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**2014 OMNIBUS RETIREMENT BILL**

..... moves to amend S.F. No. ....; H.F. No. ...., as follows:

Delete everything after the enacting clause and insert:

**"ARTICLE 1**

**RETIREMENT GOVERNING BOARD PROVISIONS**

Section 1. Minnesota Statutes 2012, section 352.03, subdivision 1, is amended to read:

Subdivision 1. **Membership of board; election; term.** (a) The policy-making function of the system is vested in a board of 11 members known as the board of directors. This board shall consist of:

(1) three members appointed by the governor, one of whom must be a constitutional officer or appointed state official and two of whom must be public members knowledgeable in pension matters;

(2) four state employees elected by ~~state employees covered by the system~~ active members and former members eligible for a deferred annuity from the general state employees retirement plan, excluding employees ~~in categories specifically authorized to designate or elect a member by this subdivision~~, and deferred annuitants for whom a board member is designated;

(3) one employee of the Metropolitan Council's transit operations or its successor agency designated by the executive committee of the labor organization that is the exclusive bargaining agent representing employees of the transit division;

(4) one employee who is a member of the State Patrol retirement fund ~~and~~ plan elected by active members of ~~and~~ former members eligible for a deferred annuity from that fund ~~at a time and in a manner fixed by the board~~, plan;

(5) one employee ~~covered by~~ who is a member of the correctional state employees retirement plan established under this chapter elected by ~~employees covered by~~ active members and former members eligible for a deferred annuity from that plan; and

(6) one retired employee of a plan included in the system, elected by disabled and retired employees of ~~all the~~ plans administered by the system at a time and in a manner ~~to be fixed~~ determined by the board.

(b) The terms of the four elected state employees under paragraph (a), clause (2), must be staggered, with two of the state employee members board positions elected each biennium, whose terms of office begin on the first Monday in May after their election, ~~must be elected biennially~~. Elected members and the appointed member of the Metropolitan Council's transit operations hold office for a term of four years and until their successors are elected or appointed, and have qualified.

2.1 (c) An employee or former employee of the system is not eligible for membership  
 2.2 on the board of directors. A state employee on leave of absence is not eligible for election  
 2.3 or reelection to membership on the board of directors.

2.4 (d) The term of any board member who is on leave for more than six months  
 2.5 automatically ends on expiration of the term of office.

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

2.7 Sec. 2. Minnesota Statutes 2012, section 352.03, subdivision 1a, is amended to read:

2.8 Subd. 1a. **Membership voting limitations.** Active members and former members  
 2.9 eligible for a deferred annuity from a plan under this chapter or chapter 352B are eligible  
 2.10 to vote in board elections as further specified and restricted in this section. Retired  
 2.11 members and disabilitants from a plan in the system may vote only for the retired member  
 2.12 position under subdivision 1, paragraph (a), clause (6). If a former member eligible for a  
 2.13 deferred annuity from a plan under this chapter or chapter 352B is a deferred annuitant  
 2.14 from more than one plan covered by the system, that person is eligible to vote only in  
 2.15 elections applicable for deferred annuitants from the plan in the system from which the  
 2.16 person last received allowable service. If a person is an active member of a plan in the  
 2.17 system and is a deferred annuitant or a retiree from another plan or plans in the system,  
 2.18 the person is only eligible to vote in board elections applicable due to the active member  
 2.19 plan membership. If a person is a deferred annuitant from a plan in the system and is also  
 2.20 a retiree from another plan in the system, the person is only eligible to vote in elections  
 2.21 applicable due to the retiree status.

2.22 Subd. 1b. **Terms; compensation; removal; vacancies; public members.** The  
 2.23 membership terms, compensation, removal of members, and filling of vacancies for the  
 2.24 public members on the board are as provided in section 15.0575.

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

## 2.26 **ARTICLE 2**

### 2.27 **PERA-GENERAL MEMBERSHIP PROVISIONS**

2.28 Section 1. Minnesota Statutes 2013 Supplement, section 353.01, subdivision 2a,  
 2.29 is amended to read:

2.30 Subd. 2a. **Included employees; mandatory membership.** (a) Public employees  
 2.31 whose salary exceeds \$425 in any month and who are not specifically excluded under  
 2.32 subdivision 2b or who have not been provided an option to participate under subdivision  
 2.33 2d, whether individually or by action of the governmental subdivision, must participate as

3.1 members of the association with retirement coverage by the general employees retirement  
3.2 plan under this chapter, the public employees police and fire retirement plan under this  
3.3 chapter, or the local government correctional employees retirement plan under chapter  
3.4 353E, whichever applies. Membership commences as a condition of their employment on  
3.5 the first day of their employment or on the first day that the eligibility criteria are met,  
3.6 whichever is later. Public employees include but are not limited to:

