



Subcommittee on Employee Relations Legislative Coordinating Commission

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DATE: September 10, 2013
TO: Members of the Subcommittee
FROM: Greg Hubinger
RE: Compensation plan summaries

In addition to the collective bargaining agreements MMB has submitted to the Subcommittee, the Department has also submitted two compensation plans for review. These plans are also for the 14-15 biennium.

Commissioner's Plan

The Commissioner's Plan establishes terms and conditions of employment for about 1,180 unrepresented employees including confidential staff, and employees who have severed from their bargaining units. A copy of this proposed plan, in legislative format, is available at:

<http://www.ser.leg.mn/contracts/14-15/Draft14-15CommissionerPlan.pdf>

This plan also covers medical specialists, whose benefits are determined in a separate appendix to the Commissioners Plan: <http://www.ser.leg.mn/contracts/14-15/Draft14-15MedicalSpecialists.pdf>

Financial provisions:

1. 3% across the board increases effective July 1, 2013 and July 1, 2014.
2. Annual performance-based increases effective the pay period in which January 1 occurs each year. Employees may receive increases up to 3.5%. The employee's salary may not exceed the maximum of their salary range. (The plan deletes a reference limiting salaries of employees to the salary of the agency head. This limit was repealed in 2013 session laws, chapter 142, article 6.) Approximately 42% of employees are eligible for these increases. The Commissioner may eliminate or delay the implementation of these increases, or reduce the salary limit (i.e., below the 3.5% limit).
3. Increase the maximum meal expense reimbursement amounts:

	Current	1/1/14
Breakfast	\$7	\$9
Lunch	\$9	\$11
Dinner	\$15	\$16

In 22 specified metropolitan areas (outside Minnesota):

	Current	1/1/14
Breakfast	\$8	\$11
Lunch	\$10	\$13
Dinner	\$17	\$20

4. Add new provision permitting agencies to provide a mobile device allowance for employees using a personally owned device for state business, with authorization from the employee's agency. The allowances are:

Voice-only	\$7/pay period
Data-only	\$9/pay period
Voice & data	\$16/pay period

The requests must comply with the State's Mobile Device Usage Policy and Agreement Policy.

5. Increase the hiring incentive for positions that are difficult to fill from the current level of \$5,000 to \$7,500.

Non-financial provisions

6. Incorporate expanded uses of sick leave to care for family members, consistent with 2013 session laws, chapter 87.
7. Changes to the insurance provisions are the same as those provided in the collective bargaining agreements.

Other provisions:

8. Continue provision providing for an employer match of up to \$300 per year to a deferred compensation account, or permitting an employee to convert up to 40 hours of vacation leave to their deferred compensation account.
9. Employees continue to be eligible for achievement awards. These awards recognize achievement for outstanding performance. The maximum award is \$2,000. The pool of funds available is \$500 times the number of eligible employees.
10. Provisions in the Medical Specialists addendum parallel to those in the Commissioner's Plan, except the hiring incentive may continue to be provided to an employee in difficult to fill positions if necessary to retain them.

Settlement Cost Sheet

MMB estimates that the cost of the increases (across the board increases, performance-based increases, insurance, FICA, retirement contributions) provided in this plan will be 5.47% this biennium. The cost of these increases will add 8.16% to the next biennium's base. (This figure

captures the tails – those obligations made during this biennium whose full costs are not realized until the next biennium.)

Managerial Plan

The Managerial Plan establishes terms and conditions of employment for about 1,330 unrepresented managers including deputy and assistant commissioners, bureau heads and division directors. This plan also establishes insurance benefits for heads of state agencies. A copy of this proposed plan, in legislative format, is available at:

<http://www.ser.leg.mn/contracts/14-15/Draft14-15ManagerialPlan.pdf>

1. 3% across the board increases effective July 1, 2013 and July 1 2014 if managers meet performance standards.
2. Annual performance-based increases effective the pay period in which January 1 occurs each year. Managers may receive increases up to 3.5%. The manager's salary may not exceed the maximum of their salary range. (The plan deletes a reference limiting salaries of managers to the salary of the agency head. This limit was repealed in 2013 session laws, chapter 142, article 6.) Approximately 51% of managers are eligible for these increases. The Commissioner may eliminate or delay the implementation of these increases, or reduce the salary limit (i.e., below the 3.5% limit).
3. Increase the maximum meal expense reimbursement amounts:

