[COM ] LM/LD 08/25/03 1:00 p.m. LCPR03-233 ..... moves to amend H.F. No. ....; S.F. No. 1.1 1.2 ...., as follows: Delete everything after the enacting clause and insert: 1.3 1.4 "ARTICLE 1 MEMBERSHIP ISSUES 1.5 1.6 Section 1. Minnesota Statutes 2002, section 353.01, 1.7 subdivision 2b, is amended to read: Subd. 2b. EXCLUDED EMPLOYEES. The following public 1.8 1.9 employees are not eligible to participate as members of the 1.10 association with retirement coverage by the public employees 1.11 retirement plan, the local government correctional employees 1.12 retirement plan under chapter 353E, or the public employees 1.13 police and fire retirement plan: 1.14 (1) public officers, other than county sheriffs, who are 1.15 elected to a governing body, or persons who are appointed to 1.16 fill a vacancy in an elective office of a governing body, whose 1.17 term of office first commences on or after July 1, 2002, for the 1.18 service to be rendered in that elective position. Elected 1.19 governing body officials who were active members of the 1.20 association's coordinated or basic retirement plans as of June 1.21 30, 2002, continue participation throughout incumbency in office 1.22 until termination of public service occurs as defined in 1.23 subdivision 11a; (2) election officers or election judges; 1.24 (3) patient and inmate personnel who perform services for a 1.25 1.26 governmental subdivision; (4) except as otherwise specified in subdivision 12a, 1.27 1.28 employees who are hired for a temporary position as defined 1.29 under subdivision 12a, and employees who resign from a 1.30 nontemporary position and accept a temporary position within 30 1.31 days in the same governmental subdivision.; An employer must not 1.32 apply the definition of temporary position so as to exclude 1.33 employees who are hired to fill positions that are permanent or 1.34 that are for an unspecified period but who are serving a 1.35 probationary period at the start of the employment. If the 1.36 period of employment extends beyond six consecutive months and

2.1 the employee earns more than \$425 from one governmental subdivision in any calendar month, the department head shall report the employee for membership and require employee deductions be made on behalf of the employee under section 353.27, subdivision 4.
2.6 The membership eligibility of an employee who resigns or is dismissed from a temporary position and within 30 days accepts another temporary position in the same governmental subdivision

2.9 is determined on the total length of employment rather than on

2.10 each separate position. Membership eligibility of an employee

2.11 who holds concurrent temporary and nontemporary positions in one

2.12 governmental subdivision is determined by the length of

2.13 employment and salary of each separate position;

2.14 (5) employees who are employed by reason of work emergency2.15 caused by fire, flood, storm, or similar disaster;

2.16 (6) employees who by virtue of their employment in one 2.17 governmental subdivision are required by law to be a member of 2.18 and to contribute to any of the plans or funds administered by 2.19 the Minnesota state retirement system, the teachers retirement 2.20 association, the Duluth teachers retirement fund association, 2.21 the Minneapolis teachers retirement fund association, the St. 2.22 Paul teachers retirement fund association, the Minneapolis 2.23 employees retirement fund, or any police or firefighters relief 2.24 association governed by section 69.77 that has not consolidated 2.25 with the public employees retirement association, or any local 2.26 police or firefighters consolidation account but who have not 2.27 elected the type of benefit coverage provided by the public 2.28 employees police and fire fund under sections 353A.01 to 2.29 353A.10, or any persons covered by section 353.665, subdivision 2.30 4, 5, or 6, who have not elected public employees police and 2.31 fire plan benefit coverage. This clause must not be construed 2.32 to prevent a person from being a member of and contributing to 2.33 the public employees retirement association and also belonging 2.34 to and contributing to another public pension plan or fund for 2.35 other service occurring during the same period of time. A 2.36 person who meets the definition of "public employee" in

3.1 subdivision 2 by virtue of other service occurring during the 3.2 same period of time becomes a member of the association unless 3.3 contributions are made to another public retirement fund on the 3.4 salary based on the other service or to the teachers retirement 3.5 association by a teacher as defined in section 354.05,

3.6 subdivision 2;

3.7 (7) persons who are members of a religious order and are 3.8 excluded from coverage under the federal Old Age, Survivors, 3.9 Disability, and Health Insurance Program for the performance of 3.10 service as specified in United States Code, title 42, section 3.11 410(a)(8)(A), as amended through January 1, 1987, if no 3.12 irrevocable election of coverage has been made under section 3.13 3121(r) of the Internal Revenue Code of 1954, as amended; 3.14 (8) employees of a governmental subdivision who have not 3.15 reached the age of 23 and are enrolled on a full-time basis to 3.16 attend or are attending classes on a full-time basis at an 3.17 accredited school, college, or university in an undergraduate, 3.18 graduate, or professional-technical program, or a public or 3.19 charter high school;

3.20 (9) resident physicians, medical interns, and pharmacist
3.21 residents and pharmacist interns who are serving in a degree or
3.22 residency program in public hospitals;

3.23 (10) students who are serving in an internship or residency
3.24 program sponsored by an accredited educational institution;
3.25 (11) persons who hold a part-time adult supplementary
3.26 technical college license who render part-time teaching service
3.27 in a technical college;

3.28 (12) except for employees of Hennepin county, foreign
3.29 citizens working for a governmental subdivision with a work
3.30 permit of less than three years, or an H-1b visa valid for less
3.31 than three years of employment. Upon notice to the association
3.32 that the work permit or visa extends beyond the three-year
3.33 period, the foreign citizens are to must be reported for
3.34 membership from the date of the extension;
3.35 (13) public hospital employees who elected not to

3.36 participate as members of the association before 1972 and who

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4.1 did not elect to participate from July 1, 1988, to October 1,4.2 1988;

4.3 (14) except as provided in section 353.86, volunteer ambulance service personnel, as defined in subdivision 35, but 4.4 persons who serve as volunteer ambulance service personnel may 4.5 4.6 still qualify as public employees under subdivision 2 and may be 4.7 members of the public employees retirement association and 4.8 participants in the public employees retirement fund or the 4.9 public employees police and fire fund, whichever applies, on the 4.10 basis of compensation received from public employment service 4.11 other than service as volunteer ambulance service personnel; 4.12 (15) except as provided in section 353.87, volunteer 4.13 firefighters, as defined in subdivision 36, engaging in 4.14 activities undertaken as part of volunteer firefighter duties; 4.15 provided that a person who is a volunteer firefighter may still 4.16 qualify as a public employee under subdivision 2 and may be a 4.17 member of the public employees retirement association and a 4.18 participant in the public employees retirement fund or the 4.19 public employees police and fire fund, whichever applies, on the 4.20 basis of compensation received from public employment activities 4.21 other than those as a volunteer firefighter;

