

**Subject** Teacher and Unlicensed Employee Compensation and Health Insurance

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## Overview

H.F. 3119, as amended:

- Establishes statewide minimum salary levels for teachers and nonlicensed staff beginning in fiscal year 2027.
- Requires the Professional Educators Licensing and Standards Board (PELSB) to report on the number of hourly workers, the average hourly wage by major job class, the number of vacancies measured at the beginning of the school year, the number of vacancies filled during the school year, the school district employer contribution for health insurance, and the number of hourly workers on the employer's health insurance plan.
- Creates the Educator Group Insurance Program (EGIP) and dissolves the Public Employee Insurance Program (PEIP) and allows its members to move to EGIP. EGIP is a self-insured pool which will include all employees of schools in Minnesota and all members of PEIP that choose to move to EGIP. The bill requires that enrollment in EGIP for both school employees and former members of PEIP be permanent.
- Requires the Legislative Budget Office (LBO) to conduct a comprehensive survey of school district health insurance programs and employer and employee health insurance costs.

## Summary

Section	Description
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1	<b>Definitions. [PEIP]</b> Defines "educator group insurance program," "retired school employee," "school employee," "school employee pool," and "school employer."
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<b>Section</b>	<b>Description</b>
2	<p><b>Public employee insurance program.</b></p> <p>Requires the commissioner of management and budget to administer the EGIP. Requires the commissioner to offer certain levels of dependent coverage, offer a high deductible health plan, and allows the commissioner to modify plans and dependent tiers.</p>
3	<p><b>Educator group insurance program.</b></p> <p>Creates a labor management committee with 12 members representing various groups. Allows committee members to receive expense reimbursement. Requires a change to cost-sharing be approved by both the commissioner and committee. Requires the committee to study the insurance program, including flexible benefits, utilization review, quality assessment, and cost efficiency. Requires the committee to operate while EGIP is in operation.</p>
4	<p><b>Public employee participation.</b></p> <p>Makes clarifying changes to differentiate PEIP from EGIP.</p> <p>(d) Makes participation in PEIP permanent once elected. Allows nonschool enrollees in PEIP after July 1, 2026, to participate in EGIP or leave enrollment permanently.</p> <p>(e) Provides requirements regarding the time by which an employee must be covered by EGIP and by which a school employer must participate in EGIP.</p> <p>(f) Provides requirements for school employers with individual self-insured plans with unused reserve funds to dissolve.</p> <p>(g) Provides requirements for service cooperatives leaving a plan under section 123A.21.</p>
5	<p><b>Premiums.</b></p> <p>Requires that premiums be the same across all eligible school employers. Allows the commissioner of management and budget to access funds allocated to the school employer by the Department of Education and cross-references enforcement mechanisms under section 127A.42.</p>
6	<p><b>Continuation of coverage.</b></p> <p>Prohibits preexisting condition exclusions even if there is a break in coverage. Allows spouses of deceased or former employees to remain enrolled in the program. Requires the employer to pay monthly premiums in case of a strike. Allows an employee who is newly eligible to reenroll in the program.</p>

<b>Section</b>	<b>Description</b>
7	<p><b>Nonidentifiable aggregate claims data from past coverage.</b></p> <p>Requires health plan administrators to provide nonidentifiable aggregate claims data to the commissioner of management and budget upon the commissioner's request.</p>
8	<p><b>Educator group insurance program start-up funding; administration of ongoing revenues and expenses.</b></p> <p>Allows the commissioner of management and budget to impose a surcharge for the first three years of school employee enrollment if necessary. Allows the surcharge funds to be used both to support the phasing out of PEIP and the implementation of EGIP.</p>
9	<p><b>Eligibility.</b></p> <p>(a) States that school employees who are public employees under section 179A.03, subdivision 14, are eligible to participate in EGIP. Requires the attorney general to resolve eligibility disputes.</p> <p>(b) Clarifies requirements for part-time employees to be eligible.</p> <p>(c) Clarifies requirements for continuation of rights.</p> <p>(d) Prohibits an employee who waives coverage from enrolling until the next open enrollment period.</p> <p>(e) Allows school employees who are not also public employees under section 179A.03, subdivision 14, to purchase coverage from EGIP.</p> <p>(f) Clarifies requirements for eligible employees on unpaid status.</p> <p>(g) Allows employers and employees to agree to continuation of employer-paid premiums postemployment.</p>
10	<p><b>Contributions.</b></p> <p>Requires school districts to contribute 85% (for families) and 95% (for singles) of the cost of premiums on behalf of school employees. Applies the same percentage requirements for high-deductible health plans and allocates these amounts to the employee's health savings account or health reimbursement arrangement. Provides requirements for payment of remaining costs. Provides requirements for eligible employees married to another eligible employee.</p>