	Current	1/1/14
Breakfast	\$7	\$9
Lunch	\$9	\$11
Dinner	\$15	\$16

In 22 specified metropolitan areas (outside Minnesota):

	Current	1/1/14
Breakfast	\$10	\$11
Lunch	\$12	\$13
Dinner	\$20	\$20

4. Add new provision permitting agencies to provide a mobile device allowance for managers using a personally owned device for state business, with authorization from the manager's agency. The allowances are:

Voice-only	\$7/pay period
Data-only	\$9/pay period
Voice & data	\$16/pay period

The requests must comply with the State's Mobile Device Usage Policy and Agreement Policy.

5. Increase the hiring incentive for positions that are difficult to fill from the current level of \$5,000 to \$7,500.

Non-financial provisions

6. Incorporate expanded uses of sick leave to care for family members, consistent with 2013 session laws, chapter 87.
7. Changes to the insurance provisions are the same as those provided in the collective bargaining agreements.

Other provisions:

8. Continue provision providing for an employer match of up to \$300 per year to a deferred compensation account, or permitting a manager to convert up to 50 hours of vacation leave to their deferred compensation account.
9. Managers continue to be eligible for achievement awards. These awards recognize achievement for outstanding performance. The maximum award is \$2,000. The pool of funds available is \$500 times the number of eligible employees.

Settlement Cost Sheet

MMB estimates that the cost of the increases (across the board increases, performance-based increases, insurance, FICA, retirement contributions) provided in this plan will be 5.28% this biennium. The cost of these increases will add 7.65% to the next biennium's base. (This figure captures the tails – those obligations made during this biennium whose full costs are not realized until the next biennium.)

Attachments: FY 14-15 Settlement sheet

STATE EMPLOYEE SALARY SETTLEMENTS

FY 14-15 ESTIMATED COSTS

LCC Subcommittee on Employee Relations

September 9, 2013

Bargaining Unit	Across the board increases (% increase)				BIENNIAL BASE(1)	BIENNIAL NEW MONEY (1)	% INCREASE (2)	% INCREASE BIENNIUM TO NEXT BIENNIUM BIENNIUM (3)	\$ IMPACT ON NEXT BIENNIUM
	7/1/2013	1/1/2014	7/1/2014	1/2/2014					
AFSCME, Council 5	3.00%		3.00%		\$1,695,445,000	\$75,743,000	4.47%	6.37%	\$107,999,847
AFSCME, Unit 8, Correctional Guards	3.00%		3.00%		\$274,922,000	\$10,640,000	3.87%	5.25%	\$14,433,405
AFSCME, Unit 25, Radio Communications Oper	3.00%		3.00%		\$7,317,000	\$398,000	5.44%	7.37%	\$539,263
MN Association of Professional Employees	3.00%		3.00%		\$2,128,007,000	\$101,239,000	4.76%	6.87%	\$146,194,081
Middle Management Association	3.00%		3.00%		\$571,882,000	\$26,448,000	4.62%	6.56%	\$37,515,459
MN Government Engineering Council									
Minnesota Nurses Association									
MN Law Enforcement Association									
State Residential Schools Education Assoc									
State University Inter Faculty Organization									
MN State University Assoc of Admin & Service Faculty									
Minnesota State College Faculty (6)									
Personnel Plan for MnSCU administrators									
Personnel Plan for St Bd of Invest employees									
Office of Higher Education Plan									
Managerial Plan	3.00%		3.00%		\$321,726,000	\$16,993,000	5.28%	7.65%	\$24,612,039
Commissioners Plan (4)	3.00%		3.00%		\$203,555,000	\$11,138,000	5.47%	8.16%	\$16,610,088
Office of Legislative Auditor									
MnSure Compensation Plan									
TOTAL					\$5,202,854,000	\$242,599,000	4.66%	6.69%	\$ 347,904,182

The ">" indicates proposed contract or plan not yet acted on by the Subcommittee.

(1) Includes all funds, including higher education agencies. Includes across the board salary increases, steps, FICA, insurance & pension.

(2) Percent of new money needed over base.

(3) This percentage reflects the annualized cost of the increases granted during the biennium.

This figure depicts all of the costs of the contract, including "tails."

(4) Groups within plan follow lead of comparable bargaining units.