(16) pipefitters and associated trades personnel employed 4.22 4.23 by independent school district No. 625, St. Paul, with coverage 4.24 under a collective bargaining agreement by the pipefitters local 4.25 455 pension plan who were either first employed after May 1, 4.26 1997, or, if first employed before May 2, 1997, elected to be 4.27 excluded under Laws 1997, chapter 241, article 2, section 12; 4.28 (17) electrical workers, plumbers, carpenters, and 4.29 associated trades personnel employed by independent school 4.30 district No. 625, St. Paul, or the city of St. Paul, who have 4.31 retirement coverage under a collective bargaining agreement by 4.32 the electrical workers local 110 pension plan, the united 4.33 association plumbers local 34 pension plan, or the carpenters 4.34 local 87 pension plan who were either first employed after May 4.35 1, 2000, or, if first employed before May 2, 2000, elected to be 4.36 excluded under Laws 2000, chapter 461, article 7, section 5;

(18) bricklayers, allied craftworkers, cement masons, 5.1 glaziers, glassworkers, painters, allied tradesworkers, and 5.2 plasterers employed by the city of St. Paul or independent 5.3 school district No. 625, St. Paul, with coverage under a 5.4 5.5 collective bargaining agreement by the bricklayers and allied 5.6 craftworkers local 1 pension plan, the cement masons local 633 5.7 pension plan, the glaziers and glassworkers local L-1324 pension 5.8 plan, the painters and allied trades local 61 pension plan, or 5.9 the Twin Cities plasterers local 265 pension plan who were 5.10 either first employed after May 1, 2001, or if first employed 5.11 before May 2, 2001, elected to be excluded under Laws 2001, 5.12 First Special Session chapter 10, article 10, section 6; 5.13 (19) plumbers employed by the metropolitan airports 5.14 commission, with coverage under a collective bargaining 5.15 agreement by the plumbers local 34 pension plan, who either were 5.16 first employed after May 1, 2001, or if first employed before 5.17 May 2, 2001, elected to be excluded under Laws 2001, First 5.18 Special Session chapter 10, article 10, section 6; (20) employees who are hired after June 30, 2002, to fill 5.19 5.20 seasonal positions under subdivision 12b which are limited in 5.21 duration by the employer to 185 consecutive calendar days or 5.22 less in each year of employment with the governmental

5.23 subdivision;

5.24 (21) persons who are provided supported employment or 5.25 work-study positions by a governmental subdivision and who 5.26 participate in an employment or industries program maintained 5.27 for the benefit of these persons where the governmental 5.28 subdivision limits the position's duration to three years or 5.29 less, including persons participating in a federal or state 5.30 subsidized on-the-job training, work experience, senior citizen, 5.31 youth, or unemployment relief program where the training or work 5.32 experience is not provided as a part of, or for, future 5.33 permanent public employment;

5.34 (22) independent contractors and the employees of

5.35 independent contractors; and

5.36 (23) reemployed annuitants of the association during the

6.1 course of that reemployment.

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6.2 Sec. 2. Minnesota Statutes 2002, section 353.01,
6.3 subdivision 12a, is amended to read:
6.4 Subd. 12a. **TEMPORARY POSITION.** (1) (a) "Temporary
6.5 position" means an employment position predetermined by the
6.6 employer at the time of hiring to be a period of six months or
6.7 less. Temporary position also means an employment position
6.8 occupied by a person hired by the employer as a temporary
6.9 replacement who is employed for a predetermined period of six
6.10 months or less.

6.11 (2) (b) "Temporary position" does not mean an employment
6.12 position for a specified <u>or unspecified</u> term in which a person
6.13 serves a probationary period as a requirement for subsequent
6.14 employment on a permanent or unlimited basis.

6.15 (c) If employment in a temporary position extends beyond 6.16 six consecutive months, the head of the department shall report 6.17 the employee for membership if salary in any month exceeds the 6.18 salary threshold specified in subdivision 2a. The membership 6.19 eligibility of an employee who resigns or is dismissed from a 6.20 temporary position and accepts another temporary position in the 6.21 same governmental subdivision within 30 days is determined on 6.22 the total length of employment rather than on each separate

6.23 position.

6.24 Sec. 3. Minnesota Statutes 2002, section 353.01,

6.25 subdivision 12b, is amended to read:

5.26 Subd. 12b. **SEASONAL POSITION.** "Seasonal position" means 6.27 a position where the nature of the work or its duration are 6.28 related to a specific season or seasons of the year, regardless 6.29 of whether or not the employing agency anticipates that the same 6.30 employee will return to the position each season in which it 6.31 becomes available. The entire period of employment in a 6.32 business year must be used to determine whether or not a 6.33 position may be excluded as seasonal when there is less than a 6.34 30-day break between one seasonal position and a subsequent 6.35 seasonal position for employment with the same governmental 6.36 employer. Seasonal positions include, but are not limited to,

7.1 coaching athletic activities or employment to plow snow or to 7.2 maintain roads or parks, or to operate skating rinks, ski 7.3 lodges, golf courses, or swimming pools. 7.4 Sec. 4. Minnesota Statutes 2002, section 354.05, subdivision 2, is amended to read: 7.5 7.6 Subd. 2. TEACHER. (a) "Teacher" means: 7.7 (1) a person who renders service as a teacher, supervisor, 7.8 principal, superintendent, librarian, nurse, counselor, social worker, therapist, or psychologist in a public school of the 7.9 7.10 state located outside of the corporate limits of a city of the 7.11 first class, or in any charter school, irrespective of the 7.12 location of the school, or in any charitable, penal, or 7.13 correctional institutions of a governmental subdivision, or who 7.14 is engaged in educational administration in connection with the

7.16 Minnesota, whether the position be a public office or an
7.17 employment, not including <u>the</u> members or officers of any general
7.18 governing or managing board or body;