3.7 (1) persons whose salary meets the threshold in this paragraph from employment in  
3.8 one or more positions within one governmental subdivision;

3.9 (2) elected county sheriffs;

3.10 (3) persons who are appointed, employed, or contracted to perform governmental  
3.11 functions that by law or local ordinance are required of a public officer, including, but  
3.12 not limited to:

3.13 (i) town and city clerk or treasurer;

3.14 (ii) county auditor, treasurer, or recorder;

3.15 (iii) city manager as defined in section 353.028 who does not exercise the option  
3.16 provided under subdivision 2d; or

3.17 (iv) emergency management director, as provided under section 12.25;

3.18 (4) physicians under section 353D.01, subdivision 2, who do not elect public  
3.19 employees defined contribution plan coverage under section 353D.02, subdivision 2;

3.20 (5) full-time employees of the Dakota County Agricultural Society;

3.21 (6) employees of the Red Wing Port Authority who were first employed by the  
3.22 Red Wing Port Authority before May 1, 2011, and who are not excluded employees  
3.23 under subdivision 2b; ~~and~~

3.24 (7) employees of the Seaway Port Authority of Duluth who are not excluded  
3.25 employees under subdivision 2b; and

3.26 (8) employees of the Stevens County Housing and Redevelopment Authority who  
3.27 were first employed by the Stevens County Housing and Redevelopment Authority before  
3.28 May 1, 2014, and who are not excluded employees under subdivision 2b.

3.29 (b) A public employee or elected official who was a member of the association on  
3.30 June 30, 2002, based on employment that qualified for membership coverage by the public  
3.31 employees retirement plan or the public employees police and fire plan under this chapter,  
3.32 or the local government correctional employees retirement plan under chapter 353E as of  
3.33 June 30, 2002, retains that membership for the duration of the person's employment in that  
3.34 position or incumbency in elected office. Except as provided in subdivision 28, the person  
3.35 shall participate as a member until the employee or elected official terminates public  
3.36 employment under subdivision 11a or terminates membership under subdivision 11b.

4.1 (c) If the salary of an included public employee is less than \$425 in any subsequent  
4.2 month, the member retains membership eligibility.

4.3 (d) For the purpose of participation in the MERF division of the general employees  
4.4 retirement plan, public employees include employees who were members of the former  
4.5 Minneapolis Employees Retirement Fund on June 29, 2010, and who participate as  
4.6 members of the MERF division of the association.

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

4.8 Sec. 2. Minnesota Statutes 2013 Supplement, section 353.01, subdivision 2b, is  
4.9 amended to read:

4.10 Subd. 2b. **Excluded employees.** (a) The following public employees are not eligible  
4.11 to participate as members of the association with retirement coverage by the general  
4.12 employees retirement plan, the local government correctional employees retirement plan  
4.13 under chapter 353E, or the public employees police and fire retirement plan:

4.14 (1) persons whose salary from one governmental subdivision never exceeds \$425 in  
4.15 a month;

4.16 (2) public officers who are elected to a governing body, city mayors, or persons who  
4.17 are appointed to fill a vacancy in an elective office of a governing body, whose term of office  
4.18 commences on or after July 1, 2002, for the service to be rendered in that elective position;

4.19 (3) election officers or election judges;

4.20 (4) patient and inmate personnel who perform services for a governmental  
4.21 subdivision;

4.22 (5) except as otherwise specified in subdivision 12a, employees who are hired for  
4.23 a temporary position as defined under subdivision 12a, and employees who resign from  
4.24 a nontemporary position and accept a temporary position within 30 days in the same  
4.25 governmental subdivision;

4.26 (6) employees who are employed by reason of work emergency caused by fire,  
4.27 flood, storm, or similar disaster;

4.28 (7) employees who by virtue of their employment in one governmental subdivision  
4.29 are required by law to be a member of and to contribute to any of the plans or funds  
4.30 administered by the Minnesota State Retirement System, the Teachers Retirement  
4.31 Association, the Duluth Teachers Retirement Fund Association, and the St. Paul Teachers  
4.32 Retirement Fund Association. This clause must not be construed to prevent a person from  
4.33 being a member of and contributing to the Public Employees Retirement Association and  
4.34 also belonging to and contributing to another public pension plan or fund for other service  
4.35 occurring during the same period of time. A person who meets the definition of "public

5.1 employee" in subdivision 2 by virtue of other service occurring during the same period of  
5.2 time becomes a member of the association unless contributions are made to another public  
5.3 retirement fund on the salary based on the other service or to the Teachers Retirement  
5.4 Association by a teacher as defined in section 354.05, subdivision 2;

