

amending Minnesota Statutes 1971, Chapter 222, by adding a section; repealing Minnesota Statutes 1971, Section 222.14.

Be it enacted by the Legislature of the State of Minnesota:

Section 1. Minnesota Statutes 1971, Chapter 222, is amended by adding a section to read:

[222.141] TELEGRAPH AND TELEPHONE COMPANIES; CORPORATE BONDS; MORTGAGES AND DEEDS OF TRUST.
In any case where any domestic or foreign telegraph or telephone company has mortgaged or executed deeds of trust of the whole or any part of its property or franchises and has issued its corporate bonds secured by such mortgages or deeds in compliance with Minnesota Statutes, Section 300.10, such mortgages, deeds of trust and bonds are hereby legalized and made valid and effectual for all intents and purposes without regard to the rate of interest borne by such bonds.

Sec. 2. Minnesota Statutes 1971, Section 222.14, is repealed.

Sec. 3. This act is effective the day following its final enactment.

Approved May 24, 1973.

CHAPTER 653—H.F.No.1355

[Coded in Part]

An act relating to the operation of the state government; prescribing compensation, retirement and related benefits for certain state officers and employees, and establishing certain compulsory retirement requirements; amending Minnesota Statutes 1971, Sections 3A.02, Subdivisions 1 and 2, and by adding a subdivision; 3A.03, Subdivision 1; 3A.04, Subdivisions 1 and 2; 43.01, Subdivision 9, and by adding subdivisions; 43.03, Subdivision 3; 43.051; 43.111; 43.12, Subdivisions 2, 2a, 2b and 3; 43.121, Subdivision 2; 43.122; 43.126, Subdivision 1; 43.24, Subdivision 1; 43.50, Subdivision 1; 299D.03, Subdivision 2; 352.03, Subdivisions 1 and 3; 352.04, Subdivisions 2 and 3; 352.115, Subdivisions 2 and 3, and by adding a subdivision; 352.116, Subdivision 1; 352.118; 352.119, Subdivision 2; 352.22, Subdivisions 1 and 2; 352.23; 352.27; 356.21, Subdivision 5; and Chapters 3A, by adding a section; and 352, by adding sections; repealing Minnesota Statutes 1971, Sections 3A.02, Subdivision 1a; and 16.02, Subdivision 20a.

Changes or additions indicated by underline, deletions by ~~strikeout~~.

Be it enacted by the Legislature of the State of Minnesota:

Section 1. Minnesota Statutes 1971, Section 3A.02, subdivision 1, is amended to read:

3A.02 RETIREMENT; STATE OFFICERS AND EMPLOYEES; COMPENSATION; RETIREMENT ALLOWANCE.
Subdivision 1. **QUALIFICATIONS.** Any member of the legislature:

(1) Who has served at least eight years or who has served during all or part of four regular sessions as such member of the legislature, which service need not be continuous, but must have been after January 1, 1965 except as hereinafter provided; and

(2) Who attains the age of ~~65~~ 60 years; and

(3) Who has retired as a member of the legislature; and

(4) Who has made all contributions provided for in sections 3A.01 to 3A.10, or who has made payments in lieu of all contributions provided for in sections 3A.01 to 3A.10 as provided for in subdivision 2; shall be entitled upon written application to the state auditor to receive a retirement allowance monthly of 40 percent of his average monthly salary during the period of his service as a member of the legislature since January 1, ~~1967~~ 1973, beginning with the first day of the month following of receipt of such application and for the remainder of his life, provided he is not serving as a member of the legislature or as a constitutional officer or commissioner.

In addition to the amount provided above, the retired member who meets the qualifications of paragraphs (1), (2), (3) and (4) of this subdivision shall receive for every year of service over 8 years a monthly allowance which equals two and one half percent of the average monthly salary determined pursuant to paragraph (4).

This subdivision is applicable to members of the legislature who retire after January 1, ~~1971~~ 1973, and to any widow or dependent child of any such member who retires after January 1, ~~1971~~ 1973.

Sec. 2. Minnesota Statutes 1971, Section 3A.02, Subdivision 2, is amended to read:

Subd. 2. **PAYMENT FOR PAST SERVICE.** Any member of the legislature who is a member on July 1, 1965 or thereafter, may, notwithstanding the provisions of subdivision 1, clause (1), receive credit for service rendered as a member of the legislature prior to July 1, 1965, and the pension based thereon provided that he pays to the state treasurer for credit to his account an amount equal to

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~~seven~~ eight percent of all salary received by him for all periods of service rendered by him as a member of the legislature, even if such periods are not continuous and exceed ten years in duration. Such payment may be made at any time after the commencement of any regular session of the legislature of which he is a member.

Sec. 3. Minnesota Statutes 1971, Section 3A.02, is amended by adding a subdivision to read:

Subd. 4. DEFERRED ANNUITIES AUGMENTATION. The deferred annuity of any member of the legislature who retires after July 1, 1973, shall be computed in the manner provided in subdivision 1 and augmented as provided herein. The required resources applicable to the deferred annuity, determined as of the date the benefit begins to accrue using an appropriate mortality table and an interest assumption of five percent, shall be augmented by interest at the rate of three and one-half percent per annum compounded annually from the date of retirement to the first day of the month in which the annuity begins to accrue.

Sec. 4. Minnesota Statutes 1971, Section 3A.03, Subdivision 1, is amended to read:

3A.03 CONTRIBUTIONS. Subdivision 1. **PERCENTAGE:** Every member of the legislature shall contribute ~~seven~~ eight percent of his total salary, by payroll deduction, to be paid into the state treasury and deposited in the general fund. It shall be the duty of the state treasurer to record the periodic contributions of each member of the legislature and credit such contribution to the member's account.

Sec. 5. Minnesota Statutes 1971, Section 3A.04, Subdivision 1, is amended to read:

3A.04 SURVIVOR BENEFIT. Subdivision 1. **SURVIVING SPOUSE.** Upon the death of a member of the legislature while serving as such member, who has served as a member of the legislature for at least two years, or upon the death of a member of the legislature with at least eight years of service as required by section 3A.02, subdivision 1(1), whether in the legislature or not and regardless of age, the surviving spouse shall be paid a survivor benefit in the amount of one-half of the retirement allowance of the member of the legislature computed as though the member ~~had served eight years and~~ had retired at age ~~65~~ 60 on the date of his death and shall be based upon his allowable service or ~~eight years~~ whichever is greater. Such benefit shall be paid during the lifetime of the surviving spouse, but shall cease and terminate upon the remarriage of the surviving spouse.

Sec. 6. Minnesota Statutes 1971, Section 3A.04, Subdivision 2, is amended to read:

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Subd. 2. **DEPENDENT CHILDREN.** Upon the death of a member of the legislature while serving as such member, who has served as a member of the legislature for at least two years, or upon the death of a member of the legislature with at least eight years of service as required by section 3A.02, subdivision 1 (1), whether in the legislature or not and regardless of age, each dependent child of such member shall be paid a survivor benefit in the following amount: First dependent child, a monthly allowance which equals 25 percent of the monthly allowance of the member of the legislature computed as though the member had retired at age ~~65~~ 60 on the date of his death; for each additional dependent child, a monthly allowance which equals 12½ percent of the monthly allowance of the member computed as in the case of the first child; but the total amount paid to the surviving spouse and dependent children shall not exceed in any one month 100 percent of the monthly allowance of the member computed as in the case of the first child. The payments for dependent children shall be made to the surviving spouse or the guardian of the estate of the dependent children, if there is one. A posthumous child qualifies as a dependent child for benefits provided herein from the date of its birth.

Sec. 7. Minnesota Statutes 1971, Chapter 3A, is amended by adding a section to read:

[3A.11] PARTICIPATION IN MINNESOTA ADJUSTABLE FIXED BENEFIT FUND. Subdivision 1. The reserves necessary to fund the retirement benefits granted under section 3A.02 to retired legislators and legislators retiring in the future, shall be transferred by the state auditor to the Minnesota adjustable fixed benefit fund as of June 30, 1973, or as of the date benefits begin to accrue, whichever is later, in accord with section 11.25 as amended. The amount of the transfer made hereunder shall be determined by an approved actuary as defined in section 352.01, subdivision 15, in accord with appropriate mortality table using an interest assumption of five percent.

Subd. 2. Annuities and benefits shall be adjusted in accord with the provisions of section 11.25 as amended.

Subd. 3. There is herein appropriated from general revenue moneys sufficient to fund the reserves required by this section.

Subd. 4. Notwithstanding section 356.18 increases in benefit payments pursuant to this section will be made automatically unless the intended recipient files written notice with the auditor requesting that the increase shall not be made.

Sec. 8. Minnesota Statutes 1971, Section 43.01, Subdivision 9, is amended to read:

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Subd. 9. **RATE OF PAY.** “Rate of pay” means rate of pay for a work month, and “salary” means compensation for a work month regular work hour, “monthly rate of pay” means compensation for 174 regular hours of work and “annual rate of pay” means compensation for 2,088 regular hours of work.

Sec. 9. Minnesota Statutes 1971, Section 43.01, is amended by adding a subdivision to read:

Subd. 15. **TOTAL COMPENSATION.** “Total compensation” means salary, paid time off, group insurance benefits, the retirement plan, and other direct and indirect items of compensation.