7.15 state public school system, but excluding the University of

7.19 (2) an employee of the teachers retirement association;
7.20 (3) a person who renders teaching service on a part-time
7.21 basis and who also renders other services for a single employing
7.22 unit. A person whose teaching service comprises at least 50
7.23 percent of the combined employment salary is a member of the
7.24 association for all services with the single employing unit. If
7.25 the person's teaching service comprises less than 50 percent of
7.26 the combined employment salary, the executive director must
7.27 determine whether all or none of the combined service is covered
7.28 by the association; or

7.29 (4) a person who is not covered by the plans established 7.30 under chapter 352D, 354A, or 354B and who is employed by the 7.31 board of trustees of the Minnesota state colleges and 7.32 universities system in an unclassified position as: 7.33 (i) a president, vice-president, or dean; 7.34 (ii) a manager or a professional in an academic or an 7.35 academic support program other than specified in item (i);

7.36 (iii) an administrative or a service support faculty

8.1 position; or

8.2 (iv) a teacher or a research assistant.

8.3 (b) "Teacher" does not mean:

(1) a person who works for a school or institution as an 8.4 8.5 independent contractor as defined by the Internal Revenue 8.6 Service;

8.7 (2) a person employed in subsidized on the job training, 8.8 work experience or public service employment as an enrollee 8.9 under the federal Comprehensive Employment and Training Act from 8.10 and after March 30, 1978, unless the person has, as of the later 8.11 of March 30, 1978, or the date of employment, sufficient service 8.12 credit in the retirement association to meet the minimum vesting 8.13 requirements for a deferred retirement annuity, or the employer 8.14 agrees in writing on forms prescribed by the executive director 8.15 to make the required employer contributions, including any 8.16 employer additional contributions, on account of that person 8.17 from revenue sources other than funds provided under the federal 8.18 Comprehensive Training and Employment Act, or the person agrees 8.19 in writing on forms prescribed by the executive director to make 8.20 the required employer contribution in addition to the required

8.21 employee contribution;

(3) a person holding a part-time adult supplementary 8.22

8.23 technical college license who renders part-time teaching service 8.24 or a customized trainer as defined by the Minnesota state 8.25 colleges and universities system in a technical college if (i) 8.26 the service is incidental to the regular nonteaching occupation 8.27 of the person; and (ii) the applicable technical college 8.28 employer stipulates annually in advance that the part-time 8.29 teaching service or customized training service will not exceed 8.30 300 hours in a fiscal year and retains the stipulation in its 8.31 records; and (iii) the part-time teaching service or customized 8.32 training service actually does not exceed 300 hours in a fiscal 8.33 year; or

8.34 (4) (3) a person exempt from licensure under section 8.35 122A.30.

8.36 Sec. 5. Minnesota Statutes 2002, section 354B.20,

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9.1 subdivision 4, is amended to read: 9.2 Subd. 4. COVERED EMPLOYMENT. (a) "Covered employment" means employment by a person eligible for coverage by this 9.3 retirement program under section 354B.21 in a faculty position 9.4 9.5 or in an eligible unclassified administrative position. 9.6 (b) "Covered employment" does not mean employment specified 9.7 in paragraph (a) by a faculty member employed in a state 9.8 university or a community college the Minnesota state colleges 9.9 and universities system if the person's initial appointment is 9.10 specified as constituting less than 25 percent of a full 9.11 academic year, exclusive of summer session, for the applicable 9.12 institution. 9.13 Sec. 6. Minnesota Statutes 2002, section 354B.20, 9.14 subdivision 6, is amended to read: 9.15 Subd. 6. ELIGIBLE UNCLASSIFIED ADMINISTRATIVE POSITION. 9.16 "Eligible unclassified administrative position" means the 9.17 following: (1) the chancellor of the board; 9.18 9.19 (2) a president of a state college or university; or (3) an excluded administrator employed in a state 9.20 9.21 university or college, by the board, or by the higher education 9.22 services office; or 9.23 (4) other managers and professionals in academic and 9.24 academic support programs in the unclassified service employed 9.25 in a state university or college, by the board, or by the higher 9.26 education services office. Sec. 7. Minnesota Statutes 2002, section 354C.11, 9.27 9.28 subdivision 2, is amended to read: 9.29 Subd. 2. ELIGIBILITY. (a) An individual must participate 9.30 in the supplemental retirement plan if the individual is 9.31 employed by the board of trustees in the unclassified service of 9.32 the state and has completed at least two years with a full-time 9.33 contract of applicable unclassified employment with the board or 9.34 an applicable predecessor board in any of the positions 9.35 specified in paragraph (b).

9.36 (b) Eligible positions or employment classifications are:

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10.1	(1) an unclassified administrat	tive po:	sitio	n as defined	l in
10.2	section 354B.20, subdivision 6;				
10.3	(2) an employment classification	on inclu	ıded	in one of th	ıe
10.4	following collective bargaining ur	nits und	ler s	ection 179A.	10,
10.5	subdivision 2:				
10.6	(i) the state university instru	uctional	l uni	t;	
10.7	(ii) the state college instruct	tional 1	unit;	and	
10.8	(iii) the state university admi	inistra	tive	unit; or	
10.9	(3) an unclassified employee of	f the b	oard:		
10.10	(i) included in the general pro	ofession	nal u	nit or	
10.11	supervisory employees unit under s	section	179A	.10, subdivi	sion 2 <u>;</u>
10.12	or				
10.13	(ii) excluded from those units	due to	the	employee's	
10.14	confidential status under section	179A.10	), su	bdivision 1,	clause
10.15	(8).				
10.16	Sec. 8. REPEALER.				
10.17	Minnesota Statutes 2002, sectio	on 352D	.02,	subdivision	5, is
10.18	repealed.				
10.19	Sec. 9. EFFECTIVE DATE.				
10.20	(a) Sections 1 to 5 and 8 are e	effecti	ve on	July 1, 200	)4.
10.21	(b) Section 6 is effective on C	July 1,	2004	, and applie	<u>25</u>
10.22	retroactively to the date of hire	of the	appl	icable perso	on in
10.23	the affected position.				
10.24	(c) Section 7 is effective retr	roactive	ely t	o July 1, 20	01.
10.25		E 2			
10.26					
10.27			secti	on 352.01,	
	subdivision 13, is amended to read			<u>.</u>	
10.29					-
	periodic compensation, paid to an				
	deferred compensation, supplementa		remen	t plans, or	other
	voluntary salary reduction program	ns.			
10.33	<u>_</u>	·			
10.34		ls <u>, i</u>			
10.35		onto	J ~	at ima	
10.36	(3) lump sum annual leave payme	encs and	ı ove	rcime paymer	ILS

