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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FOURTH SESSION

H. F. No. 4812

04/07/2026 Authored by Lillie, Pérez-Vega, Hussein, Pinto, Luger-Nikolai and others
The bill was read for the first time and referred to the Committee on State Government Finance and Policy

1.1 A bill for an act
1.2 relating to retirement; modifying provisions relating to the St. Paul Teachers
1.3 Retirement Fund Association; increasing the pension adjustment revenue for
1.4 Independent School District No. 625; appropriating money; amending Minnesota
1.5 Statutes 2024, sections 354A.12, subdivisions 1, 2a; 354A.29, subdivision 7;
1.6 Minnesota Statutes 2025 Supplement, section 126C.10, subdivision 37.

1.7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.8 Section 1. Minnesota Statutes 2025 Supplement, section 126C.10, subdivision 37, is
1.9 amended to read:

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

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

1.13 (i) the difference between the district's adjustment under Minnesota Statutes 2012, section
1.14 127A.50, subdivision 1, for fiscal year 2014 per adjusted pupil unit and the state average
1.15 adjustment under Minnesota Statutes 2012, section 127A.50, subdivision 1, for fiscal year
1.16 2014 per adjusted pupil unit; and

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

1.18 (2) the product of the salaries paid to district employees who were members of the
1.19 Teachers Retirement Association and the St. Paul Teachers' Retirement Fund Association
1.20 for the prior fiscal year and the district's pension adjustment rate for the fiscal year. The
1.21 pension adjustment rate for Independent School District No. 625, St. Paul, equals ~~2.3 percent~~
1.22 ~~for fiscal year 2023, 2.5 percent for fiscal year 2024 and fiscal year 2025, and~~ 3.25 percent
1.23 for fiscal year 2026 and 5.95 percent for fiscal year 2027 and later. The pension adjustment

2.1 rate for all other districts equals 1.25 percent for fiscal year 2025 and 2.31 percent for fiscal
2.2 year 2026 and later.

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

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

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

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

2.17 **EFFECTIVE DATE.** This section is effective for revenue in fiscal years 2027 and later.

2.18 Sec. 2. Minnesota Statutes 2024, section 354A.12, subdivision 1, is amended to read:

2.19 Subdivision 1. **Employee contributions.** (a) The contribution required to be paid by
2.20 each member is the percentage of total salary specified below for the applicable program:

Program	Percentage of Total Salary
basic program after June 30, 2016, through June 30, 2023	10
basic program after June 30, 2023, through June 30, 2024	10.25
basic program after June 30, 2024, through June 30, 2025	10
basic program after June 30, 2025, through June 30, 2026	11.25
basic program after June 30, 2026	11.5
coordinated program after June 30, 2016, through June 30, 2023	7.5
coordinated program after June 30, 2023, through June 30, 2024	7.75
coordinated program after June 30, 2024, through June 30, 2025	7.5
coordinated program after June 30, 2025, through June 30, 2026	8.75
coordinated program after June 30, 2026	9.8

3.1 (b) Contributions must be made by deduction from salary and must be remitted directly
3.2 to the association at least once each month.

3.3 (c) When an employee contribution rate changes for a fiscal year, the new contribution
3.4 rate is effective for the entire salary paid by the employer with the first payroll cycle reported.

3.5 **EFFECTIVE DATE.** This section is effective July 1, 2026.

3.6 Sec. 3. Minnesota Statutes 2024, section 354A.12, subdivision 2a, is amended to read:

3.7 Subd. 2a. **Employer regular and additional contributions.** (a) The employing units
3.8 ~~shall~~ must make the following employer contributions to the teachers retirement fund
3.9 association:

3.10 (1) for each coordinated member of the St. Paul Teachers Retirement Fund Association,
3.11 the employing unit ~~shall~~ must make a regular employer contribution to the retirement fund
3.12 association in an amount equal to the designated percentage of the salary of the coordinated
3.13 member as provided below:

