354A.12 CONTRIBUTIONS BY EMPLOYEE AND EMPLOYER.

Subdivision 1. **Employee contributions.** The contribution required to be paid by each member of a teachers retirement fund association shall not be less than the percentage of total salary specified below for the applicable association and program:

Association and Program	Percentage of Total Salary
Duluth Teachers Retirement Fund Association	
old law and new law	
coordinated programs	5.5 percent
St. Paul Teachers Retirement Fund Association	
basic program	8 percent
coordinated program	5.5 percent

Contributions shall be made by deduction from salary and must be remitted directly to the respective teachers retirement fund association at least once each month.

Subd. 1a. **Obligation for omitted salary deductions.** If the full required contributions are not deducted from the salary of a teacher, payment of the shortage in such deductions is the sole obligation of the employing unit during the three-year period following the end of the fiscal year in which the shortage occurred. The shortage is payable by the employing unit upon notification of the shortage by the executive director of the applicable retirement fund association. The employing unit shall also pay any employer contributions related to the shortage. The amount of the shortage in employee contributions and associated employer contributions is payable with interest at the preretirement interest assumption for the retirement fund as specified in section 356.215, subdivision 8, stated as a monthly rate from the date due until the date payment is received in the office of the association, with a minimum interest charge of $10. If the shortage payment and interest is not paid by the employing unit within 60 days of notification, the executive director shall certify the amount of the shortage payment and interest to the commissioner of finance, who shall deduct the amount from any state aid or appropriation amount applicable to the employing unit.

Subd. 2. **Retirement contribution levy disallowed.** Except as provided in section 423A.02, subdivision 3, with respect to independent school district No. 625, notwithstanding any law to the contrary, levies for teachers retirement fund associations in the cities of Duluth and St. Paul, including levies for any employer Social Security taxes for teachers covered by the Duluth Teachers Retirement Fund Association or the St. Paul Teachers Retirement Fund Association, are disallowed.

Subd. 2a. **Employer regular and additional contribution rates.** (a) The employing units shall make the following employer contributions to teachers retirement fund associations:

(1) for any coordinated member of a teachers retirement fund association in a city of the first class, the employing unit shall pay the employer Social Security taxes;

(2) for any coordinated member of one of the following teachers retirement fund associations in a city of the first class, the employing unit shall make a regular employer contribution to the respective retirement fund association in an amount equal to the designated percentage of the salary of the coordinated member as provided below:

Duluth Teachers Retirement Fund Association	4.50 percent
St. Paul Teachers Retirement Fund Association	4.50 percent

(3) for any basic member of the St. Paul Teachers Retirement Fund Association, the employing unit shall make a regular employer contribution to the respective retirement fund in an amount equal to 8.00 percent of the salary of the basic member;

(4) for a basic member of the St. Paul Teachers Retirement Fund Association, the employing unit shall make an additional employer contribution to the respective fund in an amount equal to 3.64 percent of the salary of the basic member;

(5) for a coordinated member of a teachers retirement fund association in a city of the first class, the employing unit shall make an additional employer contribution to the respective fund in an amount equal to the applicable percentage of the coordinated member's salary, as provided below:

Duluth Teachers Retirement Fund Association	1.29 percent
St. Paul Teachers Retirement Fund Association	
July 1, 1993 - June 30, 1994	0.50 percent
July 1, 1994 - June 30, 1995	1.50 percent
July 1, 1997, and thereafter	3.84 percent

(b) The regular and additional employer contributions must be remitted directly to the respective teachers retirement fund association at least once each month. Delinquent amounts are payable with interest under the procedure in subdivision 1a.

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

Subd. 2b. [Repealed, 1997 c 233 art 3 s 12]

Subd. 3. [Repealed, 1Sp1985 c 12 art 11 s 22]

Subd. 3a. **Special direct state aid to first class city teachers retirement fund associations.** (a) The state shall pay $346,000 to the Duluth Teachers Retirement Fund Association, $2,827,000 to the St. Paul Teachers Retirement Fund Association and, for the former Minneapolis Teachers Retirement Fund Association, $12,954,000 to the Teachers Retirement Association.

