TRA TEACHERS RETIREMENT ASSOCIATION

The Fiscal Implications Related to the MN Teachers Retirement (TRA) Plan

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Current Parameters

- A teacher hired on/before June 30, 1989 @ 22 years old will be 56 years old in 2025 - Rule of 90 eligible
- A teacher hired after June 30, 1989 @ 22 years old will also be 56 years old in 2025 - Not Rule of 90 eligible
- The last of the Tier 1 eligible teachers are eligible to retire in June 2025 (this year)*
- For all others (Tier 2), the natural retirement age (NRA) is 65 - 9 additional years for an unreduced retirement (SY2034)

* Some exceptions apply

Disclaimers & Assumptions in the Calculations

- **Based on TRA's 2022 data, 28% of the 2,266 SY2022 retires retired under Rule of 90 (~634)**
- **Assuming all teachers stay employed to NRA, this is an additional 5,706 teachers at the bottom of the salary schedule in SY2034 (about 10% of all licensed teachers)**
- **Utilized the SY24-25 Contract (salary/steps/lanes) of the largest district in Minnesota - acknowledge some contracts are higher, some lower, and cells may vary by school district. In this contract, there is an additional step in the MA column (22 versus 21 for a BA)**
- **Number of teachers working in Minnesota (57,057)***

*Data from TRA, MDEORG, MARSS, Staff Employment

Disclaimers & Assumptions in the Calculations

- **Approximately 53.5% of all K-12 teachers have an earned MA (leaving 46.5% BA)***
- **Based on the information above, ~306 Teachers/cell with a BA and ~268 teachers/cell with a MA (distributed equally across the BA and MA cells)**
- **Assumed no net increase or decrease to the 57,057 teachers from the previous slide**
- **Assumed all Tier 2 teachers remain employed until their normal retirement age of 65**

* District Data

Disclaimers & Assumptions in the Calculations

- **Assumed all teachers move down one cell in years of service/year (with the exception of the bottom cell)**
- **Utilized a 2.5% annual salary increase for all salary cells**
- **The employer contribution to TRA was not used in the calculations***
- **Had the employer calculations been used, the cost to districts would be even higher over time***
- **Keep in mind, however, that the higher volume of wage earners employed, the higher revenue is generated to the TRA pension fund**

*Example: MA + 0 (middle cell) in year 1 is ~$2,864 more in district/employer contributions annually - (i.e., the difference between MA + 0 teacher with one year experience versus an MA + 0 teacher with 22+ years