<b>Section</b>	<b>Description</b>
11	<p><b>Health insurance revenue.</b></p> <p>States that funding for a service cooperative, intermediate district, and cooperative center for vocation education is direct aid and must be equal to the average funding provided to member districts.</p>
12	<p><b>No effect on more generous plans or policies.</b></p> <p>(a) Clarifies that nothing in this section discourages employers from adopting health plans that exceed the minimum standards required under this section.</p> <p>(b) Clarifies that nothing in this section limits the rights of parties to a collective bargaining agreement from bargaining, limits an employer’s obligations to comply with a contract or collective bargaining agreement—if the minimum requirements of this section are not otherwise conflicted with. Clarifies that this paragraph applies to premium contributions and tax-favored accounts as well as others, but not individual coverage health reimbursement arrangements or specific plan benefit structures.</p> <p>(c) Clarifies that nothing in this section affects the applicability of any other law that provides for additional health plan and related benefits or that extends protections to employees.</p> <p>(d) Clarifies that nothing in this section shall be construed or applied to create a power or duty in conflict with federal law.</p>
13	<p><b>Broker commissions.</b></p> <p>Prohibits school employers from using public resources for broker commissions.</p>
14	<p><b>Compensation for teachers and other unlicensed school staff.</b></p> <p>Sets a statewide minimum salary level for teachers equal to \$60,000. Increases the minimum salary to \$80,000 for a teacher who holds at least a master’s degree and \$100,000 for a teacher who holds at least a master’s degree and has at least ten years of teaching experience.</p> <p>Sets a minimum salary for unlicensed staff equal to \$25 per hour. Periodically increases the minimum salary amounts by the rate of inflation.</p> <p>Creates a state aid to pay for the increased salary costs faced by school districts, charter schools, and cooperative units.</p>
15	<p><b>Educator group insurance program aid.</b></p> <p><b>Subd. 1. Eligibility.</b> Allows a school district or charter school to request aid from the commissioner of education.</p>

Section	Description
	<p><b>Subd. 2. Certification; aid calculation.</b> (a) Allows a district to request aid if it has additional employee premium costs due to the contribution requirements of section 10.</p> <p><b>Subd. 3. Eligible uses.</b> Allows aid under this section to be used for premium costs.</p>
16	<p><b>School districts and charter schools; reports.</b></p> <p>Requires the LBO to report the survey information to the legislature by December 1 of each year and post survey data on its website. Requires the LBO to annually survey school employers (school districts, charter schools, cooperative units) collecting data about the number of employees, the number of employees enrolled in employer health plans by type of employee (teacher, paraprofessional, retirees, etc.), the total number of persons insured under the plans, and the total amounts paid toward health insurance by employees and the employers, health insurance brokerage costs, the names and actuarial value of each health plan, the plan design, a description of prescription levels, and the total amount of administrative fees associated with the health insurance plans.</p>
17	<p><b>Report on school hourly workers.</b></p> <p>Requires PELSB to submit a report to the legislature on the compensation rates for school hourly workers. The report must include information by school district on the number of hourly workers, the average hourly wage by major job class, the number of vacancies measured at the beginning of the school year, the number of vacancies filled during the school year, the school district employer contribution for health insurance, and the number of hourly workers on the employer's health insurance plan.</p>
18	<p><b>Appropriation.</b></p> <p>Appropriates \$18,000 in fiscal year 2026 and \$74,000 in fiscal year 2027 from the general fund to the Legislative Coordinating Commission for the Legislative Budget Office to complete the annual report required by section 16. Makes the base for this appropriation \$36,000 for fiscal year 2028 and later.</p> <p>Appropriates an unspecified amount beginning in fiscal year 2027 for state aid to school districts to pay for the minimum salary levels for licensed and unlicensed staff.</p>
19	<p><b>Repealer.</b></p> <p>Repeals section 43A.316, subdivision 11, requiring PEIP to respond to a school district proposal within 60 days.</p>



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