Sec. 10. Minnesota Statutes 1971, Section 43.01, is amended by adding a subdivision to read:

Subd. 16. **COMPETITIVE.** “Competitive” means a level which is generally equal to the total compensation paid for similar types of work.

Sec. 11. Minnesota Statutes 1971, Section 43.03, Subdivision 3, is amended to read:

Subd. 3. Each member of the board shall be paid \$35 per day for each day actually devoted to duties as a member of the board, but in no case shall any member be paid more than ~~\$1,050~~ \$1,200 in any one year; provided, that this limitation shall not apply to payments on account of expenses. Members of the board shall be paid for expenses in travel to and from meetings and for necessary expenses incurred during meetings of the board.

Sec. 12. Minnesota Statutes 1971, Section 43.051, is amended to read:

43.051 AGE FOR RETIREMENT. Subdivision 1. Notwithstanding the provisions of Minnesota Statutes, Sections 197.45, 197.46, 197.47, 43.30, ~~or any other law to the contrary effective July 1, 1974,~~ an officer or employee of the state of Minnesota in the classified or unclassified service of the state civil service and who is subject to the provisions of the Minnesota state retirement system must retire from his employment by the state if such officer or employee has reached the age of 68 prior to July 1, 1974, or upon reaching the age of 70 68. Effective July 1, 1975, an officer or employee of the state of Minnesota in the classified or unclassified service of the state civil service and who is subject to the provisions of the Minnesota state retirement system must retire from his employment by the state if such officer or employee has reached the age of 65 prior to July 1, 1975, or upon reaching the age of 65. The mandatory retirement age for all other classified officers and employees of the state, if not otherwise provided for by law, shall be 70. Nothing in this subdivision shall apply to persons in the judicial branch.

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Subd. 2. Notwithstanding any provision to the contrary, a physician in the classified or unclassified state service may upon reaching the maximum retirement age of 70 years specified in subdivision 1, continue to be employed in the department of public welfare or one of its institutions subject to annual certification by the commissioner upon the recommendation of the medical policy directional committee on mental health appointing authority of the department in which the physician is employed to the director that the employee is physically and mentally competent to fulfill the duties of his position.

Subd. 3. Notwithstanding the provisions of subdivision 1, any employee of the state of Minnesota in a covered classification as defined in the special retirement program for correctional personnel defined in Minnesota Statutes, Chapter 352, must retire from such covered classification upon having reached or upon reaching the mandatory retirement age as of the effective dates established herein:

<u>Effective Date</u>	<u>Mandatory Retirement Age</u>
<u>July 1, 1974</u>	<u>65</u>
<u>January 1, 1975</u>	<u>62</u>
<u>July 1, 1975</u>	<u>59</u>
<u>January 1, 1976</u>	<u>57</u>
<u>July 1, 1976</u>	<u>55</u>

Subd. 4. (1) Notwithstanding any provisions of Minnesota Statutes, Chapters 352A and 352B or any other law to the contrary, conservation officers and crime bureau officers who are first employed on or after July 1, 1973 and are members of the highway patrolmen's retirement association by reason of their employment, shall not continue employment after attaining the age of 60 years, except for such fractional portion of one year as will enable the employee to complete his next full year of allowable service.

(2) Notwithstanding any provisions of Minnesota Statutes, Chapters 352A and 352B or any other law to the contrary, conservation officers and crime bureau officers who are first employed and are members of the highway patrolmen's retirement association by reason of their employment before July 1, 1973, shall be governed by the same mandatory retirement regulations applied to other state employees who are covered by the Minnesota state retirement system.

Sec. 13. Minnesota Statutes 1971, Section 43.111, is amended to read:

43.111 POLICY. It is the public policy of the state of Minnesota that an efficient and well trained work force be maintained to carry out the work ordained by the legislature. It is further

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directed that modern methods of selection, training and salary administration be established and maintained. The standards of selection shall be of such a nature as to provide the proper level of preparation and experience. Recognizing the cost of excessive employee turnover, it is directed that priority be given to the maintenance of a steady work force. To this end, training, by way of in-service programs and stipend allowances shall be encouraged. It is also established as the policy of the state of Minnesota that employees be paid on the same level as their counterparts in other private and public employment a total compensation which is competitive with that paid for like positions in other private and public employment. Proper attention will also be given to equitable internal pay relationships between related job classes and among the various levels within the same job family or department. Continuing analysis of pay rates and supplementary pay practices shall be carried on, as well as analyses of jobs to determine comparability of job content.

Sec. 14. Minnesota Statutes 1971, Section 43.12, Subdivision 2, is amended to read:

Subd. 2. **SALARY RANGES.** (1) The following procedure will be used in establishing rates of pay for all employees in the state classified service except as provided elsewhere in chapter 43. Classes will be assigned salary ranges within an area of compensation beginning at a prescribed monthly base rate and extending upward by a maximum of 50 additional four percent increments rounded to the nearest dollar. Salary range assignments for each class of work will include no more than ten salary steps. Effective November 17, 1971, the prescribed monthly base rate will be \$298 per month.

In assigning classes of work to this schedule the board shall give consideration to the reduction of supervisory levels and separate classifications state employees in the classified service whose positions are assigned to classes in the administrative, management, and professional salary schedule, hereinafter referred to as schedule "A". Classes shall be assigned salary ranges within an area of compensation beginning at a prescribed minimum monthly rate of pay and extending upward by a maximum of 30 additional salary increments. Salary range assignments for each class of employment in this schedule shall include no more than ten salary steps. Effective July 11, 1973, the prescribed minimum monthly rate of pay shall be \$708. The maximum monthly rate of pay shall be \$2,294.

(2) All employees whose rates of pay are established according to the salary schedule cited in section 43.12, subdivision 2, clause

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~~(1), effective November 17, 1971, shall be advanced in salary to the new minimum rate for their class or two and one half salary steps, whichever is greater, salary schedule "A" as cited in section 43.12, subdivision 2, clause (1), effective July 11, 1973, shall be advanced in salary from their rate of pay and step in salary range immediately preceding that date to the comparable step in the new salary range for their class or to the new minimum rate of pay for their class, whichever rate is greater provided that all employees shall receive at least a one step salary increase so long as that increase does not cause the employee's compensation to exceed the new range maximum.~~

~~(3) Effective the beginning of the first payroll period in fiscal year 1972-1973, all employees compensated according to the salary schedule cited in 43.12, subdivision 2(1), shall be advanced by one salary step within their respective salary ranges to the next higher step. The one salary step advancement will also apply to those employees whose rates of pay are at or above the maximum rate for their class as a result of the adjustment provided for in section 43.12, subdivision 2 clause (2). However, any person serving his initial probationary period at the time of the fiscal year 1972-1973 adjustment, shall not receive the one salary step advancement within his salary range until he satisfactorily completes his initial probationary period. Employees compensated according to salary schedule "A" as cited in section 43.12, subdivision 2, clause (1), whose monthly rate of pay immediately preceding July 11, 1973, equals or exceeds the new maximum monthly rate of pay for their class shall be advanced in salary by an amount equal to one half the difference between the new maximum monthly rate of pay for their class and the next lowest monthly rate of pay in their salary range, rounded to the next highest dollar, effective July 11, 1973.~~

~~(4) The following schedule of hourly rates is procedure shall be used to establish as the establish rates of pay for all state employees in the classified service employed in skilled, semi-skilled, and whose positions are assigned to classes in the maintenance classes and related trades schedule, hereinafter referred to as schedule "B". Classes shall be assigned an orientation and base rate, one consecutive wage step apart. The orientation rate shall be paid during the probationary period, and the base rate thereafter. In assigning rates of pay to classes of work covered by this schedule, the board shall give primary consideration to the most commonly median of rates paid rates by other public and private employers for each class similar types of work. Supplementary pay practices shall be evaluated and costs considered in comparing the rates to be private being paid by other employment employers. The board is authorized to establish a percentage differential based upon full annual employment and tenure where such advantages are not common in employment outside of the state service.~~

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Range	Orientation	Base
1b	3.33	3.47
2b	3.47	3.61
3b	3.61	3.76
4b	3.76	3.91
5b	3.91	4.07
6b	4.07	4.23
7b	4.23	4.40
8b	4.40	4.58
9b	4.58	4.76
10b	4.76	4.95
11b	4.95	5.15
12b	5.15	5.35
13b	5.35	5.57
14b	5.57	5.79
15b	5.79	6.03

Effective July 11, 1973, the minimum hourly rate of pay in the maintenance and related trades schedule shall be \$3.69. The schedule shall provide for 13 additional wage steps with a maximum rate of \$6.19 per hour.

Notwithstanding any provision of chapter 43 to the contrary, the board is authorized to establish (a) hourly equipment rates to provide appropriate compensation to employees intermittently engaged in operating maintenance equipment and (b) an hourly rate to provide appropriate compensation to employees intermittently assigned to first level highway foreman work. The director of ~~civil service~~ shall establish regulations and procedures to equitably implement such hourly differential rates.