11.1 made at the time of separation from state service; 11.2 (4) payments in lieu of any employer-paid group insurance 11.3 coverage, including the difference between single and family rates that may be paid to an employee with single coverage, and; 11.4 11.5 (5) payments made as an employer-paid fringe benefit<sub> $\tau$ </sub>; 11.6 (6) workers' compensation payments -; (7) employer contributions to a deferred compensation or 11.7 tax sheltered annuity program,; and 11.8 (8) amounts contributed under a benevolent vacation and 11.9 11.10 sick leave donation program are not salary. 11.11 (c) Amounts provided to an employee by the employer through 11.12 a grievance proceeding or a legal settlement are salary only if 11.13 the settlement is reviewed by the executive director and the 11.14 amounts are determined by the executive director to be 11.15 consistent with paragraph (a) and prior determinations. Sec. 2. Minnesota Statutes 2002, section 352B.01, 11.16 11.17 subdivision 11, is amended to read: Subd. 11. AVERAGE MONTHLY SALARY. (a) "Average monthly 11.18 11.19 salary" means the average of the highest monthly salaries for 11.20 five years of service as a member upon which contributions were 11.21 deducted from pay under section 352B.02, or upon which 11.22 appropriate contributions or payments were made to the fund to 11.23 receive allowable service and salary credit as specified under 11.24 applicable law. Average monthly salary must be based upon all 11.25 allowable service if this service is less than five years. Ŧŧ 11.26 (b) "Average monthly salary" means the salary of the member 11.27 as defined in section 352.01, subdivision 13. "Average monthly 11.28 salary" does not include any lump-sum annual leave payments and 11.29 overtime payments made at the time of separation from state 11.30 service, any amounts of severance pay, or any reduced salary 11.31 paid during the period the person is entitled to workers' 11.32 compensation benefit payments for temporary disability. 11.33 (c) A member on leave of absence receiving temporary 11.34 workers' compensation payments and a reduced salary or no salary 11.35 from the employer who is entitled to allowable service credit 11.36 for the period of absence may make payment to the fund for the

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12.1 difference between salary received, if any, and the salary the 12.2 member would normally receive if not on leave of absence during 12.3 the period. The member shall pay an amount equal to the member

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12.4 and employer contribution rate under section 352B.02, 12.5 subdivisions 1b and 1c, on the differential salary amount for 12.6 the period of the leave of absence. The employing department, 12.7 at its option, may pay the employer amount on behalf of the 12.8 member. Payment made under this subdivision must include 12.9 interest at the rate of 8.5 percent per year, and must be 12.10 completed within one year of the return from the leave of 12.11 absence.

12.12 Sec. 3. Minnesota Statutes 2002, section 353.01,12.13 subdivision 10, is amended to read:

12.14 Subd. 10. SALARY. (a) "Salary" means:

12.15 (1) periodic compensation of a public employee, before 12.16 deductions for deferred compensation, supplemental retirement 12.17 plans, or other voluntary salary reduction programs, and also 12.18 means "wages" and includes net income from fees; and 12.19 (2) for a public employee who has prior service covered by 12.20 a local police or firefighters relief association that has 12.21 consolidated with the public employees retirement association or 12.22 to which section 353.665 applies and who has elected coverage 12.23 either under the public employees police and fire fund benefit 12.24 plan under section 353A.08 following the consolidation or under 12.25 section 353.665, subdivision 4, "salary" means the rate of 12.26 salary upon which member contributions to the special fund of 12.27 the relief association were made prior to the effective date of 12.28 the consolidation as specified by law and by bylaw provisions 12.29 governing the relief association on the date of the initiation 12.30 of the consolidation procedure and the actual periodic 12.31 compensation of the public employee after the effective date of 12.32 consolidation.

12.33 (b) Salary does not mean:

12.34 (1) fees paid to district court reporters, unused annual
12.35 vacation or sick leave payments, in lump-sum or periodic
12.36 payments, severance payments, reimbursement of expenses,

13.1 lump-sum settlements not attached to a specific earnings period,13.2 or workers' compensation payments;

(2) employer-paid amounts used by an employee toward the
cost of insurance coverage, employer-paid fringe benefits,
flexible spending accounts, cafeteria plans, health care expense
accounts, day care expenses, or any payments in lieu of any
employer-paid group insurance coverage, including the difference
between single and family rates that may be paid to a member
with single coverage and certain amounts determined by the
executive director to be ineligible;

13.11 (3) the amount equal to that which the employing 13.12 governmental subdivision would otherwise pay toward single or 13.13 family insurance coverage for a covered employee when, through a 13.14 contract or agreement with some but not all employees, the 13.15 employer:

13.16 (i) discontinues, or for new hires does not provide, 13.17 payment toward the cost of the employee's selected insurance 13.18 coverages under a group plan offered by the employer; 13.19 (ii) makes the employee solely responsible for all 13.20 contributions toward the cost of the employee's selected 13.21 insurance coverages under a group plan offered by the employer, 13.22 including any amount the employer makes toward other employees' 13.23 selected insurance coverages under a group plan offered by the 13.24 employer; and

13.25 (iii) provides increased salary rates for employees who do 13.26 not have any employer-paid group insurance coverages; and 13.27 (4) except as provided in section 353.86 or 353.87, 13.28 compensation of any kind paid to volunteer ambulance service 13.29 personnel or volunteer firefighters, as defined in subdivision 13.30 35 or 36; and

13.31 (5) compensation that exceeds the limitation provided in
13.32 section 356.611.

