DATE: September 29, 2005

TO: Agency Payroll and Human Resources Staff

FROM: Don Smith, Director
Statewide Payroll Services

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SUBJ: Statute changes to Military Differential Pay

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 paystubs, 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: Lynda Hanly at 651/201-8074 or Lynda.hanly@state.mn.us.
Human Resources questions:
Judy Cencich at 651/259-3626 or judy.cencich@state.mn.us
Mary O'Connor at 651/259-3633 or mary.oconnor@state.mn.us
Insurance questions: Employee Insurance Division at 651/355-0100 (you will be directed to the appropriate staff member)

Attachments
Information for Employees Ordered to Active Military Service
Worksheet for Computing Pay Difference between State and Military Base Pay