(5) All permanent employees whose rates of pay are established according to the wage schedule cited in section 43.12, subdivision 2, clause (4), effective November 17, 1971, shall be advanced in salary to the established base rate for their class or two and one half wage steps, whichever is greater. To receive the two and one half wage step advancement, an employee shall be permitted to be paid at a rate higher than the established base rate for his class. Probationary employees, effective November 17, 1971, shall be advanced in salary to the orientation rate for their class except, if they have permanent status in another class they shall be advanced in salary by one and one half wage steps. The civil service board is directed to prepare and adopt a supplemental schedule of hourly wage rates to implement the provisions of this clause. schedule "B" as cited in section 43.12, subdivision 2, clause (4), effective July 11, 1973, shall be advanced in salary to the established base rate for their class or receive one half the difference between the monthly equivalence of the base rate for their class and the orientation rate for their class, rounded to the next highest dollar, whichever is greater.

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Probationary employees, effective July 11, 1973, shall be advanced in salary to the established orientation rate for their class.

(6) Effective the beginning of the first payroll period for the fiscal year 1972-1973, the hourly orientation and base rates cited in section 43.12, subdivision 2, clause (4) shall be adjusted upward by four percent. Concurrent with this adjustment of the hourly orientation and base rates, all wage assignments and individual wage rates will be adjusted upward by four percent. The civil service board is directed to prepare and adopt a supplemental schedule of hourly wage rates to implement the provisions of this clause. The following procedure shall be used to establish rates of pay for all state employees in the classified service whose positions are assigned to classes in the clerical, technical, service and related salary schedule, hereinafter referred to as schedule "C". Classes shall be assigned salary ranges within an area of compensation beginning at a prescribed monthly rate of pay and extending upward 27 additional fixed salary increments. Salary range assignments for each class of employment in this schedule shall not include more than seven salary steps. Effective July 11, 1973, the prescribed minimum monthly rate of pay shall be \$340. The maximum monthly rate of pay shall be \$1,100.

(7) All employees whose rates of pay are established according to salary schedule "C" as cited in section 43.12, subdivision 2, clause (6), effective July 11, 1973, shall be advanced in salary from their rate of pay and step in salary range immediately preceding that date, to the comparable step in the new salary range for their class unless otherwise provided in procedures established by the board.

(8) Employees compensated according to salary schedule "C" as cited in section 43.12, subdivision 2, clause (6), whose monthly rate of pay immediately preceding July 11, 1973, equals or exceeds the new maximum monthly rate of pay for their class shall be advanced in salary by an amount equal to one half the difference between the new maximum monthly rate of pay for their class and the next lowest monthly rate of pay in their salary range, rounded to the next highest dollar, effective July 11, 1973.

(9) For each full four tenths point increase in the consumers price index for Minneapolis-St. Paul, as published by the Bureau of Labor Statistics for the months of July, 1973, and April, 1974, new series index (1967 = 100), all monthly rates of pay in the "A" and special teacher salary schedules as cited in sections 43.12, subdivision 2, clause (1), and 43.121, subdivision 3, shall be increased by two tenths of one percent, rounded to the nearest dollar. All hourly rates of pay in the "B" and "C" schedules as cited in section 43.12, subdivision 2, clauses (4) and (6), shall be increased by one cent per hour.

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The increase, if any, in wages and salaries generated by this formula shall be effective with the first full payroll period after July 1, 1974, and shall continue in effect until the first full payroll period after January 1, 1975.

A redetermination of the cost of living allowance shall be made in October, 1974. For each full four tenths point increase in the consumer price index for Minneapolis-St. Paul, as published by the Bureau of Labor Statistics for the months of July, 1973, through October, 1974, all monthly rates of pay in the "A" and special teacher salary schedules as cited in sections 43.12, subdivision 2, clause (1), and 43.121, subdivision 3, shall be increased by two tenths of one percent, rounded to the nearest dollar. All hourly rates in the "B" and "C" schedules as cited in section 43.12, subdivision 2, clauses (4) and (6), shall be increased by one cent per hour. The increase, if any, in wages and salaries generated by this redetermination shall be effective with the first full payroll period after January 1, 1975.

During periods when such cost of living allowance is in effect, it shall be added to the applicable basic hourly and monthly rates of pay of each employee, including those that are above the maximum step of their range, and treated as a part thereof in all calculations involving employees' pay.

(10) The commissioner of administration may direct the state auditor to transfer to the various departments and agencies the necessary amounts to finance clause (9) into effect. These transfers shall be from such accounts and funds from which each department or agency receives its revenue, including appropriations from the general fund and from any other fund, now or hereafter existing for the payment of salaries and in the same proportion as it pays therefrom the amounts of such salaries. Such sums of money as are necessary for such purposes are hereby appropriated to such departments or agencies from such account and fund in the state treasury. The accounts and funds referred to from which agencies receive appropriations under the terms of this section are hereby declared to be a source of revenue for the purposes of any other law or statutory enactment.

(7) (11) Overtime worked shall be compensated for either by cash payment or compensatory time off as provided for in overtime schedules approved under the provisions of the civil service rules.

(8) (12) None of the provisions of sections 43.12, subdivision 2, to 43.122, shall apply to employees in the classified service under the state civil service act who are paid on a fee basis, or to such employees who are department heads.

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~~(9) An employee appointed on or subsequent to July 14, 1971, and prior to November 17, 1971, may receive the prescribed salary and wage increases set forth in section 43.12, subdivision 2, clauses (2) and (5) with the approval of his appointing authority. However, so that all employees are compensated at an established rate of pay, an employee who is not granted the prescribed salary or wage increase provided under the provisions of this clause shall have his rate of pay advanced to the next higher salary or wage step established for his class or the new minimum salary rate or probationary wage rate for his class, whichever is greater.~~

~~(10) (13) Except as otherwise provided in section 43.12, subdivision 2, no class will be reassigned to a higher salary range by the civil service board during the 1971-1973 1973-1975 biennium.~~

~~(11) Notwithstanding the provisions of any other law to the contrary, the civil service board is directed to reduce all adopted salary assignments by two percent for classes of work compensated according to the salary schedules cited in section 43.12, subdivision 2, clauses (1) and (4) and section 43.121, subdivision 3, except in no instance shall the minimum rate of a salary assignment be less than the prescribed monthly base rate. The civil service board is directed to prepare and adopt a supplemental schedule of salary rates to implement the provisions of the clause rounded off to the nearest dollar.~~

~~(12) If the Minneapolis St. Paul Consumers' Price Index increases at least one and one half percent between October, 1971, and April, 1972, all salary and wage rates cited in section 43.12, subdivision 2 clauses (1) and (4) shall be increased in value by two percent effective at the beginning of the first payroll period for fiscal year 1972-1973. Concurrent with this adjustment, all salary and wage assignments shall be increased by two percent and employees shall be advanced to the comparable step of the revised schedule of rates. In the event this increase should occur, the civil service board is directed to establish supplemental salary schedules with steps two percent higher than the schedules then in effect. Where necessary to receive this advancement, an employee shall be permitted to be paid at a rate higher than the established maximum rate for his class.~~

~~(13) The commissioner of administration is hereby authorized to direct the state auditor to transfer to the various departments and agencies the necessary amounts to finance clause (12) into effect. These transfers shall be from such accounts and funds from which each department or agency receives its revenue, including appropriations from the general fund and from any other fund, now or hereafter existing for the payment of salaries and in the same proportion as it pays therefrom the amounts of such salaries. Such sums of money as are necessary for such purposes are hereby~~

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~~appropriated to such departments or agencies from such account and fund in the state treasury. The accounts and funds referred to from which agencies receive appropriations under the terms of this section are hereby declared to be a source of revenue for the purposes of any other law or statutory enactment.~~

(14) Notwithstanding the provisions of any other law to the contrary, when making an appointment to the unclassified service of the executive branch of government, the appointing authority shall provide the director of ~~civil service~~ with a personal resumé of the appointee and a detailed job description outlining the duties and responsibilities of the position which the appointee will occupy in such form as the director may prescribe. Any changes in work assignment shall be reported in writing to the director. If, in the judgment of the director, additional information is required in order to establish comparability with positions in the classified service, the director shall review the duties of the position in the same manner as a position in the classified service would be investigated. All persons in the unclassified service of the executive branch of government, except those whose salary is set specifically by statute, may, ~~with the approval of the appointing authority, be granted salary increases on the same effective dates as all employees of the classified state civil service, but in no event may these salary increases exceed the salary increases authorized for personnel in the classified service nor shall be paid according to the compensation provisions applicable to employees performing comparable work in the classified service, but in no event shall unclassified personnel receive rates of pay which exceed the maximum rate of the salary range established for comparable work in the classified service.~~

(15) ~~Notwithstanding the provisions of any other law to the contrary, all non-academic employees of the University of Minnesota and the University of Minnesota department of civil service personnel shall be subject to all of the preceding clauses as if they were classified employees of the Minnesota civil service and the Minnesota civil service board.~~

(15) Effective July 1, 1974, employees whose positions are assigned to classes in the A, B and C compensation schedules working an assigned shift that begins before 6:00 a.m. or which ends on or after 7:00 p.m. shall receive a shift differential of ten cents per hour for all hours worked on that shift in addition to their regular rate of pay. Such differential shall be included in all payroll computations for hours worked but shall not apply during periods of paid leave.

Employees working the regular day schedule who are required to work overtime or who are called back to work for special projects shall not be eligible for the shift differential.

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(16) Effective July 1, 1973, any permanent employee who is separated from the state classified service by reason of death, mandatory retirement, layoff, excluding seasonal layoffs, or who is separated after completing 20 years of state service shall be entitled upon such separation, to pay in an amount equal to ten percent of the employee's regular accumulated but unused sick leave balance at the time of separation. Effective July 1, 1974, severance pay shall be computed upon 20 percent of the employee's regular accumulated but unused sick leave balance. The provisions of this clause shall apply to unclassified employees in the same manner as they apply to employees in the classified service.

