SENATE
STATE OF MINNESOTA
EIGHTY-SEVENTH LEGISLATURE

S.F. No. 81

(SENATE AUTHORS: DALEY, Parry, Thompson and Lillie)

DATE	D-PG	OFFICIAL STATUS
01/20/2011	69	Introduction and first reading Referred to State Government Innovation and Veterans
03/14/2011	492a	Comm report: To pass as amended and re-refer to Finance See SF1047, Art. 3, Sec. 48 (vetoed)

A bill for an act

relating to state government; requiring a reduction in the state workforce; creating an early retirement program; proposing coding for new law in Minnesota Statutes, chapter 43A.

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

Section 1. **[43A.347] REDUCTION IN STATE WORK FORCE; EARLY RETIREMENT PROGRAM.**

Subdivision 1. **Required reduction.** (a) The number of full-time equivalent employees employed in the executive branch, and the costs directly associated with employing those persons, must be reduced by at least 15 percent by June 30, 2015, and thereafter, compared to the number of full-time equivalent positions and the costs directly associated with those positions on July 1, 2011.

(b) An appointing authority may use any or all of the following to achieve this requirement: attrition, a hard hiring freeze, early retirement incentives authorized in this section, restructuring of benefit or pension programs as authorized by other law, furloughs, and layoffs. The early retirement program in this section is enacted as a tool to assist in complying with the required 15 percent reduction.

(c) For purposes of this section:

(1) "costs directly associated" with employing people means the cost of salaries and benefits, including the costs of employer contributions to public pension plans; and

(2) "executive branch" does not include the Minnesota State Colleges and Universities, and the State Patrol.

Subd. 2. **Analysis.** Before authorizing an early retirement under subdivision 3 or 4, the commissioner must perform analysis, including actuarial analysis, as necessary to determine the maximum number of employees to whom incentives will be offered, and the percentage of resulting savings estimated to be needed to pay pension funds to cover costs to the funds of the incentive in this section. The commissioner must use this analysis in determining how to best implement this section. The commissioner may contract with the director of the Minnesota State Retirement System for assistance in preparing the analysis required by this subdivision.

Subd. 3. **Pension early retirement incentive.** (a) The commissioner of management and budget may authorize an executive branch appointing authority to offer an early retirement incentive under this subdivision to an employee who upon retirement would be immediately eligible to receive an annuity from the public pension plan under which the employee is covered immediately before separation from state service. The commissioner may establish time periods during which the incentive may be offered and during which the incentive must be accepted, may establish limits on the number of employees to whom an appointing authority, or all appointing authorities collectively, may offer the incentive, and may establish other conditions for the incentive.

(b) For an employee offered an incentive under this subdivision, for each full year of service credit that the employee has in a plan administered by the Minnesota State Retirement System, the Public Employees Retirement Association, or the Teachers Retirement Association, the employee must be granted an additional month of service credit in the plan under which the employee is covered immediately before separation from state service under this subdivision.

(c) Upon request of an appointing authority considering offering an incentive under this subdivision, the executive director of the public pension plan in which an employee would be granted additional service credit under this subdivision must prepare an estimate of the present value of the additional service credit that would be granted to an employee under this subdivision. For each employee accepting an incentive under this subdivision, the appointing authority offering the incentive must pay the applicable public pension plan, from the first dollars of savings achieved through offering the incentive, the present value of the additional service credit granted to the employee, taking into account the date payment will be received from the appointing authority. The appointing authority must make this payment to the pension plan within one year of the date the employee accepting the incentive leaves state service.

Subd. 4. **Insurance early retirement incentive.** The commissioner of management and budget may authorize an executive appointing authority to offer the incentive originally offered under Laws 2010, chapter 337, to employees who retire from state service during periods that the commissioner specifies before June 30, 2015. The terms and conditions specified in Laws 2010, chapter 337, apply to an incentive offered under this subdivision, except for the dates specified in that law for accepting the incentive and for retiring, and except that the prohibition on reemployment or contracting is for the period specified in this section, instead of the shorter period specified in Laws 2010, chapter 337.

Subd. 5. **Best practices.** In implementing this section, the commissioner of management and budget and affected agencies shall utilize best practices as identified by other states that have implemented early retirement programs.

Subd. 6. **Hiring freeze.** To promote streamlined government and reduced costs, no state appointing authority may fill by outside hire a position vacated through state employee participation in an early retirement incentive under this section.

Subd. 7. **Reemployment prohibition.** An employee who receives an early retirement incentive under this section may not be reemployed with the state or enter into a contract with the state as a consultant for five years after termination.

Subd. 8. **Savings.** Savings resulting from implementation of this section, after any payments made under subdivisions 3 and 4, must cancel back to the fund in which the savings occurred.

Subd. 9. **Not applicable to elected officials.** A state elected official is not a state employee for purposes of this section.

Subd. 10. **Application of Public Employment Labor Relations Act.** Unilateral implementation of this section, including, but not limited to, the provision of an early retirement incentive by the appointing authority is not an unfair labor practice under chapter 179A.