13.33 Sec. 4. Minnesota Statutes 2002, section 356.611,13.34 subdivision 2, is amended to read:

13.35 Subd. 2. FEDERAL COMPENSATION LIMITS. (a) For members
13.36 first contributing to <u>of</u> a covered pension plan enumerated in

[COM ] LM/LD section 356.30, subdivision 3, on or after July 1, 1995, 14.1 14.2 compensation in excess of the limitation set forth specified in 14.3 section 401(a)(17) of the Internal Revenue Code, as amended, for changes in the cost of living under section 401(a)(17)(B) of the 14.4 Internal Revenue Code, may not be included for contribution and 14.5 14.6 benefit computation purposes. 14.7 (b) Notwithstanding paragraph (a), for members specified in 14.8 paragraph (a) who first contributed to a covered plan before July 1, 1995, the annual compensation limit set forth specified 14.9 14.10 in Internal Revenue Code 401(a)(17) on June 30, 1993, applies to 14.11 members first contributing before July 1, 1995 if that provides 14.12 a greater allowable annual compensation. Sec. 5. Minnesota Statutes 2002, section 356.611, is 14.13 14.14 amended by adding a subdivision to read: 14.15 Subd. 3. MAXIMUM BENEFIT LIMITATIONS. A member's annual 14.16 benefit shall, if necessary, be reduced to the extent required 14.17 by section 415(b) of the Internal Revenue Code, as adjusted by 14.18 the United States Secretary of the Treasury under section 415(d) 14.19 of the Internal Revenue Code. For purposes of section 415 of 14.20 the Internal Revenue Code, the limitation year of a pension plan 14.21 covered by this section shall be the fiscal year or calendar 14.22 year of that plan, whichever is applicable. The accrued benefit 14.23 limitation described in section 415(e) of the Internal Revenue 14.24 Code shall cease to be effective for limitation years beginning 14.25 after December 31, 1999. 14.26 Sec. 6. EFFECTIVE DATE. Sections 1 to 5 are effective on July 1, 2004. 14.27 14.28 ARTICLE 3 14.29 ALLOWABLE SERVICE CREDIT 14.30 Section 1. Minnesota Statutes 2002, section 354.091, is 14.31 amended to read: 14.32 354.091 SERVICE CREDIT. (a) In computing service credit, no teacher shall receive 14.33 14.34 credit for more than one year of teaching service for any fiscal 14.35 year. Commencing July 1, 1961:

14.36 (1) if a teacher teaches less than five hours in a day,

15.1 service credit must be given for the fractional part of the day 15.2 as the term of service performed bears to five hours; (2) if a teacher teaches five or more hours in a day, 15.3 service credit must be given for only one day; 15.4 15.5 (3) if a teacher teaches at least 170 full days in any 15.6 fiscal year, service credit must be given for a full year of 15.7 teaching service; and 15.8 (4) if a teacher teaches for only a fractional part of the 15.9 year, service credit must be given for such fractional part of 15.10 the year as the period of service performed bears to 170 days. (b) A teacher shall receive a full year of service credit 15.11 15.12 based on the number of days in the employer's full school year 15.13 if it is less than 170 days. Teaching service performed before 15.14 July 1, 1961, must be computed under the law in effect at the

15.15 time it was performed.

15.16 (c) A teacher does not lose or gain retirement service 15.17 credit as a result of the employer converting to a flexible or 15.18 alternate work schedule. If the employer converts to a flexible 15.19 or alternate work schedule, the forms for reporting and the 15.20 procedures for determining service credit must be determined by 15.21 the executive director with the approval of the board of 15.22 trustees.

15.23 (d) For all services rendered on or after July 1, 2003, 15.24 service credit for all members employed by the Minnesota state 15.25 colleges and universities system must be determined: 15.26 (1) for full-time employees, by the definition of full time 15.27 employment contained in the collective bargaining agreement for 15.28 those units listed in section 179A.10, subdivision 2, or 15.29 contained in the applicable personnel or salary plan for those 15.30 positions designated in section 179A.10, subdivision 1; 15.31 (2) for part-time employees, by the appropriate proration 15.32 of full-time equivalency based on the provisions contained in 15.33 the collective bargaining agreement for those units listed in 15.34 section 179A.10, subdivision 2, or contained in the applicable 15.35 personnel or salary plan for those positions designated in 15.36 section 179A.10, subdivision 1, and the applicable procedures of

[COM ] LM/LD 08/25/03 1:00 p.m. LCPR03-233 16.1 the Minnesota state colleges and universities system; and 16.2 (3) in no case may a member receive more than one year of 16.3 service credit for any fiscal year. Sec. 2. Minnesota Statutes 2002, section 354.096, 16.4 subdivision 1, is amended to read: 16.5 16.6 Subdivision 1. CERTIFICATION. Upon granting a family leave to a member, an employing unit must certify the leave to 16.7 16.8 the association on a form specified by the executive director 16.9 before the end of the fiscal year during which the leave was 16.10 granted. Sec. 3. Minnesota Statutes 2002, section 354.53, is 16.11 16.12 amended to read: 354.53 CREDIT FOR MILITARY BREAK IN SERVICE LEAVE OF 16.13 16.14 ABSENCE TO PROVIDE UNIFORMED SERVICE. 16.15 Subdivision 1. ELIGIBILITY; EMPLOYEE AND EMPLOYER 16.16 CONTRIBUTIONS. (a) Any employee given a leave of absence to 16.17 enter military service teacher who is absent from employment by 16.18 reason of service in the uniformed services, as defined in 16.19 United States Code, title 38, section 4303(13), and who returns 16.20 to the employer providing teaching service upon discharge from 16.21 military service as provided in the uniformed service within the 16.22 time frames required in United States Code, title 38, section 16.23 192.262 4312(e), may obtain service credit for the period of 16.24 military the uniformed service but shall not receive credit for 16.25 any voluntary extension of military service at the instance of 16.26 the member beyond the initial period of enlistment, induction or 16.27 call to active duty as further specified in this section, 16.28 provided that the teacher did not separate from uniformed 16.29 service with a dishonorable or bad conduct discharge or under 16.30 other than honorable conditions. 16.31 (b) The member shall may obtain credit by paying into the 16.32 fund an equivalent employee contribution based upon the 16.33 contribution rate or rates in effect at the time that 16.34 the military uniformed service was performed multiplied by the 16.35 full and fractional years, being purchased and applied to the 16.36 annual salary rate of the member for the year beginning with the