3.14	after June 30, 2022	8.8 percent
3.15	after June 30, 2023	9 percent
3.16	after June 30, 2025, <u>through June 30, 2026</u>	9.75 percent
3.17	<u>after June 30, 2026</u>	<u>12.45 percent</u>

3.18 (2) for each basic member of the St. Paul Teachers Retirement Fund Association, the
3.19 employing unit ~~shall~~ must make a regular employer contribution to the respective retirement
3.20 fund in an amount according to the schedule below:

3.21	after June 30, 2022	12.3 percent of salary
3.22	after June 30, 2023	12.5 percent of salary
3.23	after June 30, 2025, <u>through June 30, 2026</u>	13.25 percent of salary
3.24	<u>after June 30, 2026</u>	<u>15.95 percent of salary</u>

3.25 (3) for each basic member of the St. Paul Teachers Retirement Fund Association, the
3.26 employing unit ~~shall~~ must make an additional employer contribution to the respective fund
3.27 in an amount equal to 3.64 percent of the salary of the basic member; and

3.28 (4) for each coordinated member of the St. Paul Teachers Retirement Fund Association,
3.29 the employing unit ~~shall~~ must make an additional employer contribution to the respective
3.30 fund in an amount equal to 3.84 percent of the coordinated member's salary.

4.1 (b) The regular and additional employer contributions must be remitted directly to the
 4.2 St. Paul Teachers Retirement Fund Association at least once each month. Delinquent amounts
 4.3 are payable with interest under the procedure in subdivision 1a.

4.4 (c) Payments of regular and additional employer contributions for school district or
 4.5 technical college employees who are paid from normal operating funds must be made from
 4.6 the appropriate fund of the district or technical college.

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

4.9 **EFFECTIVE DATE.** This section is effective July 1, 2026.

4.10 Sec. 4. Minnesota Statutes 2024, section 354A.29, subdivision 7, is amended to read:

4.11 Subd. 7. **Postretirement adjustments.** (a) Except as set forth in paragraph (c), each
 4.12 person who has been receiving an annuity or benefit under the articles of incorporation, the
 4.13 bylaws, or this chapter, whose effective date of benefit commencement occurred on or
 4.14 before July 1 of the calendar year immediately before the adjustment, is eligible to receive
 4.15 an annual postretirement adjustment, ~~effective as of 1.5 percent on January 1, 2027, and~~
 4.16 each January 1, ~~as follows:~~ thereafter.

4.17 ~~(1) there shall be no postretirement adjustment on January 1, 2019, and January 1, 2020;~~
 4.18 ~~and~~

4.19 ~~(2) the postretirement adjustment shall be one percent on January 1, 2021, and each~~
 4.20 ~~January 1 thereafter.~~

4.21 (b) A postretirement adjustment is to be applied as a permanent increase to the regular
 4.22 payment of each eligible member on January 1. For any eligible member whose effective
 4.23 date of benefit commencement occurred after January 1 of the immediately preceding
 4.24 calendar year, the amount of the postretirement adjustment must be reduced by 50 percent.

4.25 (c) Each person who retires on or after July 1, 2024, is entitled to an annual postretirement
 4.26 adjustment, effective as of each January 1, beginning with the year following the year in
 4.27 which the member attains normal retirement age.

4.28 (d) Paragraph (c) does not apply to members who retire under section 354A.31,
 4.29 subdivision 6, paragraph (b), or who retire when the member is at least age 62 and has at
 4.30 least 30 years of service under section 354A.31, subdivision 7.

4.31 **EFFECTIVE DATE.** This section is effective for postretirement adjustments beginning
 4.32 on or after January 1, 2027.

5.1 **Sec. 5. EDUCATION APPROPRIATIONS.**

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

5.6 Subd. 2. General education aid. (a) For general education aid under Minnesota Statutes,
5.7 section 126C.13, subdivision 4:

5.8 \$ 2027

5.9 \$ 2028

5.10 (b) The 2027 appropriation includes \$0 for 2026 and \$..... for 2027.

5.11 (c) The 2028 appropriation includes \$..... for 2027 and \$..... for 2028.