3 upon notification by the executive director of the shortage with interest at an annual rate of
13.4 8.5 percent compounded annually from the end of the fiscal year in which the shortage
13.5 occurred to the end of the month in which payment is made and the interest must be
13.6 credited to the fund. Effective July 1, 1986, the employing unit shall also pay the employer
13.7 contributions as specified in section 354.42, subdivisions 3 and 5 for the shortages. If the
13.8 shortage payment is not paid by the employing unit within 60 days of notification, the
13.9 executive director ~~shall~~ may certify the amount of the shortage ~~payment~~ to the applicable
13.10 county auditor, who shall spread a levy in the amount of the shortage payment over the
13.11 taxable property of the taxing district of the employing unit if the employing unit is
13.12 supported by property taxes, ~~or to the commissioner of management and budget, who shall~~
13.13 ~~deduct the amount from any state aid or appropriation amount applicable to the employing~~
13.14 ~~unit if the employing unit is not supported by property taxes.~~

13.15 (3) Payment may not be made for shortages in member deductions on salary earned
13.16 before July 1, 1957, for shortages in member deductions on salary paid or payable under
13.17 paragraph (b), or for shortages in member deductions for persons employed by the
13.18 Minnesota State Colleges and Universities system in a faculty position or in an eligible
13.19 unclassified administrative position and whose employment was less than 25 percent
13.20 of a full academic year, exclusive of the summer session, for the applicable institution
13.21 that exceeds the most recent 36 months.

13.22 (b) For a person who is employed by the Minnesota State Colleges and Universities
13.23 system in a faculty position or in an eligible unclassified administrative position and
13.24 whose employment was less than 25 percent of a full academic year, exclusive of the
13.25 summer session, for the applicable institution, upon the person's election under section
13.26 354B.21 of retirement coverage under this chapter, the shortage in member deductions
13.27 on the salary for employment by the Minnesota State Colleges and Universities system
13.28 institution of less than 25 percent of a full academic year, exclusive of the summer session,
13.29 for the applicable institution for the most recent 36 months and the associated employer
13.30 contributions must be paid by the Minnesota State Colleges and Universities system
13.31 institution, plus annual compound interest at the rate of 8.5 percent from the end of the
13.32 fiscal year in which the shortage occurred to the end of the month in which the Teachers
13.33 Retirement Association coverage election is made. ~~If the shortage payment is not made by~~
13.34 ~~the institution within 60 days of notification, the executive director shall certify the amount~~
13.35 ~~of the shortage payment to the commissioner of management and budget, who shall deduct~~
13.36 ~~the amount from any state appropriation to the system.~~ An individual electing coverage

14.1 under this paragraph shall repay the amount of the shortage in member deductions, plus
14.2 interest, through deduction from salary or compensation payments within the first year of
14.3 employment after the election under section 354B.21, subject to the limitations in section
14.4 16D.16. The Minnesota State Colleges and Universities system may use any means
14.5 available to recover amounts which were not recovered through deductions from salary or
14.6 compensation payments. No payment of the shortage in member deductions under this
14.7 paragraph may be made for a period longer than the most recent 36 months.

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

14.9 Sec. 4. **[354.512] RECOVERY OF DEFICIENCIES.**

14.10 In addition to any other remedies permitted under law, if an employing unit or
14.11 other entity required by law to make any form of payment to the Teachers Retirement
14.12 Association fails to make full payment within 60 days of notification, the executive
14.13 director is authorized to certify the amount of deficiency to the commissioner of
14.14 management and budget, who shall deduct the amount from any state aid or appropriation
14.15 applicable to the employing unit or entity, and transmit the withheld aid or appropriation
14.16 to the executive director for deposit in the fund.

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

14.18 Sec. 5. Minnesota Statutes 2010, section 354A.12, subdivision 3c, is amended to read:

14.19 Subd. 3c. **Termination of supplemental contributions and direct matching and**
14.20 **state aid.** ~~The supplemental contributions payable to the Minneapolis Teachers Retirement~~
14.21 ~~Fund Association by Special School District No. 1 and the city of Minneapolis under~~
14.22 ~~section 423A.02, subdivision 3, must be paid to the Teachers Retirement Association and~~
14.23 ~~must continue until the current assets of the fund equal or exceed the actuarial accrued~~
14.24 ~~liability of the fund as determined in the most recent actuarial report for the fund by~~
14.25 ~~the actuary retained under section 356.214, or 2037, whichever occurs earlier. The~~
14.26 supplemental contributions payable to the St. Paul Teachers Retirement Fund Association
14.27 by Independent School District No. 625 under section 423A.02, subdivision 3, or the
14.28 direct state aid under subdivision 3a to the St. Paul Teachers Retirement Fund Association
14.29 must continue until the current assets of the fund equal or exceed the actuarial accrued
14.30 liability of the fund as determined in the most recent actuarial report for the fund by the
14.31 actuary retained under section 356.214 or until 2037, whichever occurs earlier.

