

**DATE:** February 10, 2006

**PERSL #1395**

**TO:** Human Resources Directors/Designees

**FROM:** Don Smith, Director  
Statewide Payroll Services

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SEMA4 Benefits Services

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SEMA4 HR Services

**SUBJ: Statute Changes to Military Differential Pay**

This memo was originally sent to agency payroll staff on September 29, 2005. However, upon closer review, we have determined that it should also be treated as a Personnel Policy Memo, and also circulated to HR Directors. It clarifies military pay differential, and requires employers to obtain Power of Attorney documents from employees who are deployed.

The 2005 legislature passed changes to 43A.183, which authorizes the payment of salary differential for reserve forces who report for active service.

The change states that the differential amount is calculated based on the employee's monthly gross salary earned, excluding any overtime pay, averaged over the last three full months of the person's state employment before being called to active service. It also clarifies the information sharing process.

#### **Differential Calculation Changes**

A worksheet that helps to determine the differential amount is being distributed with this memo. Use it to determine the differential for employees who request the differential in the future. The statute authorizes that the differential may be calculated as of May 29, 2003. If an employee currently receiving differential pay requests that their differential be re-calculated since May 29, 2003, agencies should use this worksheet to determine the new differential payment amount. If there is a difference in the new calculation versus what the employee was actually paid, the agency should calculate the total difference from May 29, 2003, to the current pay period and pay the total as a lump sum amount using the earn code MSD.

#### **Calculating the Monthly Amount to Use in the Worksheet**

For each month, review the employee's timesheets and calculate the earnings for each paid day for that month. Be sure to include all earnings for each day (excluding overtime and business expense reimbursements). Add the totals for all days for each month and put each month's total into the worksheet.

### **Information Sharing**

The changes to this statute establish that the employee is responsible for notifying the agency of their military orders and for providing the name and contact information for their designated power of attorney, if any.

In addition, it establishes that the employing agency must notify agency personnel who may be members of a reserve component of the benefits provided by this statute. That notification can be met by posting the information on the agency's web site in a highly recognizable manner. We have included a separate document entitled "Information for Employees Ordered to Active Military Service" that agencies can use for this posting or can revise to include any other information that would be beneficial.

Before the employee leaves for military duty, the agency must ensure receipt of designation of power of attorney forms the employee has completed. During the time the employee is on active duty, the agency must provide a copy of any relevant communications directed to that employee to the employee's power of attorney. This includes bi-weekly pay stubs, annual W-2's, insurance information, etc.

Agencies must honor requests for information or other appropriate directives from the designated power of attorney for an employee while on military leave.

### **Tracking and Maintaining Power of Attorney Information in SEMA4**

Power of Attorney designations must be entered by agency HR staff on the Emergency Contact page in SEMA4.

#### **Steps for Entering Power of Attorney (POA) Information:**

1. Access Emergency Contact (Administer Workforce > Administer Workforce (GBL) > Use > Emergency Contact) for the employee.
2. On the Emergency Contact page, click  to add a new row.
3. Enter the Contact Name, then inside hard brackets (look like these: [ ]) enter the letter designation(s) for the power of attorney privileges granted to this person. The designations should be listed using all capital letters, with spaces in between privilege designations. The designations can be found here: <http://www.revisor.leg.state.mn.us/stats/523/23.html>  
Examples of what the Contact Name field should look like are:  
**Helen Johnson [C E F]** or **John Brown [D]**
4. On the Relationship to Employee drop-down menu, select the value of Power of Attorney.
5. Enter the POA's address and phone number.
6. Save.

If the employee has specified additional POA privileges to other people, continue adding rows and designating the appropriate POA privileges for each person.

If an Emergency Contact person is already set up as a different Relationship to Employee value, such as a spouse or a parent, do not change the existing relationship or add POA designations to the person's Contact Name line. Add a new row with the POA relationship and designation information. Adding POA rows will allow easy identification of the POA individuals, facilitate accurate reporting related to POA, and help maintain the overall accuracy of Emergency Contact data.

**Questions**

If you have questions about this information, please contact the following:

**Payroll questions:** Lynette Seal at 651/296-6497 or [lynette.seal@state.mn.us](mailto:lynette.seal@state.mn.us)

**Human Resources questions:**

Judy Cencich at 651/259-3626 or [judy.cencich@state.mn.us](mailto:judy.cencich@state.mn.us)

Mary O'Connor at 651/259-3633 or [mary.oconnor@state.mn.us](mailto:mary.oconnor@state.mn.us)

Kris Valley at 651/259-3641 or [kris.valley@state.mn.us](mailto:kris.valley@state.mn.us)

**Insurance questions:**

Employee Insurance Division at 651/355-0100 (you will be directed to the appropriate staff member)



## **Information for Employees Ordered to Active Military Service**

September 29, 2005

Minnesota Statute 43A.183 provides certain benefits to State of Minnesota employees who are called to active military service. This document describes the benefits available.

### **Differential Pay**

You may qualify for a salary differential payment from the State. The payment is calculated by comparing your gross monthly earnings paid by the State against your base pay in active military service. If the State amount is larger than the military base pay amount, the difference between the two will be paid by the State. Contact your agency for specific information on this benefit.

### **Taxes**

There are no taxes taken from differential pay. There will not be a W-2 prepared for these earnings. However, a federal 1099 form will be prepared for these earnings, and you should be aware that these earnings will have to be added to your gross earnings on your tax return for the calendar year you received them.