date of return from military service and the number of years of 17.1 17.2 military service together with interest thereon at an annual rate of 8.5 percent compounded annually from the time the 17.3 17.4 military service was rendered to the first date of payment. The annual salary rate is the average annual salary during the 17.5 17.6 purchase period that the teacher would have received if the teacher had continued to provide teaching service to the 17.7 17.8 employer rather than provide uniformed service, or if the 17.9 determination of that rate is not reasonably certain, the annual 17.10 salary rate is the teacher's average salary rate during the 17.11 12-month period immediately preceding the period, or, if the 17.12 preceding period is less than 12 months, the annualized rate 17.13 derived from the teacher's average salary rate during the period 17.14 of teacher employment immediately preceding the period of 17.15 uniformed service. (c) The equivalent employer contribution and, if 17.16 17.17 applicable, the equivalent additional contribution provided in 17.18 section 354.42 must be paid by the employing unit at as provided 17.19 in section 354.52, subdivision 4, using the employer and 17.20 employer additional contribution rate or rates in effect at the 17.21 time that the military uniformed service was performed, applied 17.22 to the same annual salary rate of or rates used to compute the 17.23 member for the year beginning with the date of return from 17.24 military service, in the manner provided in section 354.52, 17.25 subdivision 4 equivalent employee contribution. 17.26 Subd. 2. CALCULATION OF CREDIT. (a) For purposes of 17.27 computing a money purchase annuity under section 354.44, 17.28 subdivision 2 money purchase annuity, all payments into the fund 17.29 pursuant to under this section shall must be considered 17.30 accumulations after July 1, 1957 for the purpose of computing 17.31 any annuity in accordance with section 354.44, subdivision 2. (b) For purposes of computing a formula annuity under 17.32 17.33 section 354.44, subdivision 6, if the employee equivalent 17.34 contributions and interest thereon provided in this section are 17.35 not paid in full, the member's formula service credit shall must 17.36 be calculated prorated by multiplying the full and fractional

number of years of military uniformed service eligible for 18.1 18.2 purchase by the ratio obtained by dividing the total amount paid 18.3 and employee contribution received by the maximum amount payable provided herein total employee contribution otherwise required 18.4 18.5 under this section. Subd. 3. PAYMENTS ELIGIBLE PAYMENT PERIOD. Payments 18.6 pursuant to this (a) To receive service credit under this 18.7 18.8 section, the contributions specified in this section shall must 18.9 be made within transmitted to the teachers retirement 18.10 association during the period which begins with the date the 18.11 individual returns to teaching service and which has a duration 18.12 of three times the length of the uniformed service period, but 18.13 not to exceed five years from the date of discharge. 18.14 (b) Notwithstanding paragraph (a), if the payment period 18.15 determined under paragraph (a) is less than one year, the 18.16 contributions required under this section to receive service 18.17 credit may be made within one year from the discharge date. 18.18 Subd. 4. LIMITS ON SERVICE CREDIT. The amount of service 18.19 credit obtainable under this section may not exceed five years, 18.20 unless a longer purchase period is required under United States 18.21 Code, title 38, section 4312. Subd. 5. INTEREST REQUIREMENTS. The employer shall pay 18.22 18.23 interest on all equivalent employee and employer contribution 18.24 amounts payable under this section. Interest must be computed 18.25 at a rate of 8.5 percent compounded annually from the end of 18.26 each fiscal year of the leave or break in service to the end of 18.27 the month in which payment is received. 18.28 Sec. 4. Minnesota Statutes 2002, section 354A.093, is 18.29 amended to read: 354A.093 MILITARY BREAK IN SERVICE CREDIT TO PROVIDE 18.30 18.31 UNIFORMED SERVICE. Subdivision 1. ELIGIBILITY. Any teacher in the 18.32 18.33 coordinated program of either the Minneapolis teachers

18.34 retirement fund association or the St. Paul teachers retirement 18.35 fund association or any teacher in the new law coordinated 18.36 program of the Duluth teachers retirement fund association who

is granted a leave absent from employment by reason of absence 19.1 19.2 to enter military service in the uniformed services as defined in United States Code, title 38, section 4303(13) and who 19.3 returns to the employer providing active teaching service upon 19.4 19.5 discharge from military uniformed service as provided in within 19.6 the time frames required under United States Code, title 38, 19.7 section 192.262 4312(e), shall be entitled to may receive 19.8 allowable service credit in the applicable association for all 19.9 or a portion of the period of military uniformed service but, 19.10 provided that the teacher did not for any voluntary extension of 19.11 military separate from uniformed service beyond the initial 19.12 period of enlistment, induction with a dishonorable or call to 19.13 active duty which occurred at the instance of the teacher bad 19.14 conduct discharge or under other than honorable conditions. 19.15 Subd. 2. CONTRIBUTIONS. If the teacher granted the 19.16 military service leave of absence makes the equivalent employee 19.17 contribution for a period of military service leave of absence 19.18 pursuant to service provided to the uniformed services under 19.19 this section, the employing unit shall make an equivalent 19.20 employer contribution on behalf of the teacher to the applicable 19.21 association for the period of the military service leave of 19.22 absence being purchased in the manner described in section 19.23 354A.12, subdivision 2a. The equivalent employee and employer 19.24 contributions shall must be in an amount equal to the employee 19.25 and employer contribution rates in effect for other active 19.26 members of the association covered by the same program applied 19.27 to a salary figure equal to the teacher's average annual salary 19.28 rate at the date of return from military service that the 19.29 teacher would have received if the leave or break in service had 19.30 not occurred, or if the determination of that average salary 19.31 rate is not reasonably certain, on the basis of the teacher's 19.32 average salary rate during the 12-month period immediately 19.33 preceding the period, or, if the preceding period is less than 19.34 12 months, the annualized rate derived from the teacher's 19.35 average salary rate during the period of teacher employment 19.36 immediately preceding the period of uniformed service, with the

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20.1 result multiplied by the number of full and fractional years 20.2 constituting the period of service provided to the military 20.3 uniformed service leave of absence which the teacher seeks is authorized to purchase under this section. Payment shall 20.4 20.5 include interest on the amount payable pursuant to this section 20.6 at the rate of six percent compounded annually from the year the military service was rendered to the date of payment. 20.7 20.8 Subd. 3. **PRORATING.** If the payments made by a teacher <del>pursuant to</del> under this section are less than <del>an</del> the full 20.9 20.10 amount equal to the applicable contribution rate applied to a 20.11 salary figure equal to the teacher's annual salary rate at the 20.12 date of return from military service, multiplied by the number 20.13 of years constituting the period of the military service leave 20.14 of absence determined under subdivision 2, the service credit 20.15 shall must be prorated. The prorated service credit shall must 20.16 be determined by the ratio between the amount of the 20.17 actual equivalent employee payment which was made and the full 20.18 contribution amount payable pursuant to equivalent employee 20.19 payment required under this section. In order to be entitled to 20.20 receive service credit under this section, payment shall be made 20.21 within five years from the date of discharge from military 20.22 service. Subd. 4. ELIGIBLE PAYMENT PERIOD. (a) To receive service 20.23 20.24 credit under this section, the contributions specified in this 20.25 section must be transmitted to the applicable first class city

20.26 <u>teachers retirement fund association during the period which</u> 20.27 begins with the date the individual returns to teaching service

20.29 uniformed service period, but not to exceed five years.