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

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15.1 Sec. 6. Minnesota Statutes 2010, section 423A.02, subdivision 3, is amended to read:

15.2 Subd. 3. **Reallocation of amortization or supplementary amortization state**
 15.3 **aid.** (a) Seventy percent of the difference between \$5,720,000 and the current year
 15.4 amortization aid and supplemental amortization aid distributed under subdivisions 1
 15.5 and 1a that is not distributed for any reason to a municipality for use by a local police
 15.6 or salaried fire relief association must be distributed by the commissioner of revenue
 15.7 according to this paragraph. The commissioner shall distribute 50 percent of the amounts
 15.8 derived under this paragraph to the Teachers Retirement Association, ten percent to the
 15.9 Duluth Teachers Retirement Fund Association, and 40 percent to the St. Paul Teachers
 15.10 Retirement Fund Association to fund the unfunded actuarial accrued liabilities of the
 15.11 respective funds. These payments shall be made on or before June 30 each fiscal year. If
 15.12 the St. Paul Teachers Retirement Fund Association becomes fully funded, its eligibility
 15.13 for this aid ceases. Amounts remaining in the undistributed balance account at the end of
 15.14 the biennium if aid eligibility ceases cancel to the general fund.

15.15 (b) In order to receive amortization and supplementary amortization aid under
 15.16 paragraph (a), prior to June 30 Independent School District No. 625, St. Paul, must make
 15.17 ~~contributions~~ an additional contribution of \$800,000 each year to the St. Paul Teachers
 15.18 Retirement Fund Association ~~in accordance with the following schedule:~~

	Fiscal Year	Amount
15.19	1996	\$ 0
15.20	1997	\$ 0
15.21	1998	\$ 200,000
15.22	1999	\$ 400,000
15.23	2000	\$ 600,000
15.24	2001 and thereafter	\$ 800,000

15.26 ~~(c) Special School District No. 1, Minneapolis, and the city of Minneapolis must~~
 15.27 ~~each make contributions to the Teachers Retirement Association in accordance with the~~
 15.28 ~~following schedule:~~

	Fiscal Year	City amount	School district amount
15.29	1996	\$ 0	\$ 0
15.30	1997	\$ 0	\$ 0
15.31	1998	\$ 250,000	\$ 250,000
15.32	1999	\$ 400,000	\$ 400,000
15.33	2000	\$ 550,000	\$ 550,000
15.34	2001	\$ 700,000	\$ 700,000
15.35	2002	\$ 850,000	\$ 850,000
15.36	2003 and thereafter	\$ 1,000,000	\$ 1,000,000

16.1 ~~(d)~~ (c) Thirty percent of the difference between \$5,720,000 and the current year
16.2 amortization aid and supplemental amortization aid under subdivisions 1 and 1a that is not
16.3 distributed for any reason to a municipality for use by a local police or salaried firefighter
16.4 relief association must be distributed under section 69.021, subdivision 7, paragraph (d),
16.5 as additional funding to support a minimum fire state aid amount for volunteer firefighter
16.6 relief associations.

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

16.8 Sec. 7. **RECOVERY OF PRIOR DEFICIENCIES.**

16.9 **Subdivision 1. Authorization.** Due to a determination by the Office of the
16.10 Legislative Auditor, Financial Audit Division, that the city of Minneapolis has failed to
16.11 pay, beginning in 1998, the full amounts required under Minnesota Statutes 2010, section
16.12 354A.12, subdivision 3b, and Minnesota Statutes 2010, section 423A.02, subdivision 3,
16.13 and earlier versions of these provisions, to the Minneapolis Teachers Retirement Fund
16.14 Association or to its successor organization, the Teachers Retirement Association, the
16.15 executive director of the Teachers Retirement Association is authorized to obtain payment
16.16 of the deficiency under procedures specified in this section.

16.17 **Subd. 2. Deficient amount.** The amount of the deficiency is the shortage amount as
16.18 determined by the Office of the Legislative Auditor, \$727,070, plus additional shortage, if
16.19 any, by the city of Minneapolis that has occurred since the auditor's determination.

16.20 **Subd. 3. Recovery procedure.** The executive director of the Teachers Retirement
16.21 Association is authorized to certify the deficiency amount to the commissioner of
16.22 management and budget, who shall deduct the amount of the deficiency from any state
16.23 aid for the city of Minneapolis, and transmit the withheld aid to the executive director for
16.24 deposit in the Teachers Retirement Association pension fund.

16.25 **Subd. 4. Interest.** If interest is not already included in the auditor's determined
16.26 amount, the executive director of the Teachers Retirement Association is authorized
16.27 to add, to the amount of the deficiency determined under subdivision 2 and certified
16.28 under subdivision 3, interest at the preretirement interest rate specified for the Teachers
16.29 Retirement Association in Minnesota Statutes, section 356.215, expressed in monthly
16.30 terms and compounded annually, from the first of the month following the date each
16.31 underpayment occurred until the first of the month following the date that the withheld
16.32 aid is transmitted to the Teachers Retirement Association.

16.33 **Subd. 5. Expiration.** Authority for the executive director of the Teachers
16.34 Retirement Association to certify shortages for collection under this section expires two
16.35 years from the date of enactment.

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

17.2 Sec. 8. **REPEALER.**

17.3 Minnesota Statutes 2010, sections 128D.18; and 354A.12, subdivision 3b, are
17.4 repealed.

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

APPENDIX
Article locations in 12-4699

ARTICLE 1 ADMINISTRATIVE REVISIONS Page.Ln 1.15
AID PROVISION RECODIFICATION; ADDING SHORTAGE
ARTICLE 2 RECOVERY PROCEDURE Page.Ln 10.18