Fiscal Cliff
Just Ahead

BA + 0 SY24-25	BA + 0 SY24-25 Statewide Cell Cost (306 Teachers in all cells)	BA + 0 SY 25-26 (2.5% Raise)	BA + 0 SY25-26 Statewide Cell Cost (306 Teachers in all cells + 612 Teachers in Bottom Cell - zero Teachers in First Cell)	BA + 0 SY 26-27 (2.5% Raise)	BA + 0 SY26-27 Statewide Cell Cost (306 Teachers in all cells + 918 Teachers in Bottom Cell - Zero Teachers in First 2 Cells)	BA + 0 SY 27-28 (2.5% Raise)	BA + 0 SY27-28 Statewide Cell Cost (306 Teachers in all cells + 1224Teachers in Bottom Cell - Zero Teachers in First 3 Cells)	BA + 0 SY 28-29 (2.5% Raise)	BA + 0 SY28-29 Statewide Cell Cost (306 Teachers in all cells + 1530 Teachers in Bottom Cell - Zero Teachers in First 4 Cells)	BA + 0 SY 29-30 (2.5% Raise)	BA + 0 SY29-30 Statewide Cell Cost (306 Teachers in all cells + 1836 Teachers in Bottom Cell - Zero Teachers in First 5 Cells)	BA + 0 SY 30-31 (2.5% Raise)	BA + 0 SY30-31 Statewide Cell Cost (306 Teachers in all cells + 2142 Teachers in Bottom Cell - Zero Teachers in First 6 Cells)	BA + 0 SY 31-32 (2.5% Raise)	BA + 0 SY31-32 Statewide Cell Cost (306 Teachers in all cells + 2448 Teachers in Bottom Cell - Zero Teachers in First 7 Cells)	BA + 0 SY 32-33 (2.5% Raise)	BA + 0 SY32-33 Statewide Cell Cost (306 Teachers in all cells + 2754 Teachers in Bottom Cell - Zero Teachers in First 8 Cells)	BA + 0 SY 33-34 (2.5% Raise)	BA + 0 SY33-34 Statewide Cell Cost (306 Teachers in all cells + 3060 Teachers in Bottom Cell - Zero Teachers in First 9 Cells)
50029	15308874	51279.725	0	52561.71813	0	53875.76108	0	55222.65511	0	56603.22148	0	58018.30202	0	59468.75957	0	60955.47856	0	62479.36552	0
50872	15566832	52143.8	15956002.8	53447.395	0	54783.57988	0	56153.16937	0	57556.99861	0	58995.92357	0	60470.82166	0	61982.5922	0	63532.15701	0
52140	15954840	53443.5	16353711	54779.5875	16762553.78	56149.07719	0	57552.80412	0	58991.62422	0	60466.41483	0	61978.0752	0	63527.52708	0	65115.71525	0
52140	15954840	53443.5	16353711	54779.5875	16762553.78	56149.07719	17181617.62	57552.80412	0	58991.62422	0	60466.41483	0	61978.0752	0	63527.52708	0	65115.71525	0
53851	16478406	55197.275	16890366.15	56577.20688	17312625.3	57991.63705	17745440.94	59441.42797	18189076.96	60927.46367	0	62450.65026	0	64011.91652	0	65612.21443	0	67252.51979	0
56704	17351424	58121.6	17785209.6	59574.64	18229839.84	61064.006	18685585.84	62590.60615	19152725.48	64155.3713	19631543.62	65759.25559	0	67403.23698	0	69088.3179	0	70815.52585	0
60081	18384786	61583.025	18844405.65	63122.60063	19315515.79	64700.66564	19798403.69	66318.18228	20293363.78	67976.13684	20800697.87	69675.54026	21320715.32	71417.42877	0	73202.86449	0	75032.9361	0
61957	18958842	63505.925	19432813.05	65093.57313	19918633.38	66720.91245	20416599.21	68388.93526	20927014.19	70098.65865	21450189.55	71851.12511	21986444.28	73647.40324	22536105.39	75488.58832	0	77375.80303	0
63832	19532592	65427.8	20020906.8	67063.495	20521429.47	68740.08238	21034465.21	70458.58443	21560326.84	72220.04905	22099335.01	74025.55027	22651818.38	75876.18903	23218113.84	77773.09375	23798566.69	79717.4211	0
65428	20020968	67063.7	20521492.2	68740.2925	21034529.51	70458.79981	21560392.74	72220.26981	22099402.56	74025.77655	22651887.63	75876.42097	23218184.82	77773.33149	23798639.44	79717.66478	24393605.42	81710.6064	25003445.56
67352	20609712	69035.8	21124954.8	70761.695	21653078.67	72530.73738	22194405.64	74344.00581	22749265.78	76202.60595	23317997.42	78107.6711	23900947.36	80060.36288	24498471.04	82061.87195	25110932.82	84113.41875	25738706.14
68346	20913876	70054.65	21436722.9	71806.01625	21972640.97	73601.16666	22521957	75441.19582	23085005.92	77327.22572	23662131.07	79260.40636	24253684.35	81241.91652	24860026.46	83272.96443	25481527.12	85354.78854	26118565.29
69914	21393684	71661.85	21928526.1	73453.39625	22476739.25	75289.73116	23038657.73	77171.97444	23614624.18	79101.2738	24204989.78	81078.80564	24810114.53	83105.77578	25430367.39	85183.42018	26066126.57	87313.00568	26717779.74
70955	21712230	72728.875	22255035.75	74547.09688	22811411.64	76410.7743	23381696.93	78321.04365	23966239.36	80279.06975	24565395.34	82286.04649	25179530.23	84343.19765	25809018.48	86451.77759	26454243.94	88613.07203	27115600.04
71660	21927960	73451.5	22476159	75287.7875	23038062.98	77169.98219	23614014.55	79099.23174	24204364.91	81076.71254	24809474.04	83103.63035	25429710.89	85181.22111	26065453.66	87310.75164	26717090	89493.52043	27385017.25
72013	22035978	73813.325	22586877.45	75658.65813	23151549.39	77550.12458	23730338.12	79488.87769	24323596.57	81476.09963	24931686.49	83513.00213	25554978.65	85600.82718	26193853.12	87740.84786	26848699.44	89934.36905	27519916.93
73575	22513950	75414.375	23076798.75	77299.73438	23653718.72	79232.22773	24245061.69	81213.03343	24851188.23	83243.35926	25472467.93	85324.44325	26109279.63	87457.55433	26762011.62	89643.99318	27431061.91	91885.09301	28116838.46
73575	22513950	75414.375	23076798.75	77299.73438	23653718.72	79232.22773	24245061.69	81213.03343	24851188.23	83243.35926	25472467.93	85324.44325	26109279.63	87457.55433	26762011.62	89643.99318	27431061.91	91885.09301	28116838.46
74678	22851468	76544.95	23422754.7	78458.57375	24008323.57	80420.03809	24608531.66	82430.53905	25223744.95	84491.30252	25854338.57	86603.58509	26500697.04	88768.67471	27163214.46	90987.89158	27842294.82	93262.58887	28538352.19
74678	22851468	76544.95	23422754.7	78458.57375	24008323.57	80420.03809	24608531.66	82430.53905	25223744.95	84491.30252	25854338.57	86603.58509	26500697.04	88768.67471	27163214.46	90987.89158	27842294.82	93262.58887	28538352.19
74678	22851468	76544.95	46845509.4	78458.57375	72024970.7	80420.03809	98434126.63	82430.53905	126118724.7	84491.30252	155126031.4	86603.58509	185504879.3	88768.67471	217305715.7	90987.89158	250580653.4	93262.58887	285383521.9
	415688148		433811510.6		452310219		471044888.5		490433597.6		509904972.3		529030961.4		547566216.7		565998158.9		584292934.2
			Normal 2.5%		Normal 2.5%		Normal 2.5%		Normal 2.5%		Normal 2.5%		Normal 2.5%		Normal 2.5%		Normal 2.5%		Normal 2.5%
			426080351.7		436732360.5		447650669.5		458841936.2		470312984.6		482070809.3		494122579.5		506475644		519137535.1