5.5 (8) persons who are members of a religious order and are excluded from coverage  
5.6 under the federal Old Age, Survivors, Disability, and Health Insurance Program for the  
5.7 performance of service as specified in United States Code, title 42, section 410(a)(8)(A),  
5.8 as amended through January 1, 1987, if no irrevocable election of coverage has been made  
5.9 under section 3121(r) of the Internal Revenue Code of 1954, as amended;

5.10 (9) employees of a governmental subdivision who have not reached the age of  
5.11 23 and are enrolled on a full-time basis to attend or are attending classes on a full-time  
5.12 basis at an accredited school, college, or university in an undergraduate, graduate, or  
5.13 professional-technical program, or a public or charter high school;

5.14 (10) resident physicians, medical interns, and pharmacist residents and pharmacist  
5.15 interns who are serving in a degree or residency program in public hospitals or clinics;

5.16 (11) students who are serving for up to five years in an internship or residency program  
5.17 sponsored by a governmental subdivision, including an accredited educational institution;

5.18 (12) persons who hold a part-time adult supplementary technical college license who  
5.19 render part-time teaching service in a technical college;

5.20 (13) except for employees of Hennepin County or Hennepin Healthcare System, Inc.,  
5.21 foreign citizens who are employed by a governmental subdivision under a work permit, or  
5.22 an H-1b visa initially issued or extended for a combined period less than three years of  
5.23 employment. Upon extension of the employment beyond the three-year period, the foreign  
5.24 citizens must be reported for membership beginning the first of the month thereafter  
5.25 provided the monthly earnings threshold as provided under subdivision 2a is met;

5.26 (14) public hospital employees who elected not to participate as members of the  
5.27 association before 1972 and who did not elect to participate from July 1, 1988, to October  
5.28 1, 1988;

5.29 (15) except as provided in section 353.86, volunteer ambulance service personnel, as  
5.30 defined in subdivision 35, but persons who serve as volunteer ambulance service personnel  
5.31 may still qualify as public employees under subdivision 2 and may be members of the  
5.32 Public Employees Retirement Association and participants in the general employees  
5.33 retirement plan or the public employees police and fire plan, whichever applies, on the  
5.34 basis of compensation received from public employment service other than service as  
5.35 volunteer ambulance service personnel;

6.1 (16) except as provided in section 353.87, volunteer firefighters, as defined in  
6.2 subdivision 36, engaging in activities undertaken as part of volunteer firefighter duties,  
6.3 but a person who is a volunteer firefighter may still qualify as a public employee under  
6.4 subdivision 2 and may be a member of the Public Employees Retirement Association and  
6.5 a participant in the general employees retirement plan or the public employees police  
6.6 and fire plan, whichever applies, on the basis of compensation received from public  
6.7 employment activities other than those as a volunteer firefighter;

6.8 (17) pipefitters and associated trades personnel employed by Independent School  
6.9 District No. 625, St. Paul, with coverage under a collective bargaining agreement by the  
6.10 pipefitters local 455 pension plan who were either first employed after May 1, 1997, or,  
6.11 if first employed before May 2, 1997, elected to be excluded under Laws 1997, chapter  
6.12 241, article 2, section 12;

6.13 (18) electrical workers, plumbers, carpenters, and associated trades personnel who  
6.14 are employed by Independent School District No. 625, St. Paul, or the city of St. Paul,  
6.15 who have retirement coverage under a collective bargaining agreement by the Electrical  
6.16 Workers Local 110 pension plan, the United Association Plumbers Local 34 pension plan,  
6.17 or the pension plan applicable to Carpenters Local ~~87~~ 322 who were either first employed  
6.18 after May 1, 2000, or, if first employed before May 2, 2000, elected to be excluded under  
6.19 Laws 2000, chapter 461, article 7, section 5;

6.20 (19) bricklayers, allied craftworkers, cement masons, glaziers, glassworkers,  
6.21 painters, allied tradesworkers, and plasterers who are employed by the city of St. Paul  
6.22 or Independent School District No. 625, St. Paul, with coverage under a collective  
6.23 bargaining agreement by the Bricklayers and Allied Craftworkers Local 1 pension plan,  
6.24 the Cement Masons Local 633 pension plan, the Glaziers and Glassworkers Local L-1324  
6.25 pension plan, the Painters and Allied Trades Local 61 pension plan, or the Twin Cities  
6.26 Plasterers Local 265 pension plan who were either first employed after May 1, 2001, or if  
6.27 first employed before May 2, 2001, elected to be excluded under Laws 2001, First Special  
6.28 Session chapter 10, article 10, section 6;

6.29 (20) plumbers who are employed by the Metropolitan Airports Commission, with  
6.30 coverage under a collective bargaining agreement by the Plumbers Local 34 pension plan,  
6.31 who either were first employed after May 1, 2001, or if first employed before May 2,  
6.32 2001, elected to be excluded under Laws 2001, First Special Session chapter 10, article  
6.33 10, section 6;