Should any employee who has received severance pay be subsequently reappointed to state service, eligibility for future severance pay shall be computed upon the difference between the amount of accumulated but unused sick leave to the employee's credit at the time the employee was separated and the amount of accumulated but unused sick leave balance at the time of the employee's subsequent eligibility for severance pay.

The base for computing the severance pay provided for in this clause shall not exceed 800 hours, nor shall said base include lapsed sick leave hours as defined by departmental rules and regulations.

Such severance pay shall be excluded from retirement deductions and from any calculations in retirement benefits and shall be paid over a period not to exceed five years from termination of employment. In the event that a terminated employee dies before all or a portion of the severance pay has been disbursed, that balance due shall be paid to a named beneficiary or, lacking same, to the deceased's estate.

(17) The board is hereby empowered to establish by rule an injured on duty compensation plan for certain classes of state employees in hazardous or dangerous classes of employment. Said plan shall not be subject to the limitations contained in Minnesota Statutes, Section 176.021, Subdivision 5.

Sec. 15. Minnesota Statutes 1971, Section 43.12, Subdivision 2a, is amended to read:

Subd. 2a. CAREER EXECUTIVE SERVICE. (a) There is established a career executive service within the Minnesota state service.

The purpose of the career executive service is to foster managerial and high level professional identification, development, utilization, mobility and responsiveness in the state service.

(a) (b) The director of civil service, with the approval of the board, shall designate classes positions in the classified service of

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the state as eligible for ~~assignment to~~ inclusion in the career executive ~~compensation schedule~~ service. Such ~~classes~~ positions shall include those which carry basic responsibilities for high level professional or scientific competence, policy determination, leadership, or the internal management and administration of a department or other major unit.

The incumbents of such ~~classes~~ positions shall be selected from among the employees of the state, or its political subdivisions, as set forth in this subdivision 2a, clauses (b), (c), and (d).

~~(b)~~ (c) Eligibility for appointment to ~~assignment in~~ the career executive ~~compensation schedule~~ service shall be established as a result of an examination of persons who first meet such qualifications in accordance with regulations and procedures as the board director shall determine. The board shall select individuals knowledgeable in the field of administrative management who shall serve in an examining capacity to review in detail the applicants' qualifications. The review shall include but not be limited to the following matters: (1) Educational qualifications, (2) Pertinent work experience, (3) Evidence of continuing academic development, (4) Membership in professional organizations, and (5) Estimate of continuing professional growth in a particular discipline. Assignments will be made only after the nominee has achieved permanent or probationary civil service status in the class occupied at the time nomination is made and after meeting requirements as determined by the director.

~~(e)~~ (d) The provisions of chapter 43, and sections 197.45 to 197.48 insofar as they relate to the selection, classification, preference, transfer, tenure and other conditions of employment shall not apply in the selection and assignment of personnel in the career executive ~~compensation schedule~~ service. Assignments Appointments may be terminated by the appointing authority, provided, however, that a written report relative to such the termination is first submitted to the board not based on reasons of politics, religion, race, age, sex, or disability.

~~(d)~~ (e) The director shall certify the names of those persons passing a screening examination meeting requirements established elsewhere in this subdivision to the appointing authority ~~in the order of their performance in said examination~~, and the appointing authority shall be limited in his appointment to such list.

~~(e)~~ (f) No person ~~assigned~~ appointed to the career executive ~~compensation schedule~~ service shall be deemed to acquire any vested rights or tenure to such ~~assignment~~ appointment, provided however, that the time served in such ~~assignment~~ appointment shall be credited to his the employee's seniority, sick leave, vacation, and retirement rights. ~~Upon the termination of his assign-~~

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ment to the career executive compensation schedule, if the employee was appointed to the career executive service from the classified service. An employee may be reassigned to another career executive service position at the same or lower level at the discretion of his appointing authority. An employee removed from the career executive service who was appointed from the classified state service shall be reinstated to his former grade in the same or similar position under the civil service laws and his compensation shall be at the level formerly received plus any annual increments he would have received had he remained in the schedule provided in subdivision 2, clause (1).

(g) The director may establish and enforce regulations and procedures with respect to the career executive service to ensure compliance with the purposes and intent of this subdivision.

(h) Notwithstanding any provision to the contrary, persons appointed to the career executive service shall be subject to the retirement requirements set forth in section 43.051.

Sec. 16. Minnesota Statutes 1971, Section 43.12, Subdivision 2b, is amended to read:

Subd. 2b. **CAREER EXECUTIVE SERVICE.** The following schedule of rates is established as the annual rates of pay for the employees selected under subdivision 2a:

CES-I	13,000	<u>13,500</u>	to	18,000	<u>21,500</u>
CES-II	15,000	<u>15,500</u>	to	21,000	<u>24,500</u>
CES-III	18,000	<u>18,500</u>	to	24,000	<u>28,000</u>
CES-IV	22,000	<u>23,000</u>	to	28,000	<u>32,000</u>

The salary rate to be paid an employee, within the range assigned by the director, shall be determined by the appointing authority. The beginning salary rate and any subsequent changes shall be reported to the director by the appointing authority.

Sec. 17. Minnesota Statutes 1971, Section 43.12, Subdivision 3, is amended to read:

Subd. 3. **ALLOCATIONS.** (1) The director shall allocate each position in the classified civil service to one of the classes within the classification plan, subject to review of the board if an application is made in writing to the board upon one of the grounds set forth in clause (7) by the appointing authority immediately affected at any time within 30 days following notice to him of that allocation, or within 30 days from the date of notice of the final action of the director in case of an application for reconsideration, as hereinafter provided for, and thereafter all salary rates, schedules, or compensation policies shall apply uniformly to all positions

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within each class, in accordance with rules and regulations established by the board, except those positions for which special provision is made in clause (6) below. When a position which has not been allocated to one of the classes within the classification plan is established, the appointing authority shall notify the director, who shall allocate that new position to its appropriate class, subject to the same right of review by the board as heretofore provided in this clause.

(2) After the director makes an allocation under clause (1), he shall notify the appointing authority affected, in writing, of that allocation. The allocation shall become immediately effective, but the appointing authority may within ten days file with the director an application for reconsideration, together with any written evidence by way of affidavits, statements or exhibits which that appointing authority may desire considered by him. The director shall act upon that application within ten days after receiving it, and notify the appointing authority of his final action. In case of the filing of such application for reconsideration, the time for asking a review by the board shall commence to run from the date of notice to the appointing authority of the director's final action.

(3) Whenever, because of changes in the organizational structure of an agency, in the duties of a position, or for some other reason, a position appears to be improperly allocated, the director shall, upon his own initiative, or upon the written request of a permanent employee or an appointing authority, investigate the duties of the affected position. Following that investigation he may reallocate it to an appropriate class. If the director makes a reallocation or denies an application for reallocation, under this clause, he shall notify the appointing authority and the employee affected of his action. A permanent employee or appointing authority affected by any such action shall have the same right to make an application for reconsideration as is granted an appointing authority in the case of an original allocation by clause (2), and the procedure set out in clause (2) shall apply to such application. Except as provided in clause (6) below, any reallocation granted by the director shall become effective upon the expiration of the time fixed for making an application for reconsideration, if none is made, or if one is made, at the date of notice by the director of this final action. A permanent employee or appointing authority shall have the same right of review by the board of a reallocation which changes the class of a position as is granted an appointing authority in the case of an original allocation. Application for such a review must be made within 30 days from the date of notice by the director of his original action, or, if a reconsideration has been asked, within 30 days from the date of the director's final action upon that application.

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(4) In case of any allocation under clause (1), or any reallocation under clause (3), no examination of witnesses nor any trial or hearing shall be required, but the director may act upon such matters as are submitted to him in writing by the employee whose position will be affected by a reallocation or by the appointing authority who will be affected by an allocation or a reallocation, and reports and records of investigators of the department, and may take official notice of the records of the department and of allocations of other comparable positions. The matters of which he takes official notice shall be set out by him in a memorandum to be filed with his order or report of investigation and made a part of his record. In all cases of applications for reallocation, the burden of proof shall be upon the person requesting the reallocation.

(5) Except as provided in clause (6) below, the incumbent of a position which has been reallocated shall continue in the position only if he is eligible for and actually is appointed to the position of the new class in accordance with the rules of the board governing promotion, transfer, and demotion. In any case in which the incumbent is ineligible to continue in the position and he is not transferred, promoted or demoted, the layoff provisions of this chapter and the rules of the board shall apply. Personnel changes required by the reallocation of positions shall be completed within a period of 60 days following the date of reallocation notice to an appointing authority. Any employee with permanent or probationary status whose position is reallocated shall be considered eligible to compete in any promotional examination held to fill the reallocated position, as provided in the rules of the board.

