

# HOUSE RESEARCH

## Bill Summary

**FILE NUMBER:** H.F. 294

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**Authors:** Eastlund and others

**Subject:** Veterans, Pay Differential

**Analyst:** Jim Cleary, 651-296-5053

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### Overview

This legislation would require the replacement by any state agency of the net amount of salary lost by any state government employee, who is also a National Guard member or other military reservist, as a result of that person's mobilization to active military service. The bill also requires a state employer to offer the employee the option to continue dependent health and dental insurance in effect when reporting for to active service. The bill specifically does not apply to any judge, legislator, or constitutional officer. The bill also clarifies the existing authority of local units of government to take similar actions, at their discretion.

### Section

- 1 State employees.** This section is modeled (generally) after a 1991 enactment that was repealed in 1997, which applied to the activation of national guard members and reservists for the Persian Gulf War. It applies to certain *state* government employees.
- (a) Requires that the employing agency continue the pay of an eligible person at a rate equal to the difference between the person's basic active duty military salary and the salary the person would be paid as an active state employee, provided that the military salary is less than the state salary (i.e., as compensation for any loss of pay upon reporting for active duty). Such payments must be at the regular intervals and may not extend beyond four years.
  - (b) Defines "eligible member" as a United States Armed Forces reservist or National Guard

## Section

member who was a state employee when reporting for active military service, and who continues to be required to serve in active service.

- (c) Defines "employee of the state" as an employee of the executive, judicial or legislative branch of state government (including MNSCU but not the university of Minnesota), or an employee of the MSRS, PERA or TRA retirement associations.
- (d) Defines "active service" to include "state active service," "federally funded state active service," and "federal active service." However, it specifically excludes service performed exclusively for training purposes, whether initial or periodic, as well as any mobilization for service in the full-time administration of the Department of Military Affairs.
- (e) Specifies that each state agency must: (1) continue the employee's health and dental insurance until the person is covered by military health care, and must permit the person to continue participation in any pretax account; and (2) offer the employee the option of continuing the dependent health and dental insurance benefits in effect at the time of reporting for active duty.

*An MSRS spokesperson has indicated that the state's retirement contribution would also be continued on a pro-rated basis; however, the bill itself is mute on this point.*

- (f) Requires the commissioners of employee relations and finance to adopt procedures to implement this section, and exempts them from rulemaking.
- (g) Provides a sunset date, by specifying that this section does not apply to persons mobilized after June 30, 2005.
- (h) Explicitly states that this section does not apply to judges, legislators, and constitutional officers.

**2 Political subdivisions; local government employees.** This section amends existing statute that was also enacted in 1991 in response to the Persian Gulf War but which, unlike the provision for *state* employees, has not since been repealed.

This section applies to employees of political subdivisions who are ordered to active military service on or after September 11, 2001. Under current law, political subdivisions may, at their discretion, pay a salary differential and/or continue benefits to compensate an employee who is an eligible member of the United States Armed Forces who is a reservist or National Guard member who was mobilized to active service for the (1991) Persian Gulf War and related operations.

The amendments in this second section of the bill are aimed at ensuring consistency with the provisions in section 1 of the bill dealing with state employees. (But this section remains at the discretion of the political subdivision.)

## Section

### **3**      **Effective date.** The day following enactment

#### *Notes:*

- *Federal law permits any public or private sector employee who is ordered to active military service to continue, at the person's own expense, the person's employee and dependent healthcare insurance plan in effect at the time of reporting for military mobilization. The employer is not required to contribute to premium payments; thus, the employee cost typically would be at 100% of cost, plus a 2% administrative fee. (Consolidated Omnibus Budget Reconciliation Act (COBRA) health benefit provisions enacted by Congress in 1986.)*
- *When a citizen-soldier is ordered to active military service for 30 days or longer, there is no cost to the soldier for family health care through the military's Trident healthcare delivery plan. Many healthcare providers throughout Minnesota participate in Trident.*
- *The military offers term life insurance (up to \$250,000, and at the person's own expense) to active service military personnel.*
- *House Research has **not** been able to locate any statute or rule requiring a legislator to resign or take leave of absence from the legislature when ordered to active military duty. To the contrary, historical records indicate that a number of Minnesota legislators continued to serve in the state House and Senate while also serving on active duty during WWII. One member was also re-elected while serving in combat for over two years continuously with the Army Air Corps in Europe.*