6.34 (21) employees who are hired after June 30, 2002, to fill seasonal positions under  
6.35 subdivision 12b which are limited in duration by the employer to 185 consecutive calendar  
6.36 days or less in each year of employment with the governmental subdivision;

7.1 (22) persons who are provided supported employment or work-study positions by a  
 7.2 governmental subdivision and who participate in an employment or industries program  
 7.3 maintained for the benefit of these persons where the governmental subdivision limits the  
 7.4 position's duration to up to five years, including persons participating in a federal or state  
 7.5 subsidized on-the-job training, work experience, senior citizen, youth, or unemployment  
 7.6 relief program where the training or work experience is not provided as a part of, or  
 7.7 for, future permanent public employment;

7.8 (23) independent contractors and the employees of independent contractors;

7.9 (24) reemployed annuitants of the association during the course of that  
 7.10 reemployment; ~~and~~

7.11 (25) persons appointed to serve on a board or commission of a governmental  
 7.12 subdivision or an instrumentality thereof; and

7.13 (26) persons employed as full-time fixed-route bus drivers by the St. Cloud  
 7.14 Metropolitan Transit Commission who are members of the International Brotherhood  
 7.15 of Teamsters Local 638 and who are, by virtue of that employment, members of the  
 7.16 International Brotherhood of Teamsters Central States pension plan.

7.17 (b) Any person performing the duties of a public officer in a position defined in  
 7.18 subdivision 2a, paragraph (a), clause (3), is not an independent contractor and is not an  
 7.19 employee of an independent contractor.

7.20 **EFFECTIVE DATE.** This section is effective retroactively from August 1, 1986.

7.21 Sec. 3. Minnesota Statutes 2012, section 356.24, subdivision 1, is amended to read:

7.22 Subdivision 1. **Restriction; exceptions.** It is unlawful for a school district or other  
 7.23 governmental subdivision or state agency to levy taxes for or to contribute public funds to  
 7.24 a supplemental pension or deferred compensation plan that is established, maintained,  
 7.25 and operated in addition to a primary pension program for the benefit of the governmental  
 7.26 subdivision employees other than:

7.27 (1) to a supplemental pension plan that was established, maintained, and operated  
 7.28 before May 6, 1971;

7.29 (2) to a plan that provides solely for group health, hospital, disability, or death  
 7.30 benefits;

7.31 (3) to the individual retirement account plan established by chapter 354B;

7.32 (4) to a plan that provides solely for severance pay under section 465.72 to a retiring  
 7.33 or terminating employee;

7.34 (5) for employees other than personnel employed by the Board of Trustees of the  
 7.35 Minnesota State Colleges and Universities and covered under the Higher Education

8.1 Supplemental Retirement Plan under chapter 354C, but including city managers covered  
8.2 by an alternative retirement arrangement under section 353.028, subdivision 3, paragraph  
8.3 (a), or by the defined contribution plan of the Public Employees Retirement Association  
8.4 under section 353.028, subdivision 3, paragraph (b), if the supplemental plan coverage is  
8.5 provided for in a personnel policy of the public employer or in the collective bargaining  
8.6 agreement between the public employer and the exclusive representative of public  
8.7 employees in an appropriate unit or in the individual employment contract between a city  
8.8 and a city manager, and if for each available investment all fees and historic rates of return  
8.9 for the prior one-, three-, five-, and ten-year periods, or since inception, are disclosed in an  
8.10 easily comprehended document not to exceed two pages, in an amount matching employee  
8.11 contributions on a dollar for dollar basis, but not to exceed an employer contribution of  
8.12 one-half of the available elective deferral permitted per year per employee, under the  
8.13 Internal Revenue Code:

8.14 (i) to the state of Minnesota deferred compensation plan under section 352.965;

8.15 (ii) in payment of the applicable portion of the contribution made to any investment  
8.16 eligible under section 403(b) of the Internal Revenue Code, if the employing unit has  
8.17 complied with any applicable pension plan provisions of the Internal Revenue Code with  
8.18 respect to the tax-sheltered annuity program during the preceding calendar year; or

8.19 (iii) any other deferred compensation plan offered by the employer under section  
8.20 457 of the Internal Revenue Code;

8.21 (6) for personnel employed by the Board of Trustees of the Minnesota State Colleges  
8.22 and Universities and not covered by clause (5), to the supplemental retirement plan under  
8.23 chapter 354C, if the supplemental plan coverage is provided for in a personnel policy  
8.24 or in the collective bargaining agreement of the public employer with the exclusive  
8.25 representative of the covered employees in an appropriate unit, in an amount matching  
8.26 employee contributions on a dollar for dollar basis, but not to exceed an employer  
8.27 contribution of \$2,700 a year for each employee;