(6) When a position is reallocated by the director to a class in a lower salary range, or when an employee is demoted to a position in a lower salary range, the director and the commissioner of administration may give consideration to the employee's long or outstanding service, exceptional or technical qualifications, age, health, or substantial changes in work assignment or operational changes in state government which eliminate positions held by classified employees with permanent status. When, as a result of such consideration, the director and the commissioner determine that the best interests of the state will be served by such action, the position shall be reallocated but the employee shall continue at the same rate of pay. Thereafter, as long as he remains in the same position, such employee shall not be eligible to receive any salary increases, except those economic adjustment increases based on the consumer's price index authorized by law, until such time as his salary once again may be within the range of the class to which his position has been reallocated.

(7) A review by the board as provided for in this subdivision may be had when the employee or appointing authority affected files an application for review in writing on the ground:

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(a) That the action of the director was not in accordance with the civil service act;

(b) That the action of the director was unwarranted by the evidence before him, or was procured by fraud, coercion or other improper conduct of any party in interest.

The board after receiving any application for review shall order the director to submit to it the record upon which he acted and thereafter, upon that record, may sustain, reverse or modify the action of the director or, in its discretion, may order that further evidence be taken by him to be submitted to the board and considered by it upon its review.

Sec. 18. Minnesota Statutes 1971, Section 43.121, Subdivision 2, is amended to read:

Subd. 2. When an additional class is added to the classification plan, it shall be assigned to one of the salary ~~ranges~~ schedules set forth in section 43.12, subdivision 2, ~~and, if the duties and responsibilities of a class in the plan are substantially changed, or if an apparent inequity exists in the assignment of a class to a salary range, that class shall be reassigned to another salary range by the director of civil service.~~ Such assignment ~~or reassignment~~ to a salary ~~range~~ schedule when approved by the civil service board after public hearing shall be submitted to the commissioner of administration who shall determine whether funds are available for such purposes. The commissioner of administration may approve or reject such schedules. These schedules shall become effective when approved by the commissioner and shall be used by him in connection with all payrolls and accounting records and with all budget estimates for all departments or agencies of the state government. Upon his approval, the commissioner shall file such new schedules in the office of the secretary of state.

Sec. 19. Minnesota Statutes 1971, Section 43.122, is amended to read:

43.122 SALARY INCREASES. Subdivision 1. Appointing authorities are authorized to grant achievement awards in the amount of one salary step for employees assigned to the schedule A, as set forth in section 43.12, subdivision 2, clause (1), who have demonstrated outstanding performance. Justification to the director must be in writing setting forth qualitative and quantitative criteria on which the determination was made. In no instance shall such awards be granted in excess of 20 percent of employees authorized at the beginning of each fiscal year, nor to employees whose rates of pay are at or above the maximum rate of pay established for their class. Appointing authorities shall make every effort to distribute achievement awards equitably among and

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~~within all classifications to eligible employees. To insure conformance to legislative intent, appointing authorities shall submit quarterly reports to the chairman of the senate civil administration and house governmental operations committees indicating the name and classification of each employee granted an achievement award, and the salary step at which the employee is being compensated within his salary range. A copy of each such report must be filed with the civil service director. The first quarterly report is due April 1, 1972.~~

Subd. 2. Within the limits of available appropriations an appointing authority may propose salary increases within the range of more than one step or more frequently than provided in this section upon detailed written statements to the director specifying the unusual employment conditions that make such action necessary. The director shall review each such proposal giving due consideration to the salary rates paid other employees in the same class and agency and may deny any request which in his judgment is contrary to the best interest of the service.

Subd. 3. (a) Employees in classes assigned to the "A" schedule as cited in section 43.12, subdivision 2, clause (1), may receive a one step salary increase annually, on their anniversary date, to the position rate in their salary range, provided performance is satisfactory as indicated by their appointing authority.

The position rate shall be as follows:

9 step salary range - 5th step

8 step salary range - 5th step

7 step salary range - 4th step

6 step salary range - 4th step

5 step salary range - 4th step

4 step salary range - 3rd step

3 step salary range - 3rd step

Beyond the position rate, employees may receive one step satisfactory performance increases biennially, on their anniversary date, upon the recommendation of their appointing authority, up to and including the maximum rate of the salary range for their class.

No increases authorized by this subdivision shall be granted by the appointing authority until an appropriate employee evaluation program is filed with the director. Authorized increases shall be recommended in the context of performance measured against specific performance standards or objectives.

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Appointing authorities shall not recommend increases for those employees in this schedule who have not met, or only marginally attained, performance standards or objectives. Increases withheld may subsequently be granted by the appointing authority upon certification to the director that the employee is achieving performance standards or objectives.

(b) Employees in classes assigned to the "C" schedule as cited in section 43.12, subdivision 2, clause (6), shall progress through the salary range for their class according to the following procedure:

Employees compensated at the first step in their salary range shall be advanced to the second step following the completion of 1,044 hours of satisfactory service subsequent to the implementation of the provisions of section 43.12, subdivision 2, clause (7). Employees compensated at the second step in their salary range shall be advanced to the third step following the completion of 1,044 hours of satisfactory service subsequent to the implementation of the provisions of section 43.12, subdivision 2, clause (7).

Employees compensated at or beyond the third step in their salary range shall advance to the next highest rate in their salary range at the completion of each increment of 2,088 hours of satisfactory service subsequent to the implementation of the provisions of section 43.12, subdivision 2, clause (7), until the maximum rate of pay is attained.

Employees compensated at the maximum step in their range or above shall receive no salary adjustments under the provisions of this subdivision.

(c) Appointing authorities may withhold increases authorized in section 43.122, subdivision 3, clause (b). Those employees who will be denied an increase because of unsatisfactory service must be notified in writing. Increases withheld may subsequently be granted by the appointing authority upon certification to the director that the employee has achieved a satisfactory level of performance.

(d) All salary increase provisions for the "A" schedule cited in section 43.122, subdivision 3, shall be effective beginning with the payroll period following the employee's anniversary date but in no instance prior to the first full payroll period subsequent to May 30, 1974.

Subd. 4. ANNIVERSARY DATES. To determine anniversary dates for the purposes of this section, the following procedure shall be used. For all persons employed on or before May 30, 1973, annual anniversary dates shall be computed from that date. For those employed subsequent to May 30, 1973, the anniversary date shall be computed from the date of employment. For those

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promoted, reinstated, reemployed, or returned from leave of absence subsequent to May 30, 1973, the anniversary date shall be computed from the date of the action. Anniversary dates shall not be affected by the withholding of increases authorized in section 43.122, subdivision 3, clause (1).

Sec. 20. Minnesota Statutes 1971, Section 43.126, Subdivision 1, is amended to read:

43.126 SPECIAL RATES OF PAY. Subdivision 1. Notwithstanding the provisions of sections 43.12 and 43.121 to 43.123, the following salary ranges are established with annual salaries as shown:

Range A	<u>\$19,500</u>	<u>\$23,000</u>	to	<u>\$28,000</u>	<u>\$32,000</u>
Range B	<u>\$23,500</u>	<u>\$28,000</u>	to	<u>\$32,000</u>	<u>\$38,000</u>
Range C	<u>\$27,500</u>	<u>\$30,000</u>	to	<u>\$37,000</u>	<u>\$45,000</u>

Sec. 21. Minnesota Statutes 1971, Section 43.24, Subdivision 1, is amended to read:

43.24 REMOVAL. Subdivision 1. **WRITTEN STATEMENT.** No permanent employee in the classified service, under the provisions of this chapter or the rules made pursuant thereto, shall be removed, discharged, suspended without pay for more than 30 days, or reduced in pay or position, except for just cause, which shall not be religious or political, or because of the employee's race, sex, disability or age, subject however to the mandatory retirement ages specified by law. In case of any disciplinary action, as enumerated in this section, the employee shall, before the action is taken, be furnished with a statement, in writing, setting forth the reasons for the disciplinary action, be permitted five days time to reply thereto, in writing, or upon his request, to appear personally and reply to the head of the department. A copy of the statement and the employee's reply, if any, shall be filed with the director of ~~civil service~~ prior to the effective date thereof.

Sec. 22. Minnesota Statutes 1971, Section 43.50, Subdivision 1, is amended to read:

43.50 PAYMENT OF PREMIUMS. Subdivision 1. Each department or agency of the state government shall pay the amounts due for basic life insurance and basic health benefits coverage authorized for eligible state employees as provided by Laws 1967, Chapter 103. Additionally, and notwithstanding any law to the contrary, effective July 1, 1974, each department or agency of the state government shall contribute \$10 per month toward the cost of dependent hospital-medical insurance coverage premiums for their eligible employees who have eligible dependents. To enable employees to receive benefit from this provision,

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an open enrollment period of not less than one month, commencing May 1, 1974, is established. During said open enrollment period employees may enroll their dependents without proof of insurability. Effective January 1, 1975, the state contribution provided herein shall apply to eligible members of the legislature who have eligible dependents. Each of such departments and agencies shall pay such amounts from such accounts and funds from which each department or agency receives its revenues, including appropriations from the general fund and from any other fund, now or hereafter existing for the payment of salaries and in the same proportion as it pays therefrom the amounts of such salaries. Such sums of money as are necessary for such purposes are hereby appropriated to such departments and agencies from such account and funds in the state treasury. In order to enable the state auditor to maintain proper records covering the appropriations made by this section, he may require such certifications in connection therewith as he may deem necessary from any state department or agency whose officers and employees receive benefits pursuant to Laws 1967, Chapter 103. The accounts and funds referred to from which departments and agencies receive appropriations under the terms of this section are hereby declared to be a source of revenue for the purposes of any other law or statutory enactment.