	SY 26	SY 27	SY 28	SY 29	SY 30	SY 31	SY 32	SY 33	SY 34
BA 0	$7.73	$15.58	$23.39	$31.59	$39.59	$46.96	$53.44	$59.52	$65.16
BA 15	$8.09	$16.26	$24.84	$33.27	$42.11	$50.76	$58.77	$65.85	$72.47
BA 30	$8.28	$16.63	$25.38	$33.98	$42.99	$51.81	$60.01	$67.35	$74.19
BA 45	$8.45	$16.93	$25.83	$34.52	$43.64	$52.53	$60.89	$68.41	$75.37
MA 0	$8.99	$17.87	$27.19	$36.16	$45.56	$54.60	$63.24	$70.93	$78.21
MA 15	$9.53	$18.90	$28.74	$38.21	$48.14	$57.61	$66.56	$74.74	$82.49
MA 30	9.73	$19.29	$29.32	$38.97	$49.10	$58.73	$67.80	$76.24	$84.20
MA 45	10.36	$20.58	$31.31	$41.53	$52.26	$62.47	$72.14	$81.24	$89.76
MA 60	$10.89	$21.59	32.81	$43.60	$54.92	$65.66	$75.80	$85.24	$94.33
	$82	$163.6	$248.8	$331.9	$418.3	$501.1	$578.6	$649.6	$716.2

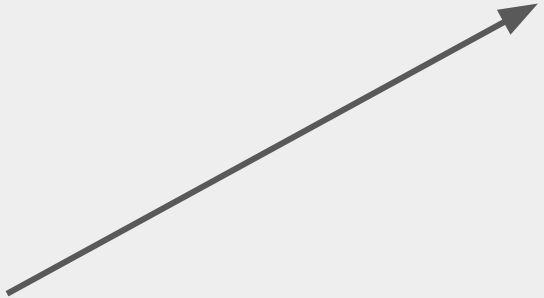
Dollars are in Millions

	SY 25-26	SY 26-27	SY 27-28	SY 28-29	SY 29-30	SY 30-31	SY 31-32	SY 32-33	SY 33-34
BA 0	$1.77	$3.56	$5.35	$7.23	$9.06	$10.74	$12.23	$13.62	$14.90
BA 15	$1.85	$3.72	$5.68	$7.6	$9.63	$11.56	$13.44	$15.06	$16.58
BA 30	$1.89	$3.80	$5.81	$7.77	$9.83	$11.85	$13.73	$15.41	$16.97
BA 45	$1.93	$3.87	$5.91	$7.90	$9.98	$12.02	$13.93	$15.65	$17.24
MA 0	$2.35	$4.67	$7.10	$9.44	$11.90	$14.26	$16.52	$18.53	$20.43
MA 15	$2.49	$4.94	$7.51	$9.98	$12.57	$15.05	$17.35	$19.52	$21.55
MA 30	$2.54	$5.04	$7.66	$10.20	$12.82	$15.34	$17.70	$19.91	$21.99
MA 45	$2.71	$5.38	$8.18	$10.85	$13.65	$16.32	$18.84	$21.33	$23.45
MA 60	$2.84	$5.64	$8.57	$11.39	$14.35	$17.15	$119.80	$22.29	$24.64