8.28 (7) to a supplemental plan or to a governmental trust to save for postretirement  
8.29 health care expenses qualified for tax-preferred treatment under the Internal Revenue  
8.30 Code, if the supplemental plan coverage is provided for in a personnel policy or in the  
8.31 collective bargaining agreement of a public employer with the exclusive representative of  
8.32 the covered employees in an appropriate unit;

8.33 (8) to the laborers national industrial pension fund or to a laborers local pension fund  
8.34 for the employees of a governmental subdivision who are covered by a collective bargaining  
8.35 agreement that provides for coverage by that fund and that sets forth a fund contribution  
8.36 rate, but not to exceed an employer contribution of \$5,000 per year per employee;



9.1 (9) to the plumbers and pipefitters national pension fund or to a plumbers and  
 9.2 pipefitters local pension fund for the employees of a governmental subdivision who are  
 9.3 covered by a collective bargaining agreement that provides for coverage by that fund and  
 9.4 that sets forth a fund contribution rate, but not to exceed an employer contribution of  
 9.5 \$5,000 per year per employee;

9.6 (10) to the international union of operating engineers pension fund for the employees  
 9.7 of a governmental subdivision who are covered by a collective bargaining agreement that  
 9.8 provides for coverage by that fund and that sets forth a fund contribution rate, but not to  
 9.9 exceed an employer contribution of \$5,000 per year per employee;

9.10 (11) to a supplemental plan organized and operated under the federal Internal  
 9.11 Revenue Code, as amended, that is wholly and solely funded by the employee's  
 9.12 accumulated sick leave, accumulated vacation leave, and accumulated severance pay;

9.13 (12) to the International Association of Machinists national pension fund for the  
 9.14 employees of a governmental subdivision who are covered by a collective bargaining  
 9.15 agreement that provides for coverage by that fund and that sets forth a fund contribution  
 9.16 rate, but not to exceed an employer contribution of \$5,000 per year per employee;

9.17 (13) for employees of United Hospital District, Blue Earth, to the state of Minnesota  
 9.18 deferred compensation program, if the employee makes a contribution, in an amount that  
 9.19 does not exceed the total percentage of covered salary under section 353.27, subdivisions  
 9.20 3 and 3a; or

9.21 (14) to the alternative retirement plans established by the Hennepin County Medical  
 9.22 Center under section 383B.914, subdivision 5; or

9.23 (15) to the International Brotherhood of Teamsters Central States pension plan for  
 9.24 fixed-route bus drivers employed by the St. Cloud Metropolitan Transit Commission who  
 9.25 are members of the International Brotherhood of Teamsters Local 638 by virtue of that  
 9.26 employment.

9.27 **EFFECTIVE DATE.** This section is effective retroactively from August 1, 1986.

9.28 **Sec. 4. VALIDATION OF PAST RETIREMENT COVERAGE**  
 9.29 **AND CONTRIBUTIONS FOR STEVENS COUNTY HOUSING AND**  
 9.30 **REDEVELOPMENT AUTHORITY EMPLOYEES.**

9.31 (a) Retirement coverage by the general employees plan of the Public Employees  
 9.32 Retirement Association, allowable service credit, and salary credit for employees of the  
 9.33 Stevens County Housing and Redevelopment Authority who were so employed after  
 9.34 November 7, 1984, and were first so employed before May 1, 2014, who had monthly  
 9.35 salary in any month of at least \$325 until June 30, 1988, and who had monthly salary in

10.1 any month of at least \$425 after June 30, 1988, who were not otherwise excluded under  
 10.2 the applicable edition of Minnesota Statutes, section 353.01, subdivision 2b, and who had  
 10.3 member deductions taken and transferred in a timely manner to the general employees  
 10.4 retirement fund before the effective date of this section are hereby validated.

10.5 (b) Notwithstanding any provision of Minnesota Statutes, chapter 353, to the  
 10.6 contrary, employee contributions deducted from employees of the Stevens County  
 10.7 Housing and Redevelopment Authority described in paragraph (a) before the effective  
 10.8 date of this section and associated employer contributions are valid assets of the general  
 10.9 employees retirement fund and are not subject to refund or adjustment for erroneous  
 10.10 receipt except as provided in Minnesota Statutes, section 353.32, subdivision 1 or 2;  
 10.11 or 353.34, subdivisions 1 and 2.

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

### 10.13 **ARTICLE 3**

#### 10.14 **MNSCU-RELATED PROVISIONS**

10.15 Section 1. Minnesota Statutes 2012, section 136F.481, is amended to read:

#### 10.16 **136F.481 EARLY SEPARATION INCENTIVE PROGRAM.**

10.17 (a) Notwithstanding any provision of law to the contrary, the Board of Trustees  
 10.18 of the Minnesota State Colleges and Universities may offer a targeted early separation  
 10.19 incentive program for its employees.