Sec. 23. Minnesota Statutes 1971, Section 299D.03, Subdivision 2, is amended to read:

Subd. 2. **SALARIES.** (1) Each such employee other than the chief supervisor, lieutenant colonel, majors, captains, and sergeants hereinafter designated shall be known as patrol officers.

(2) There may be appointed one lieutenant colonel; and such majors, captains, sergeants and officers as the commissioner deems necessary to carry out the duties and functions of the highway patrol. Persons in above named positions shall be appointed by law and have such duties as the commissioner may direct and, except for officers, shall be selected from the patrol officers, sergeants, captains, and majors who shall have had at least five years' experience as either patrol officers, sergeants, or supervisors. ~~The total number of supervisors shall not exceed one for each ten patrol officers, but no supervisor shall be demoted in order to obtain this ratio. Vacancies in supervisory positions, however, shall not be filled until the ratio provided for herein is reached.~~

(3) ~~Commencing November 17, 1971~~ July 11, 1973, the salaries for all members of the highway patrol, except for the chief supervisor and those members subject to the provisions of clause (7), shall be as shown in the following table:

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TIME IN RANK

	Base	1	2	3	4	5 & 6	7 thru 11	12 and Over
	Salary	Year	Years	Years	Years	Years	Years	Years
Officer	\$ 736	766	797	828	861	896	931	969
Sergeant	1008	1008	1008	1049	1049	1090	1090	1090
Captain	1134	1134	1134	1179	1179	1226	1226	1226
Major	1275	1275	1275	1326	1326	1379	1379	1379
Lt.Col.	1434	1434	1434	1491	1491	1550	1550	1550

(4) Beginning with the first payroll period in fiscal year 1972-73, the salaries for all members of the highway patrol, except for the chief supervisor, and those members subject to the provisions of clause (7), shall be as shown in the following table:

TIME IN RANK

	Base	1	2	3	4 thru 6	5 & 6	7 thru 11	12 Years and Over
	Salary	Year	Years	Years	Years	Years	Years	Years
Officer	\$ 766	808	797	851	828	894	861	938
Sergeant	1049	1113	1049	1113	1049	1158	1090	1158
Captain	1179	1252	1179	1252	1179	1302	1226	1302
Major	1326	1408	1326	1408	1326	1464	1379	1464
Lt.Col.	1491	1584	1491	1584	1491	1647	1550	1647

Commencing July 10, 1974, the salary rates for all highway patrol officers and sergeants as cited in section 299D.03, subdivision 2, clause (3), shall be increased by \$10 per month in lieu of receiving any salary differential for working evening and night hours.

The salary figures shown in the table above shall be increased in value by two percent, effective at the beginning of the first payroll period in fiscal year 1972-73, if the classified civil service receives a two percent cost of living increase pursuant to other law.

In addition to the rates of pay provided above, all employees compensated according to the above salary table shall be paid a cost of living allowance to be determined and redetermined in the following manner:

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The difference, if any, between the consumers price index for the city of Minneapolis-St. Paul, Minnesota (new series index 1967 = 100) as published for the months July, 1973, and April, 1974, by the Bureau of Labor Statistics of the United States Department of Labor shall be computed. For each full four tenths point increase so computed, one cent per hour shall be added to the hourly rate of pay of each highway patrol officer; and two tenths of one percent rounded to the nearest dollar shall be added to the monthly rate of pay of each sergeant, captain, major, and lieutenant colonel. Such cost of living allowance shall become effective the first full payroll period after July 1, 1974, and shall continue in effect until the first full payroll period after January 1, 1975. A redetermination of the cost of living allowance shall be made in October, 1974, and will involve computation of the difference, if any, between the aforementioned index as published for the base month of July, 1973, and the month of October, 1974. For each full four tenths point increase so computed one cent per hour shall be added to the hourly rate of pay of each officer; and two tenths of one percent rounded to the nearest dollar shall be added to the monthly rate of pay of each sergeant, captain, major and lieutenant colonel as a cost of living allowance. Such cost of living allowance shall become effective the first full payroll after January 1, 1975.

During periods when such cost of living allowance is in effect, it shall be added to the applicable basic hourly and monthly rates of pay for highway patrol officer, sergeant, captain, major and lieutenant colonel, and treated as a part thereof in all calculations involving employees' pay.

The commissioner of administration may direct the state auditor to transfer to the department of public safety the necessary amount to finance the increased cost of the cost of living provisions of this clause. This amount is appropriated from the trunk highway fund to the department of public safety for this purpose.

~~(5) (4) Upon promotion, the person will be paid at the base salary rate of pay in effect for that rank, and, if initially appointed to the highway patrol on or before the effective date of this act, shall subsequently be eligible for the time in rank increases calculated from the effective date of promotion.~~

~~(6) (5) Any time in rank increases in salary provided for in the tables in clauses clause (3) and (4), shall be effective for the payroll period nearest the employee's anniversary date of employment.~~

~~(7) Patrol officers appointed on or after the effective date of this act, shall be paid the base salary assigned to the rank of patrol officer. In lieu of time in rank increases, 20 percent of such officers shall be eligible for achievement awards contemplated by Minnesota Statutes, Section 43.122, Subdivision 1.~~

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~~(8) No time in rank increases shall be granted after June 30, 1973.~~

The salary rates for all highway patrol officers and sergeants as cited in section 299D.03, subdivision 2, clause (3) shall be deemed to include reimbursement for meal and business expenses incurred by highway patrol officers and sergeants in the performance of their assigned duties in their patrol areas; business expenses include, but are not limited to: uniform costs, home garaging of squad cars and maintenance of home office.

Sec. 24. Minnesota Statutes 1971, Section 352.03, Subdivision 1, is amended to read:

352.03 BOARD OF DIRECTORS, COMPOSITION, EXECUTIVE DIRECTOR; DUTIES, POWERS. Subdivision 1. MEMBERSHIP OF BOARD; ELECTION; TERM. The policy making function of the system is hereby vested in a board of seven members, who shall be known as the board of directors, hereinafter called the board. This board shall consist of ~~the state auditor, the state treasurer, the insurance commissioner,~~ three members appointed by the governor, one of whom shall be a constitutional officer or appointed state official and two public members knowledgeable in pension matters, and four state employees who shall be elected by state employees covered by the system at a time and in a manner to be fixed by the board. Two board members, whose terms of office shall begin on the first Monday in March next succeeding their election, shall be elected biennially. The term of the two board members whose terms expire in 1968 shall terminate on the first Monday in March, 1968, and the terms of the two board members whose terms expire in 1970 shall terminate on the first Monday in March, 1970. The members of the board so elected shall hold office for a term of four years and until their successors are elected, and have qualified. A state employee on leave of absence shall not be eligible for election or re-election to membership on the board of directors; and the term of any board member who is on leave for more than six months shall automatically terminate upon the expiration of such period.

Sec. 25. Minnesota Statutes 1971, Section 352.03, Subdivision 3, is amended to read:

Subd. 3. DIRECTORS SERVE WITHOUT COMPENSATION. The members of the board ~~employed by the state~~ shall serve without compensation, but shall be reimbursed out of the retirement fund for expenses actually and necessarily paid or incurred in the performance of their duties, and shall suffer no loss of salary or wages through service on the board. The public members of the board shall be paid \$35 per day for each day actually devoted to duties as a member of the board. Members of the board shall be

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paid for expenses in travel to and from meetings and for necessary expenses incurred during meetings of the board.

Sec. 26. Minnesota Statutes 1971, Section 352.04, Subdivision 2, is amended to read:

Subd. 2. **EMPLOYEE CONTRIBUTIONS.** ~~The employee contribution to the fund (a) by those employees whose state service is covered by the federal social security act shall be an amount equal to three~~ four percent of salary, ~~and (b) by those employees whose state service is not covered by the federal social security act shall be an amount equal to six percent of salary beginning with the first full pay period after June 30, 1973.~~ These contributions shall be made by deduction from salary in the manner provided in subdivision 4.

Sec. 27. Minnesota Statutes 1971, Section 352.04, Subdivision 3, is amended to read:

Subd. 3. **EMPLOYER CONTRIBUTIONS.** The employer contribution to the fund shall be ~~(1) an amount equal to the total amount deducted from the salaries of employees on each payroll abstract, plus (2) (a) an additional one-half of the amount of such deductions beginning with the first full pay period after June 30, 1969, for employees paying three percent contributions, such amount to be reduced to one-third of such deductions beginning with the first full pay period after June 30, 1970; or (b) an additional one-sixth of the amount of such deductions for employees paying six percent contributions~~ an additional two percent of salary beginning with the first full pay period after June 30, 1973. The employer contribution shall be made in the manner provided in subdivisions 5 and 6.

Sec. 28. Minnesota Statutes 1971, Section 352.115, Subdivision 2, is amended to read:

Subd. 2. **AVERAGE SALARY.** The retirement annuity hereunder payable at age 65 or thereafter shall be computed in accordance with the applicable provisions of the formula stated in subdivision 3 hereof, on the basis of the employee's average salary for the period of his allowable service. Such retirement annuity is known as the "normal" retirement annuity.

~~(a) For years prior to July 1, 1957, "average salary" for the purpose of determining an employee's retirement annuity means the average of his highest salary upon which deductions were based for any five consecutive years prior to that date.~~

~~(b) For each year of allowable service subsequent to June 30, 1957, "average salary" of an employee for the purpose of determining his retirement annuity means the average of his~~ the highest

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five successive years of salary upon which he has made contributions to the retirement fund by payroll deductions.