$891,084,583

Dollars in chart are in millions

SY26	SY27	SY28	SY29	SY30	SY31	SY32	SY33	SY34	**Total**
$82	$163.6	$248.8	$331.9	$418.3	$501.1	$578.6	$649.6	$716.2	3.69B
-$10.6	-$25.7	-$61.8	-$82.4	-$103.8	-$124.3	-$143.6	-$161.3	-$177.7	-$891.1
$71.4	$137.9	$187	$246.5	$314.5	$376.8	$435	$488.3	$538.5	**$2.8B**



Additional Cost to MN Schools if all teachers remain employed an additional nine years.

Dollars are in Millions

LCPR

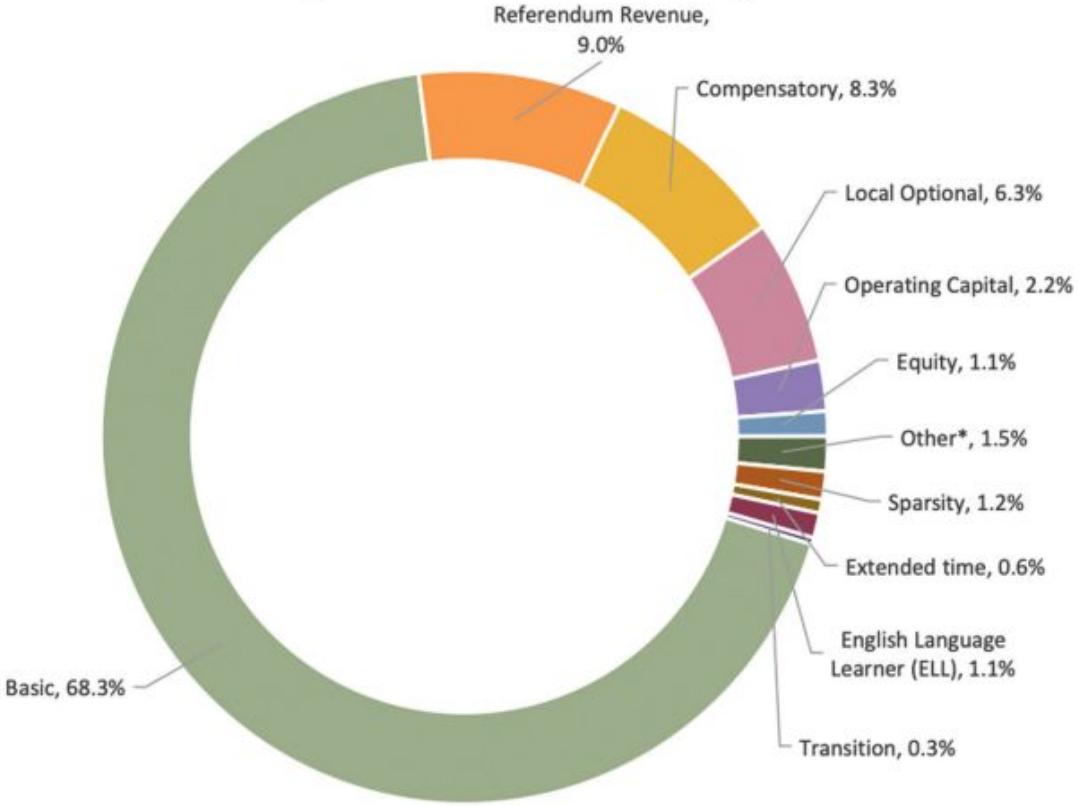
State Funding

So, what is the cost to reinstate Rule of 90?

Using $4,100/month or $49,200/year the total cost is approximately…

Total Over 9 Years: $1.41B

FY2024 General Education Program Components (2023-24 School Year)



*Other includes Declining Enrollment, Small Schools, Gifted & Talented, PSEO, and various other Adjustments.

Source: Minnesota House of Representatives Fiscal Analysis Department, November 2023

Increased cost of salaries will fall on districts via their general fund allocation.

LCPR

State Funding

Regardless of action or inaction, a significant increase in funds is necessary to either the TRA fund, state allocations, or some combination

Decision Time

TRA $1.41B **VS** **Roll-Up Salaries $2.8B**