10.20 (b) The early separation incentive program may include one or both of the following:

10.21 (1) cash incentives, not to exceed one year of base salary; or

10.22 (2) employer contributions to the postretirement healthcare savings plan established  
 10.23 under section 352.98.

10.24 (c) To be eligible to receive an incentive, an employee must be at least age 55  
 10.25 and must have at least five years of employment by the Minnesota State Colleges and  
 10.26 Universities System. The board of trustees shall establish and periodically revise the  
 10.27 eligibility requirements for system employees to receive an incentive. The board of  
 10.28 trustees shall file a copy of its proposed revised eligibility requirements with the chairs  
 10.29 and ranking members of the senate committee ~~on~~ with higher education within its  
 10.30 jurisdiction and the ~~Higher Education budget and Policy senate finance~~ division of the  
 10.31 ~~senate Committee on Finance~~ with higher education within its jurisdiction and with the  
 10.32 chair and ranking members of the ~~Higher Education and Workforce Development Finance~~  
 10.33 ~~and Policy Division of the Finance~~ committee of in the house of representatives with  
 10.34 higher education within its jurisdiction and of the house of representatives Committee  
 10.35 on Ways and Means, at least 30 days before ~~their~~ the final adoption of the proposed

11.1 revised eligibility requirements by the board of trustees, shall post the same document  
11.2 on the system Web site at the same time, and shall hold a public hearing on the proposed  
11.3 eligibility requirements. The type and any additional amount of the incentive to be offered  
11.4 may vary by employee classification, as specified by the board.

11.5 (d) The president of a college or university, consistent with paragraphs (b) and  
11.6 (c), may designate:

11.7 (1) specific departments or programs at the college or university whose employees  
11.8 are eligible to be offered the incentive program; or

11.9 (2) positions at the college or university eligible to be offered the incentive program.

11.10 (e) The chancellor, consistent with paragraphs (b) and (c), may designate:

11.11 (1) system office divisions whose employees are eligible to be offered the incentive  
11.12 program; or

11.13 (2) positions at the system office eligible to be offered the incentive program.

11.14 (f) Acceptance of the offered incentive must be voluntary on the part of the employee  
11.15 and must be in writing. The incentive may only be offered at the sole discretion of the  
11.16 president of the applicable college or university.

11.17 (g) A decision by the president of a college or university or by the chancellor not to  
11.18 offer an incentive may not be challenged.

11.19 (h) The cost of the incentive is payable by the college or university on whose behalf  
11.20 the president offered the incentive or from the system office budget if the chancellor offered  
11.21 the incentive. If a college or university is merged, the remaining cost of any early separation  
11.22 incentive must be borne by the successor institution. If a college or university is closed,  
11.23 the remaining cost of any early separation incentive must be borne by the board of trustees.

11.24 (i) Annually, the chancellor and the president of each college or university must  
11.25 report on the number and types of early separation incentives which were offered and  
11.26 utilized under this section. The report must be filed annually with the board of trustees and  
11.27 with the Legislative Reference Library on or before September 1.

11.28 (j) The early retirement incentive authority under this section expires on June 30,  
11.29 2019.

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

11.31 Sec. 2. Minnesota Statutes 2012, section 352.1155, subdivision 1, is amended to read:

11.32 Subdivision 1. **Eligibility.** Except as indicated in subdivision 4, the annuity  
11.33 reduction provisions of section 352.115, subdivision 10, do not apply to a person who:

12.1 (1) retires from the Minnesota State Colleges and Universities system with at least  
 12.2 ten years of combined service credit in a system under the jurisdiction of the Board of  
 12.3 Trustees of the Minnesota State Colleges and Universities;

12.4 (2) was employed on a full-time basis immediately preceding retirement as a faculty  
 12.5 member or as an unclassified administrator in that system;

12.6 (3) was not a recipient of an early retirement incentive under section 136F.481;

12.7 ~~(3)~~ (4) begins drawing an annuity from the general state employees retirement plan  
 12.8 of the Minnesota State Retirement System; and

12.9 ~~(4)~~ (5) returns to work on not less than a one-third time basis and not more than a  
 12.10 two-thirds time basis in the system from which the person retired under an agreement in  
 12.11 which the person may not earn a salary of more than ~~\$46,000~~ \$62,000 in a calendar year  
 12.12 ~~from~~ through employment after retirement in the system from which the person retired.

12.13 **EFFECTIVE DATE.** This section is effective July 1, 2014.

12.14 Sec. 3. Minnesota Statutes 2012, section 352.1155, subdivision 4, is amended to read:

12.15 Subd. 4. **Exemption limit.** For a person eligible under this section who earns more  
 12.16 than ~~\$46,000~~ \$62,000 in a calendar year ~~from~~ through reemployment in the Minnesota  
 12.17 State Colleges and Universities system following retirement, the annuity reduction  
 12.18 provisions of section 352.115, subdivision 10, apply only to income over ~~\$46,000~~ \$62,000.