Sec. 29. Minnesota Statutes 1971, Section 352.115, Subdivision 3, is amended to read:

Subd. 3. **RETIREMENT ANNUITY FORMULA.** The employee's average salary, as defined in subdivision 2 multiplied by the applicable percentages indicated below 1 percent per year of allowable service for the first ten years and 1.5 percent for each subsequent year of allowable service and pro rata for completed months less than a full year shall determine the amount of the retirement annuity to which the employee qualifying therefor is entitled:

(1) For Years of Allowable Service Rendered Prior to July 1, 1969	Percentages at the Rate of:
(a) First ten years	1 percent per year of service
(b) Second ten years or completed months of service less than such period	1.1 percent per year of service
(c) Third ten years or completed months of service less than such period	1.7 percent per year of service
(d) Subsequent years or completed months of service less than such period	2 percent per year of service
(2) For years of Allowable Service Rendered Subsequent to June 30, 1969	Percentage at the Rate of
(a) First ten years	1 percent per year of service
(b) Second ten years of completed months of service less than such period	1.3 percent per year of service
(c) Third ten years of completed months of service less than such period	2 percent per year of service
(d) Subsequent years of completed months of service less than such period	2.5 percent per year of service

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~~(3) If a combination of the above formulas is used, the formula percentages used shall be those percentages in each formula as continued for the respective years of allowable service from one formula to the next.~~

Sec. 30. Minnesota Statutes 1971, Section 352.115, is amended by adding a subdivision to read:

Subd. 13. PROPORTIONATE ANNUITY IN CERTAIN CASES. Any employee who prior to July 1, 1973, was less than 60 years of age when entering covered state service who, due to the lowering of the mandatory retirement age, does not qualify for an annuity at the time he is required to retire, shall be entitled upon application to a proportionate annuity based upon his allowable service credit at time of mandatory retirement.

Sec. 31. Minnesota Statutes 1971, Section 352.116, Subdivision 1, is amended to read:

352.116 ANNUITIES UPON RETIREMENT. Subdivision 1. REDUCED ANNUITY BEFORE AGE 65. Any employee who retires prior to age 65 shall be paid the normal retirement annuity provided in sections 352.115, subdivisions 2 and 3, or 352.715, subdivision 2, as the case may be, reduced by one-half of one percent for each month that the employee is under age 65 on the last day for which he is entitled to service credit as provided in section 352.01, subdivision 11, clause (3), or the date state service terminated, or the date the application for the annuity is filed with the director, whichever is later, provided however that if an employee is entitled to credit for not less than 30 years allowable service, such reduction shall be applied only for each month the employee is under age 62.

Sec. 32. Minnesota Statutes 1971, Section 352.118, is amended to read:

352.118 INCREASE IN BENEFITS. The retirement annuities and disability benefits authorized and in effect on June 30, 1969 1973 shall be increased in the same ratio that the actuarially computed reserve for such benefits determined by using an interest assumption of three and one-half percent bears to the actuarially computed reserve for such benefits determined by using an interest assumption of three and one-half five percent. The reserves upon which such increase shall be based shall be the actuarially determined reserve for benefits in effect at December 31, 1968 June 30, 1972, in accordance with the mortality assumptions then in effect and at interest assumptions of three and one-half percent and three and one-half five percent. Such ratio of increase computed to the last full one one-hundredth of one percent shall be applied to benefits in effect on June 30, 1969 1973 and shall begin to accrue

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July 1, 1969 1973. Notwithstanding section 356.18, increases in benefit payments pursuant to this section will be made automatically unless the intended recipient files written notice with the Minnesota state retirement system requesting that the increase shall not be made.

Sec. 33. Minnesota Statutes 1971, Section 352.119, Subdivision 2, is amended to read:

Subd. 2. **VALUATION OF ASSETS; ADJUSTMENT OF BENEFITS.** ~~(1) As of June 30, 1969, the present value of all annuities in force as of June 30, 1969 and as amended in accordance with Laws 1969, Chapter 893, shall be determined in accordance with the 1937 standard annuity table of mortality, calculated separately as to sex, with an interest assumption of three and one-half percent and assets representing the required reserves for these annuities shall be transferred to the Minnesota adjustable fixed benefit fund, during a period of one year in accordance with the procedures specified by law for the Minnesota adjustable fixed benefit fund.~~

~~(2)~~ (1) Effective July 1, 1969, for those employees commencing to receive benefits pursuant to chapter 352, and acts amendatory thereof, the required reserves as determined in accordance with this section the interest assumption then in effect and appropriate mortality table based on experience of the fund as recommended by the system's actuary shall be transferred to the Minnesota adjustable fixed benefit fund as of the date benefits begin to accrue.

~~(3)~~ (2) Annuity payments shall be adjusted in accordance with the provisions of section 11.25, subdivisions 12 and 13.

Sec. 34. Minnesota Statutes 1971, Chapter 352, is amended by adding a section to read:

[352.1191] SURVIVOR BENEFIT INCREASE. The survivor benefits payable from the state employees retirement fund as provided by section 352.715, subdivision 4, which are authorized and in effect on January 1, 1974 shall be increased 25 percent. Such increase shall apply to the accrual of benefits commencing January 1, 1974.

Sec. 35. Minnesota Statutes 1971, Section 352.22, Subdivision 1, is amended to read:

352.22 REFUNDMENTS OR DEFERRED ANNUITIES. Subdivision 1. **SERVICE TERMINATION.** Any employee who ceases to be a state employee by reason of termination of state service, shall be entitled to a refundment provided in subdivision 2 or a deferred retirement annuity as provided in subdivision 3. Application for a refundment may be made 60 or more days after the

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termination of state service if the applicant has not again become a state employee required to be covered by the system; except that employees of the University of Minnesota, having attained the age of 68 years or more, and employees of other departments and agencies of the state having attained the age of 70 years or more, whose state service is terminated by operation of law, or by direction of the appointing authority, who attain mandatory retirement age and are required to retire and who are not eligible to receive an annuity under sections 352.115 or 352.72, may apply for refundment without any waiting period.

Sec. 36. Minnesota Statutes 1971, Section 352.22, Subdivision 2, is amended to read:

Subd. 2. **AMOUNT OF REFUNDMENT.** Except as provided in subdivision 3, any person who ceased to be a state employee after June 30, 1973, by reason of termination of state service ~~shall receive a refundment in an amount equal to his accumulated contributions without interest, except that an employee terminating state service at the age of 65 or more shall receive a refundment in an amount equal to his accumulated contributions plus interest thereon to the date of termination at the rate of three and one-half percent per annum compounded annually if the employee due to age could not qualify for an annuity upon reaching compulsory retirement age had he continued in covered employment. Interest shall not be paid on any contributions for service rendered prior to age 58 at the rate of three and one-half percent per annum compounded annually on deductions taken after the third year of coverage except that if the employee, due to age, could not qualify for an annuity upon reaching compulsory retirement age had he continued in covered employment, he shall be paid interest from the date of coverage. Such interest shall be computed to the first day of the month in which the refund is processed and shall be based on fiscal year balances.~~

Sec. 37. Minnesota Statutes 1971, Section 352.23, is amended to read:

352.23 TERMINATION OF RIGHTS. When any employee accepts a refundment as provided in section 352.22, all existing service credits and all rights and benefits to which the employee was entitled prior to the acceptance of such refundment shall terminate and shall not again be restored until the former employee acquires not less than one year's allowable service credit subsequent to taking his last refundment. In that event, he may repay all refundments which he had taken from the retirement fund. Repayment of refundments will entitle the employee only to credit for service covered by (a) salary deductions, (b) payments made in lieu of salary deductions, and (c) payments made to obtain credit for service as permitted by laws in effect at the time

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payment was made. If an employee before taking one or more refundments had credit for prior service or for military service without payment in either case, he may obtain credit for such forfeited service prior to July 1, 1929, and for such forfeited military service by making payments at a contribution rate of three percent of his average salary upon which deductions for the retirement fund were based, for the three year period immediately preceding repayment of refundment for service credit prior to July 1, 1929, and on the salary received by him at the time of entering military service to restore his military service credit. All such payments and repayment of refundments are to be paid with interest at ~~four~~ six percent per annum compounded annually.

Sec. 38. Minnesota Statutes 1971, Section 352.27, is amended to read:

352.27 CREDIT FOR MILITARY SERVICE. Any employee given a leave of absence to enter military service who returns to state service upon discharge from military service as provided in section 192.262, may obtain credit for his period of military service but he shall not be entitled to credit for any voluntary extension of military service at the instance of the employee beyond the initial period of enlistment, induction or call to active duty, nor to credit for any period of service following a voluntary return to military service. Such employee may obtain such credit by paying into the fund an employee contribution based upon his salary at the date of return from military service. The amount of this contribution shall be the applicable amounts required in section 352.04, subdivision 2, plus interest at ~~four~~ six percent per annum compounded annually. In such cases the matching employer contribution and additional contribution provided in section 352.04 shall be paid by the department employing such employee upon his return to state service from funds available to such department at the time and in the manner provided in section 352.04.