(b) The direct state aids under this subdivision are payable October 1 annually. The commissioner of finance shall pay the direct state aid. The amount required under this subdivision is appropriated annually from the general fund to the commissioner of finance.

Subd. 3b. **Special direct state matching aid to Teachers Retirement Association.** (a) Special School District No. 1 must make an additional employer contribution to the Teachers Retirement Fund Association. The city of Minneapolis must make a contribution to the Teachers Retirement Association. This contribution must be made by a levy of the board of estimate and taxation of the city of Minneapolis and the levy, if made, is classified as that of a special taxing district for purposes of sections 275.065 and 276.04, and for all other property tax purposes.

(b) $1,250,000 must be contributed by Special School District No. 1 and $1,250,000 must be contributed by the city of Minneapolis to the Teachers Retirement Association under paragraph (a), and the state shall pay to the Teachers Retirement Association $2,500,000 each fiscal year. The superintendent of Special School District No. 1, the mayor of the city of Minneapolis, and the executive director of the Teachers Retirement Association shall jointly certify to the commissioner of finance the total amount that has been contributed by Special School District No. 1 and by the city of Minneapolis to the Teachers Retirement Association. Any certification to the commissioner of education must be made quarterly. If the total certifications for a fiscal year exceed the maximum annual direct state matching aid amount in any quarter, the amount of direct state matching aid payable to the Teachers Retirement Association must be limited to the balance of the maximum annual direct state matching aid amount available. The amount required under this paragraph, subject to the maximum direct state matching aid amount, is appropriated annually to the commissioner of finance.

(c) The commissioner of finance may prescribe the form of the certifications required under paragraph (b).

Subd. 3c. **Termination of supplemental contributions and direct matching and state aid.** (a) The supplemental contributions payable to the Minneapolis Teachers Retirement Fund Association by Special School District No. 1 and the city of Minneapolis under section 423A.02, subdivision 3, must be paid to the Teachers Retirement Association and must continue until the current assets of the fund equal or exceed the actuarial accrued liability of the fund as determined in the most recent actuarial report for the fund by the actuary retained under section 356.214, or 2037, whichever occurs earlier. The supplemental contributions payable to the St. Paul Teachers Retirement Fund Association by Independent School District No. 625 under section 423A.02, subdivision 3, or the direct state aid under subdivision 3a to the St. Paul Teachers Retirement Fund Association terminate at the end of the fiscal year in which the accrued liability funding ratio for that fund, as determined in the most recent actuarial report for that fund by the actuary retained under section 356.214, equals or exceeds the accrued liability funding ratio for the Teachers Retirement Association, as determined in the most recent actuarial report for the Teachers Retirement Association by the actuary retained under section 356.214.

(b) If the St. Paul Teachers Retirement Fund Association is funded at an amount equal to or greater than the funding ratio applicable to the Teachers Retirement Association, then any future state aid under subdivision 3a is payable to the Teachers Retirement Association.

Subd. 3d. [Repealed, 2007 c 134 art 7 s 3]

Subd. 4. **Limitation on certain articles of incorporation or bylaw amendments.** No amendment to the bylaws or articles of incorporation of a teachers retirement fund association in a city of the first class affecting benefits, contributions or actuarial assumptions shall be made without approval by the legislature. Approval shall be deemed granted and the amendment shall become effective only upon enactment of special or general legislation detailing the substance of the amendment and upon submission of the text of the proposed amendment to the articles of incorporation or bylaws by the teachers retirement fund association involved to the Legislative Commission on Pensions and Retirement prior to the effective date of the amendment. Notwithstanding any provision of the articles of incorporation or bylaws to the contrary, amendments may be adopted at an annual meeting or at a special meeting called for that purpose, without further local approval.