12.19 **EFFECTIVE DATE.** This section is effective July 1, 2014.

12.20 Sec. 4. Minnesota Statutes 2012, section 354.445, is amended to read:

12.21 **354.445 NO ANNUITY REDUCTION.**

12.22 (a) The annuity reduction provisions of section 354.44, subdivision 5, do not apply  
 12.23 to a person who:

12.24 (1) retires from the Minnesota State Colleges and Universities system with at least  
 12.25 ten years of combined service credit in a system under the jurisdiction of the Board of  
 12.26 Trustees of the Minnesota State Colleges and Universities;

12.27 (2) was employed on a full-time basis immediately preceding retirement as a faculty  
 12.28 member or as an unclassified administrator in that system;

12.29 (3) was not a recipient of an early retirement incentive under section 136F.481;

12.30 ~~(3)~~ (4) begins drawing an annuity ~~from the teachers retirement association;~~ and

12.31 ~~(4)~~ (5) returns to work on not less than a one-third time basis and not more than a  
 12.32 two-thirds time basis in the system from which the person retired under an agreement in

13.1 which the person may not earn a salary of more than ~~\$46,000~~ \$62,000 in a calendar year  
 13.2 ~~from~~ through employment after retirement in the system from which the person retired.

13.3 (b) Initial participation, the amount of time worked, and the duration of participation  
 13.4 under this section must be mutually agreed upon by the president of the institution where  
 13.5 the person returns to work and the employee. The president may require up to one-year  
 13.6 notice of intent to participate in the program as a condition of participation under this  
 13.7 section. The president shall determine the time of year the employee shall work. The  
 13.8 employer or the president may not require a person to waive any rights under a collective  
 13.9 bargaining agreement as a condition of participation under this section.

13.10 (c) Notwithstanding any law to the contrary, a person eligible under paragraphs (a)  
 13.11 and (b) may not, based on employment to which the waiver in this section applies, earn  
 13.12 further service credit in a Minnesota public defined benefit plan and is not eligible to  
 13.13 participate in a Minnesota public defined contribution plan, other than a volunteer fire plan  
 13.14 governed by chapter 424A. No employer or employee contribution to any of these plans  
 13.15 may be made on behalf of such a person.

13.16 (d) For a person eligible under paragraphs (a) and (b) who earns more than ~~\$46,000~~  
 13.17 \$62,000 in a calendar year ~~from~~ employment after retirement due to employment by the  
 13.18 Minnesota state colleges and universities system, the annuity reduction provisions of  
 13.19 section 354.44, subdivision 5, apply only to income over ~~\$46,000~~ \$62,000.

13.20 (e) A person who returns to work under this section is a member of the appropriate  
 13.21 bargaining unit and is covered by the appropriate collective bargaining contract. Except  
 13.22 as provided in this section, the person's coverage is subject to any part of the contract  
 13.23 limiting rights of part-time employees.

13.24 **EFFECTIVE DATE.** This section is effective July 1, 2014.

13.25 Sec. 5. Minnesota Statutes 2012, section 354A.31, subdivision 3a, is amended to read:

13.26 Subd. 3a. **No annuity reduction.** (a) The annuity reduction provisions of  
 13.27 subdivision 3 do not apply to a person who:

13.28 (1) retires from the technical college system with at least ten years of service credit  
 13.29 in the system from which the person retires;

13.30 (2) was employed on a full-time basis immediately preceding retirement as a  
 13.31 technical college faculty member;

13.32 (3) was not a recipient of an early retirement incentive under section 136F.481;

13.33 ~~(3)~~ (4) begins drawing an annuity from a first class city teachers retirement  
 13.34 association; and

14.1           ~~(4)~~ (5) returns to work on not less than a one-third time basis and not more than a  
14.2 two-thirds time basis in the technical college system under an agreement in which the  
14.3 person may not earn a salary of more than ~~\$46,000~~ \$62,000 in a calendar year ~~from~~  
14.4 through the technical college system.

14.5           (b) Initial participation, the amount of time worked, and the duration of participation  
14.6 under this section must be mutually agreed upon by the employer and the employee. The  
14.7 employer may require up to a one-year notice of intent to participate in the program as a  
14.8 condition of participation under this section. The employer shall determine the time  
14.9 of year the employee shall work.

14.10          (c) Notwithstanding any law to the contrary, a person eligible under paragraphs  
14.11 (a) and (b) may not earn further service credit in a first class city teachers retirement  
14.12 association and is not eligible to participate in the individual retirement account plan or  
14.13 the supplemental retirement plan established in chapter 354B as a result of service under  
14.14 this section. No employer or employee contribution to any of these plans may be made on  
14.15 behalf of such a person.