20.28 and which has a duration of three times the length of the

20.30 (b) Notwithstanding paragraph (a), if the payment period
20.31 determined under paragraph (a) is less than one year, the
20.32 contributions required under this section to receive service
20.33 credit may be made within one year from the discharge date.
20.34 Subd. 5. LIMITS ON SERVICE CREDIT. The amount of service
20.35 credit obtainable under this section may not exceed five years,
20.36 unless a longer purchase period is required under United States

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21.1	Code, title 38, section 4312.
21.2	Subd. 6. INTEREST REQUIREMENTS. The employer shall pay
21.3	interest on all equivalent employee and employer contribution
21.4	amounts payable under this section. Interest must be computed
21.5	at a rate of 8.5 percent compounded annually from the end of
21.6	each fiscal year of the leave or break in service to the end of
21.7	the month in which payment is received.
21.8	Sec. 5. EFFECTIVE DATE.
21.9	Sections 1 to 4 are effective on July 1, 2004.
21.10	ARTICLE 4
21.11	QUALIFIED PART-TIME TEACHER PROVISIONS
21.12	Section 1. Minnesota Statutes 2002, section 354.66,
21.13	subdivision 2, is amended to read:
21.14	Subd. 2. QUALIFIED PART-TIME TEACHER PROGRAM
21.15	<b>PARTICIPATION REQUIREMENTS.</b> <u>(a)</u> A teacher in a Minnesota public
21.16	elementary school, a Minnesota secondary school, or the
21.17	Minnesota state colleges and universities system who has three
21.18	years or more of allowable service in the association or three
21.19	years or more of full-time teaching service in Minnesota public
21.20	elementary schools, Minnesota secondary schools, or the
21.21	Minnesota state colleges and universities system, by agreement
21.22	with the board of the employing district or with the authorized
21.23	representative of the board, may be assigned to teaching service
21.24	in a part-time teaching position under subdivision 3. The
21.25	agreement must be executed before October 1 of the <u>school</u> year
21.26	for which the teacher requests to make retirement contributions
21.27	under subdivision 4. A copy of the executed agreement must be
21.28	filed with the executive director of the association. If the
21.29	copy of the executed agreement is filed with the association
21.30	after October 1 of the <u>school</u> year for which the teacher
21.31	requests to make retirement contributions under subdivision 4,
21.32	the employing unit shall pay the fine specified in section
21.33	354.52, subdivision 6, for each calendar day that elapsed since
21.34	the October 1 due date. The association may not accept an
21.35	executed agreement that is received by the association more than
21.36	15 months late. The association may not waive the fine required

22.1 by this section. 22.2 (b) Notwithstanding paragraph (a), if the teacher is also a 22.3 legislator: 22.4 (1) the agreement in paragraph (a) must be executed before March 1 of the school year for which the teacher requests to 22.5 22.6 make retirement contributions under subdivision 4; and 22.7 (2) fines specified in paragraph (a) apply if the employing 22.8 unit does not file the executed agreement with the executive 22.9 director of the association by March 1. 22.10 Sec. 2. EFFECTIVE DATE. 22.11 Section 1 is effective on July 1, 2004. 22.12 ARTICLE 5 22.13 RETIREMENT PLAN CONTRIBUTIONS Section 1. Minnesota Statutes 2002, section 354B.23, 22.14 22.15 subdivision 1, is amended to read: 22.16 Subdivision 1. MEMBER CONTRIBUTION RATE. (a) Except as 22.17 provided in paragraph (b), The member contribution rate for 22.18 participants in the individual retirement account plan is 4.5 22.19 percent of salary. 22.20 (b) For participants in the individual retirement account 22.21 plan who were otherwise eligible to elect retirement coverage in 22.22 the state unclassified employees retirement program, the member 22.23 contribution rate is the rate specified in section 352D.04, 22.24 subdivision 2, paragraph (a). 22.25 Sec. 2. EFFECTIVE DATE. 22.26 Section 1 is effective on July 1, 2004. 22.27 ARTICLE 6 22.28 REPORTING AND INFORMATION PROVISION 22.29 Section 1. Minnesota Statutes 2002, section 354.07, 22.30 subdivision 9, is amended to read: 22.31 Subd. 9. INFORMATION DISTRIBTUION. All school districts, 22.32 the Minnesota state colleges and universities, community 22.33 colleges and other employers of members of the association are 22.34 obligated to distribute to their employees ballots for the 22.35 election of members to the board of trustees, pamphlets, 22.36 brochures, documents or any other material containing

23.1 association information which are prepared by the executive23.2 director or the board and are delivered to the employers for23.3 distribution.

23.4 Sec. 2. Minnesota Statutes 2002, section 354.52,

23.5 subdivision 4a, is amended to read:

23.6 Subd. 4a. MEMBER DATA REPORTING REQUIREMENTS. (a) An 23.7 employing unit must initially provide the member data specified 23.8 in paragraph (b) or any of that data not previously provided to 23.9 the association for payroll warrants dated after June 30, 1995, 23.10 in a format prescribed by the executive director. An employing 23.11 unit must provide the member data specified in paragraph (b) in 23.12 a format prescribed by the executive director. Data changes and 23.13 the dates of those changes under this subdivision must be 23.14 reported to the association in a format prescribed by the 23.15 <u>executive director</u> on an ongoing basis within 14 calendar days 23.16 after the date of the end of the payroll cycle in which they 23.17 occur. These data changes must be reported with the payroll 23.18 cycle data under subdivision 4b.