Sec. 39. Minnesota Statutes 1971, Chapter 352, is amended by adding a section to read:

[352.90] CORRECTIONAL EMPLOYEES. It is the policy of the legislature to provide special retirement benefits and contributions for certain correctional employees who, because of the nature of their employment, are required to retire at an early age. For the purpose of Minnesota Statutes, Chapter 356, the actuary shall make separate reports with respect to these employees. Except as otherwise provided, the provisions of Minnesota Statutes, Chapter 352, apply to covered correctional employees.

Sec. 40. Minnesota Statutes 1971, Chapter 352, is amended by adding a section to read:

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[352.91] COVERED CORRECTIONAL SERVICE. Covered correctional service means: (a) services performed on, before, or after July 1, 1973, by a state employee, as defined in section 352.01, as an attendant guard, attendant guard supervisor, correctional captain, correctional counselor I, correctional counselor II, correctional counselor III, correctional counselor IV, correctional lieutenant, correctional officer, correctional sergeant, director of attendant guards and guard farmer garden, provided the employee was employed in such position on July 1, 1973 or thereafter; (b) services performed before July 1, 1973 by an employee covered under clause (a) in a position classified as a houseparent or guard instructor; and (c) services performed before July 1, 1973 in a position listed in clause (a) and positions classified as houseparent, guard instructor and guard farmer dairy, by a person employed on July 1, 1973 in a position classified as a license plant manager, prison industry foreman (general, metal fabricating and foundry), prison industry supervisor, food service manager, prison farmer supervisor, prison farmer assistant supervisor or rehabilitation therapist employed at the Minnesota security hospital. However an employee shall not be covered hereunder if first employed after July 1, 1973 and who because of his age could not acquire ten years of service to qualify for an annuity as a correctional employee.

Sec. 41. Minnesota Statutes 1971, Chapter 352, is amended by adding a section to read:

[352.92] CORRECTIONAL EMPLOYEE CONTRIBUTIONS. Subdivision 1. EMPLOYEE CONTRIBUTIONS. Beginning with the first full pay period after June 30, 1973, in lieu of employee contributions payable under section 352.04, subdivision 2, contributions by covered correctional employees shall be in an amount equal to six percent of salary.

Subd. 2. EMPLOYER CONTRIBUTIONS. Beginning with the first full pay period after June 30, 1973, in lieu of employer contributions payable under section 352.04, subdivision 3, the employer shall contribute for covered correctional employees (1) an amount equal to 1½ times the deduction from salaries of covered correctional employees on each payroll abstract, plus (2) an additional amount of five percent of salaries of covered correctional employees on each payroll abstract.

Sec. 42. Minnesota Statutes 1971, Chapter 352, is amended by adding a section to read:

[352.93] RETIREMENT ANNUITY. Subdivision 1. After separation from state service an employee covered under section 34 of this act who has attained the age of at least 55 years and has credit for not less than a total of ten years of covered correctional service and regular Minnesota state retirement system service shall be

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entitled upon application to a retirement annuity under this section based only on covered correctional employees' service.

For the purpose of this section, average salary means the average of the monthly salary during the employees' highest five successive years of salary as a correctional employee.

Subd. 2. The monthly annuity under this section shall be determined by multiplying the average monthly salary by the number of years, or completed months, of covered correctional service by 2.5 percent for the first 20 years of correctional service and two percent for each year thereafter; provided however, the monthly annuity shall not exceed 75 percent of the average monthly salary.

Subd. 3. The annuity under this section shall begin to accrue as provided in section 352.115, subdivision 8, and shall be paid for an additional 84 full calendar months or to the first of the month following the month in which he becomes age 65, whichever occurs first, and then be reduced to the amount as calculated under section 352.115, except that if this amount, when added to the social security benefit based on state service the employee is eligible to receive at such time, is less than the benefit payable under subdivision 2, the retired employee shall receive an amount that when added to such social security benefit will equal the amount payable under subdivision 2. When an annuity is reduced under this subdivision, the percentage adjustments, if any, that have been applied to the original annuity under Minnesota Statutes, Section 11.25, prior to the reduction, shall be compounded and applied to the reduced annuity. A former correctional employee employed by the state in a position covered by the regular plan between the ages of 58 and 65 shall receive a partial return of his correctional contributions at retirement with five percent interest based on the following formula:

<u>Employee contributions contributed as a correctional employee in excess of the contributions such employee would have contributed as a regular employee</u>	X	<u>Years and complete months of regular service between ages 58 and 65</u>
		<u>7</u>

Subd. 4. A former employee who has both regular and correctional service shall, if qualified, receive an annuity based on both periods of service under applicable sections of law but no period of service shall be used more than once in calculating the annuity.

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Subd. 5. Notwithstanding the provisions of subdivision 1 an employee who was in a covered correctional position on July 1, 1973; was employed in a position covered by Minnesota Statutes, Chapter 352, prior to reaching age 60; and was required to retire because of the lowering of the mandatory age, shall be entitled to an annuity under this section even though he does not have ten years of covered service under Minnesota Statutes, Chapter 352.

Subd. 6. This section shall apply to qualified employees who retire on or after July 1, 1973, but the annuity payable hereunder shall not begin to accrue until July 1, 1974.

Sec. 43. Minnesota Statutes 1971, Chapter 352, is amended by adding a section to read:

[352.94] AUGMENTATION. Subdivision 1. An employee who becomes a correctional employee after serving as a regular employee shall be covered under section 352.72, subdivision 2, with respect to the regular service.

Subd. 2. An employee who becomes a regular employee after serving as a correctional employee shall not be covered under section 352.72, subdivision 2, with respect to his correctional service.

Sec. 44. Minnesota Statutes 1971, Chapter 352, is amended by adding a section to read:

[352.95] DISABILITY BENEFITS. An employee who becomes totally and permanently disabled while in a covered correctional position shall have his disability benefit rights determined under section 352.113 except that when such person becomes 55 years of age he shall be deemed to be retired and shall be entitled to receive the benefit provided under section 352.113, subdivision 3, whether or not disabled at such age. An employee who receives a disability benefit shall not be entitled to an annuity under Minnesota Statutes, Section 352.93, even though otherwise qualified, until reemployed in a covered correctional position for a period of at least one year.

Sec. 45. Minnesota Statutes 1971, Section 356.21, Subdivision 5, is amended to read:

Subd. 5. **ACTUARIAL SURVEY; CONTENTS.** Each actuarial survey required under this section shall include:

(1) For each fund providing any benefits under a benefit formula, the level normal cost of the benefits provided by the laws governing the fund as of the date of the survey, computed in accordance with the Entry Age Normal Cost (Level Normal Cost) Method. Accrued liabilities of the fund shall also be calculated in accordance with that method.

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(2) For each fund providing benefits under the money purchase method, the member contributions accumulated at interest, as apportioned to members' accounts, to the date of the survey. These accumulations shall be separately tabulated in such manner as to reflect properly any differences in money purchase annuity rates which may apply.

(3) An interest assumption of ~~three and one-half~~ five percent.

(4) Other assumptions as to mortality, disability, withdrawal, and salary scale that are appropriate to the fund, which shall be set forth in the survey report.

(5) A balance sheet showing accrued assets, accrued liabilities, and the deficit from full funding of liabilities (unfunded accrued liability). The accrued liabilities shall include the following required reserves:

(a) For active members

1. Retirement benefits
2. Disability benefits
3. Refundment liability due to death or withdrawal
4. Survivors' benefits

(b) For deferred annuitants' benefits

(c) For former members without vested rights

(d) For annuitants

1. Retirement annuities
2. Disability annuities
3. Widows' annuities
4. Surviving children's annuities

In addition to the above required reserves, separate items shall be shown for additional benefits, if any, which may not be appropriately included in the reserves listed above.

(6) In addition to the level normal cost, such additional rate of support as is required to amortize any deficit in the fund by the end of the fiscal year occurring in 1997.

(7) Each actuarial survey shall measure all aspects of the fund in accordance with such changes in benefit plans, if any, as will be in force during the following fiscal year.

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(8) An actuarial balance sheet shall not include as an asset any amount representing the present value of contributions to be made for the purpose of amortizing the present deficit in the fund.

(9) A statement of the average entry ages at which employment commences.

(a) For all those currently active members at the date of the actuarial valuation.

(b) Separately as to new entrants for each of the last five fiscal years.

(10) A statement of the average ages at which service retirements have taken place.

(a) For all service retirement annuitants living at the date of the actuarial valuation.

(b) Separately as to new retirements for each of the last five fiscal years.

(11) A separate item of administrative expense and a statement of level normal cost. The administrative expense and level normal cost shall also be expressed as a percentage of covered payroll.

(12) For each fund providing any benefit that is based entirely on the rate of compensation in the year of retirement or later years or on a limited period of years in which compensation was at its highest level, an assumption that in each future year the salary on which a retirement or other benefit is based is 1.035 multiplied by the salary for the preceding year.

Sec. 46. Section 45 of this act is effective June 30, 1973.

Sec. 47. Minnesota Statutes 1971, Sections 3A.02, Subdivision 1a; and 16.02, Subdivision 20a, are repealed.

Sec. 48. Except as otherwise specifically provided, the effective date of this act is July 1, 1973.

Approved May 24, 1973.

CHAPTER 654—H.F.No.1372

[Coded in Part]

An act relating to parole and probation; creating a single authority; transferring the powers and duties of the adult correc-

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