14.16           **EFFECTIVE DATE.** This section is effective July 1, 2014.

14.17          Sec. 6. Minnesota Statutes 2012, section 354B.21, subdivision 2, is amended to read:

14.18           Subd. 2. **Coverage; election.** (a) An eligible person employed by the board has  
14.19 the default coverage specified in subdivision 3, or other subdivisions of this section,  
14.20 whichever is applicable, and retains that coverage for the period of covered employment  
14.21 unless a timely election to change that coverage is made as specified in this section.

14.22           (b) An eligible person under subdivision 3, paragraph (b) or (c), is authorized to elect  
14.23 prospective Teachers Retirement Association plan coverage.

14.24           (c) An eligible person under subdivision 3, paragraph (d), is authorized to elect  
14.25 prospective coverage by the plan established by this chapter.

14.26           (d) The election under paragraph (a) must be made within one year of commencing  
14.27 eligible Minnesota State Colleges and Universities system employment. If an election  
14.28 is not made within the specified election period due to a termination of Minnesota State  
14.29 Colleges and Universities system employment, an election may be made within 90 days  
14.30 of returning to eligible Minnesota State Colleges and Universities system employment.  
14.31 Except as specified in paragraph (f), all elections are irrevocable.

14.32           (e) Except as provided in paragraph (f), a purchase of service credit in the Teachers  
14.33 Retirement Association plan for any period or periods of Minnesota State Colleges  
14.34 and Universities system employment occurring before the election under this section  
14.35 is prohibited.

15.1 (f) Notwithstanding other paragraphs in this subdivision, a faculty member who  
 15.2 is a member of the individual retirement account plan may elect to transfer retirement  
 15.3 coverage to the teachers retirement plan within one year of the faculty member first  
 15.4 achieving tenure or its equivalent at a Minnesota state college or university. The faculty  
 15.5 member electing Teachers Retirement Association coverage under this paragraph must  
 15.6 purchase service credit in the Teachers Retirement Association for the entire period of  
 15.7 time covered under the individual retirement account plan and the purchase payment  
 15.8 amount must be determined under section 356.551. The Teachers Retirement Association  
 15.9 may charge a faculty member transferring coverage a reasonable fee to cover the costs  
 15.10 associated with computing the actuarial cost of purchasing service credit and making the  
 15.11 transfer. A faculty member transferring from the individual retirement account plan to the  
 15.12 Teachers Retirement Association may use any balances to the credit of the faculty member  
 15.13 in the individual retirement account plan, any balances to the credit of the faculty member  
 15.14 in the higher education supplemental retirement plan established under chapter 354C, or  
 15.15 any source specified in section 356.441, subdivision 1, to purchase the service credit in the  
 15.16 Teachers Retirement Association. If the total amount of payments under this paragraph are  
 15.17 less than the total purchase payment amount under section 356.551, the payment amounts  
 15.18 must be refunded to the applicable source. ~~The retirement coverage transfer and service  
 15.19 credit purchase authority under this paragraph expires with respect to any Minnesota State  
 15.20 Colleges and Universities System faculty initially hired after June 30, 2014.~~

15.21 **EFFECTIVE DATE.** This section is effective July 1, 2014.

15.22 Sec. 7. Laws 2009, chapter 169, article 6, section 1, the effective date, is amended to  
 15.23 read:

15.24 **EFFECTIVE DATE; SUNSET.** This section is effective the day following final  
 15.25 enactment ~~and expires June 30, 2014.~~

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

15.27 Delete the title and insert:

15.28 "A bill for an act  
 15.29 relating to retirement; various Minnesota public employee retirement plans;  
 15.30 allowing MSRS-General deferred members to vote in board elections;  
 15.31 continuing Stevens County Housing and Redevelopment Authority employees in  
 15.32 PERA-General; excluding fixed-route bus drivers employed by the St. Cloud  
 15.33 Metropolitan Transit Commission from PERA-General coverage; extending a  
 15.34 MnSCU early retirement incentive program; increasing the limit for certain  
 15.35 reemployed MnSCU retirees; extending the applicability of a second chance at  
 15.36 tenure retirement coverage election opportunity for MnSCU faculty members;  
 15.37 amending Minnesota Statutes 2012, sections 136F.481; 352.03, subdivisions 1,  
 15.38 1a; 352.1155, subdivisions 1, 4; 354.445; 354A.31, subdivision 3a; 354B.21,

- 16.1 subdivision 2; 356.24, subdivision 1; Minnesota Statutes 2013 Supplement,
- 16.2 section 353.01, subdivisions 2a, 2b; Laws 2009, chapter 169, article 6, section 1."