### **Deductions**

There are no deductions taken from differential pay.

### **Vacation and Sick Leave Accruals** New Routine Service Classes: Laborer and NR Worker

While on military leave, you are eligible to continue to accrue vacation and sick leave as if employed. When you return to work, your agency will calculate the additional leave you have accrued and add it to your balances.

### **Your Status**

You will be placed on a Paid Leave of Absence.

### **Insurance**

If you are eligible for the military differential while on paid military leave, you continue to remain eligible for health/dental insurance. You will be charged the whole cost of health/dental insurance. You may also choose to cancel or continue your life and disability coverage while on this paid military leave. You will be billed directly by the Dept of Employee Relations for any coverage you continue while on this paid leave. If coverage is cancelled, it may be reinstated if you return to work within one year. If you are gone for more than one year and you have cancelled disability or life insurance, you will need to provide evidence of good health and be approved by the insurance carrier.

An enrollment form will be generated and sent to your current address in SEMA4 (the state's human resources and payroll system) or to your designated power of attorney. If no response is received within 30 days, it will be assumed that you do not wish to continue insurance, and coverage will be terminated as of the date the leave began. You can verify or update your current address online through the Employee Self Service web site, <http://www.state.mn.us/employee>.

### **Information Sharing**

If you have designated a power of attorney to act on your behalf, you must provide your agency with the name and contact information of that individual before your active duty starts. This individual will receive any communications that you may have received as related to state employment.

### **Notification**

You must notify your agency in a timely manner of your orders of activation.

**Time Off Before or After Official Dates of Active Military Duty**

If you are going to take time off before or after your official dates of active duty, you can choose to use vacation, comp time, floating holiday, or personal day to be in active pay status. If you choose not to use leave or do not have the option to use paid time, you will be put on an unpaid personal leave for the time away between reporting for scheduled work and your first or last day of active military duty.

**Other items to note:**

- Automatic pay increases are granted on the same time schedule regardless of military leave status.
- If you are not serving a probationary period, your state and class seniority, as well as eligibility for vacation and sick time accruals, continue to increase regardless of the type of military leave granted. You will suffer no penalties in these areas because of military leaves.
- If you are serving a probationary period and are going to be out on a military leave longer than 10 days, your agency can extend your probationary period to account for the time away from work. However, once you pass the probationary period, your agency will retroactively adjust your employee class and state seniority dates as well as any delayed pay increases to account for any losses due to your time on military leave status.

# WORKSHEET FOR COMPUTING PAY DIFFERENCE BETWEEN STATE AND MILITARY BASE PAY

Agency: \_\_\_\_\_  
Employee Name: \_\_\_\_\_  
Time Period: \_\_\_\_\_

LINE DESCRIPTION	EXAMPLE	ACTUAL
1. Base Military Pay (month).	\$ 2,000.00	_____
2. Gross pay for days in the third full month* prior to leaving for active military duty (excluding overtime).	\$ 2,250.03	_____
3. Gross pay for days in the second full month* prior to leaving for active military duty (excluding overtime).	\$ 2,175.75	_____
4. Gross pay for days in the last full month* prior to leaving for active military duty (excluding overtime).	\$ 2,310.15	_____
5. Average Monthly Gross State Pay* (add Employee's Gross Pay from steps 2, 3, and 4 and divide by 3).	\$ 2,245.31	_____
6. Percent increase/s (if any) employee would have received if working (leave blank if no increase would have been granted).	2%	_____
7. Average Monthly Gross State Pay After Increase.	\$ 2,290.22	_____
8. Line 7 minus Line 1.	\$ 290.22	_____
<p>* If Line 1 is greater than Line 7, stop here, the employee is not eligible for the payment.</p> <p>* If Line 1 is less than Line 7, the employee is eligible for the payment.</p>		
9. Annualized Difference Between State and Military Base Pay (Step 8, if greater than zero, multiplied by 12).	\$ 3,482.59	_____
10. Lump sum amount to be paid biweekly (step 9 divided by 26).	\$ 133.95	_____

**Addendum to PERSL #1395**  
**Revised 12/2/08**

**Steps for Entering Power of Attorney (POA) Information:**

For step-by-step instructions, see the “Add Emergency Contact Information – Steps” topic of SEMA4 Help, at [http://www.sema4.state.mn.us/htmldoc/eng/webhelp/EMP\\_RCD/Add\\_Emergency\\_Contact\\_Information\\_Steps.htm](http://www.sema4.state.mn.us/htmldoc/eng/webhelp/EMP_RCD/Add_Emergency_Contact_Information_Steps.htm).

**Questions**

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**Payroll questions:** Lynda Hanly at 651/201-8074 or [lynda.hanly@state.mn.us](mailto:lynda.hanly@state.mn.us)

**Human Resources questions:**

Judy Cencich at 651/259-3626 or [judy.cencich@state.mn.us](mailto:judy.cencich@state.mn.us)

Mary O'Connor at 651/259-3633 or [mary.oconnor@state.mn.us](mailto:mary.oconnor@state.mn.us)

**Insurance questions:**

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**Attachments**

- Information for Employees Ordered to Active Military Service  
(This information can also be found at [j w r < d l y y o d o n c v g o p o u l o k / r c x g / t g u l 8 6 6 / r c x g / o k n](#))
- Worksheet for Computing Pay Difference between State and Military Base Pay  
(This worksheet can also be found at <http://www.mmb.state.mn.us/military>)