HOUSE RESEARCH
Bill Summary

FILE NUMBER: H.F. 4
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Subject: Reduction in State Workforce

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Overview

Requires a 15 percent reduction in the executive branch workforce and associated costs by June 30, 2015. Authorizes an early retirement program to assist in meeting this requirement.

1 **Reduction in state work force; early retirement incentive.**

Subd. 1. Required reduction. Requires a 15 percent reduction in the number of full-time equivalent employees in the state executive branch and in costs directly associated with these positions by June 30, 2015. Specifies tools that may be used to assist in complying with the 15 percent reduction. Provides that MnSCU is not included in the executive branch for purposes of this section.

Subd. 2. Analysis. Requires the commissioner of management and budget (MMB) to determine a maximum number of employees to whom incentives will be offered and the percentage of resulting savings that will be needed to pay pension funds to cover costs of incentives.

Subd. 3. Pension early retirement incentive. Provides that the commissioner of MMB may authorize an appointing authority to offer a pension-based incentive to a person who upon retirement would be immediately eligible to receive an annuity from the public pension plan.

- The commissioner may establish time periods during which the incentive may be offered and must be accepted and may establish other limits and conditions.
- For an employee offered an incentive, the employee will be granted an additional month of pension service credit for each full year of service credit that the employee has in the pension plan. For example, an employee with 25 years of service credit would be granted an additional 25 months of service credit.
- An appointing authority offering an incentive must pay the pension plan, from the first dollars of savings achieved through offering the incentive, the present value of additional service credit granted to the employee.

Subd. 4. Insurance early retirement incentive. Provides that the commissioner of MMB may authorize an executive appointing authority to offer the health insurance incentive originally offered under a 2010 law to employees who retire before June 30, 2015. The 2010 incentive allowed an appointing authority to offer a payment (into the employee's health care savings plan) equal to up to two years of the employer health insurance contribution to a qualifying employee.

Subd. 5. Best practices. Requires MMB and other agencies to use best practices identified by other states in implementing this section.

Subd. 6. Hiring freeze. Forbids an appointing authority from filling by outside hire a position vacated through employee participation in an early retirement incentive under this section.

Subd. 7. Reemployment prohibition. Provides that an employee who retires under an early retirement incentive in this section may not be employed by the state (or serve as a consultant for the state) for five years.

Subd. 8. Savings. Provides that savings, after payments made under subdivisions 3 and 4, cancel back to the fund in which the savings occurred.

Subd. 9. Not applicable to elected officials. Provides that an elected official is not a state employee for purposes of this section.