The People of the State of Michigan enact:

**38.1201 Applicability of act.**
Sec. 1. This act applies to employees of the state who are not classified state civil service employees. This act does not apply to employees in the legislative and judicial branches of government, those elected by popular election, employees of state institutions of higher education, persons in the armed forces of the state, employees who serve without salary, or to members of boards or commissions who are paid at a per diem rate.


**38.1202 Salary considered annual salary; salary payments.**
Sec. 2. A salary prescribed by statute or in an appropriation act, unless otherwise qualified, is considered to be an annual salary. Nonclassified employees shall be paid in increments at a rate determined by dividing the annual salary by the number of state payrolls in a fiscal year. Regular salary payments shall be made only for that time during which the employee holds the position.


**38.1203 Sick, annual, bonus, and personal leave time.**
Sec. 3. The crediting, accumulation, use, and recording of sick, annual, bonus, and personal leave time for nonclassified employees shall be the same as that established for employees in the state classified service. These conditions may be waived by a nonclassified employee by written agreement with the appointing authority, in which case the nonclassified employee shall not be eligible for the provisions in sections 4 and 5 or other monetary benefits.


**38.1204 Terminal leave benefits; approved leave of absence.**
Sec. 4. When services of a nonclassified employee are terminated for any reason, the employee or the employee's heirs shall be paid terminal leave benefits the same as classified state civil service employees, except that those nonclassified employees who are on an approved leave of absence from a position in the classified service and who return to that position shall utilize the combined balances of sick leave, both in the classified and nonclassified service, for the purpose of determining the percentage of sick leave payment.


**38.1205 Annual longevity payments.**
Sec. 5. A nonclassified employee shall be eligible for annual longevity payments on the same basis as classified employees, except that eligibility for longevity payment shall be determined by combining the years of service in both the classified and nonclassified service and the amount of payment determined by the equivalent longevity pay rates established by the civil service commission for nonclassified employees.


**38.1206 Voluntary payroll deductions; group benefits.**
Sec. 6. A nonclassified employee is entitled to the same types of voluntary payroll deductions as is an employee in the state classified service, and is entitled to join employee groups for benefit purposes, subject to approval by sponsoring authorities or applicable law.


**38.1207 Terminal payment for accrued leave balances.**
Sec. 7. A terminal payment for accrued leave balances, as prescribed in section 4, is limited to the unexpended appropriation balance for the position, and as supplemented by the legislature.


**38.1208 Procedures for administering act.**
Sec. 8. The department of management and budget may establish procedures for administering this act.


38.1209 Effective date.

Sec. 9. This act shall take effect October 1, 1978.