23.19 (b) Data on the member includes:

23.20 (1) legal name, address, date of birth, association member
23.21 number, employer-assigned employee number, and social security
23.22 number;

23.23 (2) association status, including, but not limited to,
23.24 basic, coordinated, exempt annuitant, exempt technical college
23.25 teacher, and exempt independent contractor or consultant;
23.26 (3) employment status, including, but not limited to, full
23.27 time, part time, intermittent, substitute, or part-time
23.28 mobility;

(4) employment position, including, but not limited to,
23.30 teacher, superintendent, principal, administrator, or other;
(5) employment activity, including, but not limited to,
23.32 hire, termination, resumption of employment, disability, or
23.33 death;

23.34 (6) leaves of absence;

23.35 (7) county district number assigned by the association for23.36 the employing unit;

[COM ] LM/LD 08/25/03 1:00 p.m. LCPR03-233 (8) data center identification number, if applicable; and 24.1 24.2 (9) gender; 24.3 (10) position code; and (11) other information as may be required by the executive 24.4 24.5 director. 24.6 Sec. 3. Minnesota Statutes 2002, section 354.52, is amended by adding a subdivision to read: 24.7 Subd. 4c. MNSCU SERVICE CREDIT REPORTING. For all 24.8 24.9 part-time service rendered on or after July 1, 200, the service 24.10 credit reporting requirement in subdivision 4b for all part-time 24.11 employees of the Minnesota state colleges and universities 24.12 system must be met by the Minnesota state colleges and 24.13 universities system reporting to the association on or before 24.14 July 31 of each year the final calculation of each part-time 24.15 member's service credit for the immediately preceding fiscal 24.16 year based on the employee's assignments for the fiscal year. 24.17 Sec. 4. Minnesota Statutes 2002, section 354.52, 24.18 subdivision 6, is amended to read: Subd. 6. NONCOMPLIANCE CONSEQUENCES. An employing unit 24.19 24.20 that does not comply with the reporting requirements under this 24.21 section shall subdivision 2a, 4a, or 4b must pay a fine of \$5 24.22 per calendar day until the association receives the required 24.23 data. Sec. 5. EFFECTIVE DATE. 24.24 24.25 Sections 1 to 4 are effective on July 1, 2004. 24.26 ARTICLE 7 RETIREMENT ANNUITY PROVISIONS 24.27 24.28 Section 1. Minnesota Statutes 2002, section 353.37, is 24.29 amended by adding a subdivision to read: 24.30 Subd. 1b. RETIREMENT AGE. For purposes of this section, 24.31 "retirement age" means retirement age as defined in United 24.32 States Code, title 42, section 416(1). 24.33 Sec. 2. Minnesota Statutes 2002, section 353.37, 24.34 subdivision 3, is amended to read: Subd. 3. **REDUCTION OF ANNUITY.** The association shall 24.35 24.36 reduce the amount of the annuity as follows:

25.1 (a) for of a person who has not reached normal the 25.2 retirement age, by one-half of the amount in excess of the 25.3 applicable reemployment income maximum under subdivision 1÷. 25.4 (b) for a person who has reached normal retirement age, but 25.5 has not reached age 70, one-third of the amount in excess of the 25.6 applicable reemployment income maximum under subdivision 1; 25.7 (c) for a person who has reached age 70, or for salary

25.8 earned through service in an elected office, there is no

25.9 reduction upon reemployment, regardless of income.

25.10 There is no reduction upon reemployment, regardless of income,

25.11 for a person who has reached the retirement age.

25.12 Sec. 3. Minnesota Statutes 2002, section 354.44,

25.13 subdivision 4, is amended to read:

25.14 Subd. 4. **RETIREMENT ANNUITY ACCRUAL DATE.** (a) An annuity 25.15 payment begins to accrue, providing that the age and service 25.16 requirements under subdivision 1 are satisfied, after the 25.17 termination of teaching service, or after the application for 25.18 retirement has been filed with the board, whichever is later, as 25.19 follows:

25.20 (1) on the 16th day of the month of termination or filing 25.21 if the termination or filing occurs on or before the 15th day of 25.22 the month;

25.23 (2) on the first day of the month following the month of 25.24 termination or filing if the termination or filing occurs on or 25.25 after the 16th day of the month;

25.26 (3) on July 1 for all school principals and other 25.27 administrators who receive a full annual contract salary during 25.28 the fiscal year for performance of a full year's contract 25.29 duties; or

25.30 (4) a later date to be <u>either</u> the first or <u>the</u> 16th day of
25.31 a month <u>occurring</u> within the six-month period immediately
25.32 following the termination of teaching service as specified under
25.33 paragraph (b) by the member.

(b) If an application for retirement is filed with the
25.35 board during the six-month period <u>that occurs</u> immediately
25.36 following the termination of teaching service, the annuity may

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begin to accrue as if the application for retirement had been 26.1 26.2 filed with the board on the date teaching service terminated or a later date under paragraph (a), clause (4). An annuity must 26.3 not begin to accrue more than one month before the date of final 26.4 26.5 salary receipt. 26.6 Sec. 4. EFFECTIVE DATE. 26.7 Sections 1, 2, and 3 are effective on July 1, 2004." 26.8 Delete the title and insert: 26.9 "A bill for an act 26.10 relating to retirement; statewide and major local 26.11 public pension plans; making various changes of an 26.12 administrative nature; amending Minnesota Statutes 26.13 2002, sections 352.01, subdivision 13; 352B.01, 26.14 subdivision 11; 353.01, subdivisions 2b, 10, 12a and 12b; 353.37, subdivision 3 and by adding a 26.15 subdivision; 354.05, subdivision 2, 354.091; 354.07, 26.16 26.17 subdivision 9; 354.096, subdivision 1; 354.44, subdivision 4; 354.52, subdivisions 4a and 6 and by 26.18 26.19 adding a subdivision; 354.53; 354.66, subdivision 2; 26.20 354A.093; 354B.20, subdivisions 4 and 6; 354B.23, 26.21 subdivision 1; 354C.11, subdivision 2; and 356.611, 26.22 subdivision 2 and by adding a subdivision; repealing 26.23 Minnesota Statutes 2002, section 352D.02, subdivision 26.24 5."