HOUSE RESEARCH

Bill Summary

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Subject: Severance payment limits to highly compensated state employees

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This bill limits severance payments to highly compensated state employees to the lesser of (1) the equivalent of six-months pay or (2) an amount equal to 35 percent of the employee's accumulated but unused sick time. The bill also clarifies that any severance payments must be specifically authorized in a compensation plan. In other words, the statute does not independently authorize severance payments; rather, the statute creates a limit up to which severance payments may be authorized in a particular compensation plan under Minnesota Statutes, section 43A.18. Those compensation plans are subject to the approval of the legislature under Minnesota Statutes, section 3.855 and generally cover compensation of state employees not covered by a collective bargaining agreement.

Certain state employees, including commissioners, deputy commissioners, assistant commissioners, and employees defined in law as "public officials" would be prohibited from receiving a severance payment, even if authorized by their respective compensation plan.

Current law defines a "highly compensated employee" as a state employee, not covered by a collective bargaining agreement, paid annually at least 60 percent of the governor's salary. The governor's salary is currently $127,629. Sixty percent of that is $76,577.40.