Subd. 5. **Reporting and remittance requirements.** (a) Each employing unit shall provide to the appropriate teachers retirement fund association the following member data regarding all new or returning employees before the employee's first payroll date in a format approved by the executive secretary or director. Data changes and the dates of those changes must be reported to the association on an ongoing basis for the payroll cycle in which they occur. Data on the member includes:

(1) legal name, address, date of birth, association member number, employer-assigned employee number, and Social Security number;

(2) association status, including, but not limited to, basic, coordinated, exempt annuitant, exempt technical college teacher, or exempt independent contractor or consultant;

(3) employment status, including, but not limited to, full time, part time, intermittent, substitute, or part-time mobility;

(4) employment position, including, but not limited to, teacher, superintendent, principal, administrator, or other;

(5) employment activity, including, but not limited to, hire, termination, resumption of employment, disability, or death;

(6) leaves of absence; and

(7) other information as may be required by the association.

(b) Each employing unit shall provide the following data to the appropriate association for each payroll cycle in a format approved by the executive secretary or director:

(1) an association member number;

(2) employer-assigned employee number;

(3) Social Security number;

(4) amount of each salary deduction;

(5) amount of salary as defined in section 354A.011, subdivision 24, from which each deduction was made;

(6) reason for payment;

(7) service credit;

(8) the beginning and ending dates of the payroll period covered and the date of actual payment;

(9) fiscal year of salary earnings;

(10) total remittance amount including employee, employer, and employer additional contributions; and

(11) other information as may be required by the association.

(c) On or before August 1 each year, each employing unit must report to the appropriate association giving an itemized summary for the preceding 12 months of the total amount that was withheld from the salaries of teachers for deductions and all other information required by the association.

(d) An employing unit that does not comply with the reporting requirements under this section shall pay a fine of $5 per calendar day until the association receives the required member data.

(e) An employing unit shall remit all amounts that are due to the association and shall furnish for each pay period an itemized statement indicating the total amount that is due and is transmitted with any other information required by the association. All amounts due and other employer obligations that are not remitted within 30 days of notification by the association must be certified by the director or secretary to the commissioner of finance, who shall deduct the amount from any state aid or appropriation amount applicable to the employing unit and shall transmit the deducted amount to the applicable association.

History: *1975 c 306 s 30; 1976 c 238 s 1; 1976 c 239 s 107; 1978 c 781 s 8; 1979 c 293 s 3; 1980 c 614 s 143; 1981 c 269 s 4; 1982 c 578 art 3 s 7; 1Sp1985 c 12 art 11 s 13; 1Sp1986 c 1 art 9 s 24; 1987 c 258 s 12; 1989 c 246 s 2; 1991 c 317 s 3; 1992 c 598 art 5 s 1; 1993 c 336 art 1 s 3-7; 1993 c 357 s 1-6; 1994 c 420 s 1; 1995 c 141 art 3 s 12; 1995 c 262 art 2 s 2; 1Sp1995 c 3 art 16 s 13; 1996 c 438 art 4 s 5,6; 1997 c 233 art 3 s 2-6; 1Sp2001 c 10 art 3 s 22; 2002 c 392 art 6 s 3; art 11 s 52; 2003 c 130 s 12; 2006 c 271 art 3 s 47; 2006 c 277 art 3 s 18-24; 2007 c 134 art 1 s 6,7,8; 2008 c 277 art 1 s 77,78,98; 2008 c 349 art 8 s 1,2*

NOTE: The amendment to subdivision 3a by Laws 2008, chapter 349, article 8, section 1, is effective July 1, 2009. Laws 2008, chapter 349, article 8, section 1, the effective date.

NOTE: Subdivisions 3a, 3b, and 3c are repealed by Laws 2008, chapter 349, article 8, section 4, effective the first day of the fiscal year next following the fiscal year in which neither the Teachers Retirement Association nor the St. Paul Teachers Retirement Fund Association has an unfunded actuarial accrued liability as determined in the actuarial valuation prepared under Minnesota Statutes, section 356.215, by the actuary retained under Minnesota Statutes, section 356.214. Laws 2008, chapter 349, article 8, section 4.