

This Document can be made available in alternative formats upon request

State of Minnesota
HOUSE OF REPRESENTATIVES

NINETIETH SESSION

H. F. No. 399

01/23/2017 Authored by Anderson, S.; Gunther; Petersburg; Knoblach; Erickson and others
The bill was read for the first time and referred to the Committee on Government Operations and Elections Policy
02/02/2017 Adoption of Report: Re-referred to the Committee on State Government Finance

1.1 A bill for an act
1.2 relating to public employment; clarifying limits on severance pay to highly
1.3 compensated public employees; amending Minnesota Statutes 2016, section 43A.17,
1.4 subdivision 11.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. Minnesota Statutes 2016, section 43A.17, subdivision 11, is amended to read:

1.7 Subd. 11. **Severance pay for certain employees.** (a) For purposes of this subdivision,
1.8 "highly compensated employee" means an employee of the state whose estimated annual
1.9 compensation is greater than 60 percent of the governor's annual salary, and who is not
1.10 covered by a collective bargaining agreement negotiated under chapter 179A.

1.11 (b) Severance pay for a highly compensated employee includes benefits or compensation
1.12 with a quantifiable monetary value, that are provided for an employee upon termination of
1.13 employment and are not part of the employee's annual wages and benefits and are not
1.14 specifically excluded by this subdivision. Severance pay does not include payments for
1.15 accumulated vacation, accumulated sick leave, and accumulated sick leave liquidated to
1.16 cover the cost of group term insurance. Severance pay for a highly compensated employee
1.17 does not include payments of periodic contributions by an employer toward premiums for
1.18 group insurance policies. The severance pay for a highly compensated employee must be
1.19 excluded from retirement deductions and from any calculations of retirement benefits.
1.20 Severance pay for a highly compensated employee must be paid in a manner mutually
1.21 agreeable to the employee and the employee's appointing authority over a period not to
1.22 exceed five years from retirement or termination of employment. If a retired or terminated
1.23 employee dies before all or a portion of the severance pay has been disbursed, the balance
1.24 due must be paid to a named beneficiary or, lacking one, to the deceased's estate. Except

2.1 as provided in paragraph (c), severance pay provided for a highly compensated employee
2.2 leaving employment may not exceed ~~an amount equivalent to six months of pay~~ the lesser
2.3 of:

2.4 (1) six months pay; or

2.5 (2) the highly compensated employee's regular rate of pay multiplied by 35 percent of
2.6 the highly compensated employee's accumulated but unused sick leave hours.

2.7 (c) Severance pay for a highly compensated employee may exceed ~~an amount equivalent~~
2.8 ~~to six months of pay~~ the limit prescribed in paragraph (b) if the severance pay is part of an
2.9 early retirement incentive offer approved by the state and the same early retirement incentive
2.10 offer is also made available to all other employees of the appointing authority who meet
2.11 generally defined criteria relative to age or length of service.

2.12 (d) An appointing authority may make severance payments to a highly compensated
2.13 employee, up to the limits prescribed in this subdivision, only if doing so is authorized by
2.14 a compensation plan under section 43A.18 that governs the employee.

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