



Subcommittee on Employee Relations Legislative Coordinating Commission

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Date: January 8, 2016

To: Members of the Subcommittee

From: Greg Hubinger

Re: State employee contracts and plans summary

Background

MMB has reached tentative agreements with:

- Minnesota Law Enforcement Association
- Minnesota Nurses Association
- AFSCME, Corrections Officers Unit
- State Residential Schools Education Association

The Office of Higher Education has submitted its Unclassified Personnel Compensation Plan.

If you would like hard copies of any of these contracts or plan, please contact us and we will print them for you.

Minnesota Law Enforcement Association

The State and the Minnesota Law Enforcement Association (MLEA) have reached a tentative agreement for the Law Enforcement unit which represents 691 employees consisting of State Troopers, Conservation Officers, and BCA Agents. It also includes Fugitive Specialists in the Department of Corrections, Special Agents in the Gambling Enforcement Division of the Department of Public Safety and Insurance Fraud Specialists in the Department of Commerce.

A copy of the agreement is available at:

http://www.ser.leg.mn/contracts/16-17/MLEA_draft_final_FY_16-17.pdf

Financial provisions

1. 2.5% across the board increases effective July 1, 2015 and July 1, 2016.
2. Step increases continue in each year for employees who are eligible. Step increases represent approximately a 4.0% increase. About 31% of these employees are eligible for these step increases.
3. Increase the clothing allowance by \$50 per year:
 - a. State Troopers: \$100 to \$150
 - b. Non-uniformed Officers: \$500 to \$550
 - c. Conservation Officers: \$100-\$150
 - d. Special Agents, Fugitive Specialists and Commerce Insurance Fraud Specialists: \$500 to \$550
4. Add provision for Achievement Awards for Commerce Insurance Fraud Specialists. An employee who demonstrates outstanding performance is eligible for a \$1,000 lump sum or a one-step increase. No more than 35% of employees may receive an award in a fiscal year.

Other provisions

5. State Patrol Troopers, Conservation Officers and BCA Special Agents agreed to a provision requiring employees to contribute 1% of their salaries to the State Health Care Savings Plan, administered by MSRS. This provision was not agreed to by the associations representing Fugitive Specialists, Commerce Insurance Fraud Specialists and Special Agents in the Gambling Enforcement Division.
6. State Troopers who have a scheduled court appearance on a day off that is cancelled after 4 PM the previous day are to be paid for two hours of overtime pay.

Continuing provisions

7. Continue several salary differential provisions for State Troopers:
 - a. Freeway Trooper pay: 2.6% of minimum rate of salary range
 - b. Accident Reconstruction pay: 3.0% above the Trooper rate
 - c. Station Sergeant pay: 3.0% above the Trooper rate
 - d. Safety Coordinator and Crash Reconstruction Coordinator pay: 3.0% of Trooper's highest rate
 - e. Shift differential, paid to all Troopers: \$15 per month
 - f. Technical Sergeant Pay: 8.0% above Trooper rate
 - g. Pilot pay, fixed wing: 11.0%; Helicopter pilot pay: 13.0%
8. Continue several 6.0% salary differentials for Conservation Officers:
 - a. Primary Field Training Officer
 - b. Field Training Officer
 - c. Academy Instructor
 - d. Use of Force Instructor
 - e. Backgrounder

9. Continue pay differential of 0.25% for all Special Agents in lieu of special assignment differentials.
10. Continue the employer match for deferred compensation at \$400 per year.
11. Continue early retirement incentives that provide for varying amounts of the employer share of health and dental insurance for eligible employees retiring after age 50.
12. Continue to permit employees to donate up to eight hours of vacation leave to a bank that can be used by the Association representative.
13. Implement the State Employee Group Insurance Program as provided in the other contracts.

Settlement Cost Sheet

MMB estimates that the cost of the increases (across the board increases, steps, insurance, FICA, retirement contributions) provided in the Law Enforcement agreement will be 4.31% this biennium. The cost of these increases will add 6.85% 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.)

Because of legislative changes to the State Patrol Pension Fund, the employer contribution will increase from the current level of 20.1% to 21.6%, effective July 1, 2016. MMB estimates this will cost \$942,000.

Minnesota Nurses Association

The State and the Minnesota Nurses Association (MNA) have reached a tentative agreement. This bargaining unit represents 761 registered nurses. Most are employed at the Departments of Human Services, Corrections, Health, and the Veterans' Homes.

A copy of the collective bargaining agreement is available at:
http://www.ser.leg.mn/contracts/16-17/MNA_draft_FY_16-17.pdf

Financial provisions

1. 2.5% across the board increases effective July 1, 2015 and July 1, 2016.
2. Nurses continue to receive merit increases on their anniversary dates. These increases average 4.0%. Approximately 48% of nurses are below the maximum of their salary ranges and so they are eligible for these increases.

Other provisions

3. Increase the amount of overtime that can be accumulated in the nurse's compensatory bank from the current level of 80 hours to 120 hours. Overtime may be made in either cash or compensatory time off or a combination of both at the discretion of the Appointing Authority.
4. Permit nurses to donate up to 40 hours of vacation leave to employees who have exhausted their sick leave, as provided under state law.

5. Expand a provision that provides a step increase for nurses who attain a B.A. degree. Under the proposed contract, a nurse who gets a B.A. degree who is at the top of their salary range will receive a one-time lump sum payment of 4% of salary.
6. Update various sick leave use provisions.

Continuing provisions

7. Continue the student loan repayment reimbursement program. The reimbursement is up to the discretion of the Appointing Authority. The debt must have been incurred within 15 years, payments cannot exceed \$5,000 per calendar year, nor exceed \$25,000 total per nurse. The nurse must have been employed for at least one year, work at least half time, and remain employed for at least one year after receiving a reimbursement payment. For Advanced Practice Registered Nurses, the maximum annual payment is increased to \$6,000, with a total of \$30,000 to any one nurse. This program is continued through June 30, 2017.
8. Continue the voluntary weekend shift bonus of \$100 for nurses who are asked and then agrees to work weekend shifts available within 14 days. This program is in effect through June 30, 2019.
9. Continue the charge nurse differential of \$1.50 per hour and the officer of the day differential of \$1.75 per hour.
10. Continue the Achievement Award program. A nurse may receive a one-step increase, or if the employee is at the maximum of their salary range, a lump sum of 4% of salary or \$1,500, whichever is less. No more than 35% of eligible nurses may receive an award.
11. Continue the employer and employee match of \$150 per year to deferred compensation, and the amount that employees contribute to the health care savings plan at \$100 per month.

Settlement Cost Sheet

MMB estimates that the cost of the increases (across the board increases, steps, insurance, FICA, retirement contributions) provided in the Nurses Association agreement will be 5.6% this biennium. The cost of these increases will add 9.52% 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.)

AFSCME Contract: Corrections Officers

The tentative settlement with the American Federation of State, County, and Municipal Employees (AFSCME Unit 208), covers 1,997 corrections officers at state prisons. A copy of the contract is available at: [http://www.ser.leg.mn/contracts/16-17/AFSCME Unit 8 draft FY 16-17.pdf](http://www.ser.leg.mn/contracts/16-17/AFSCME%20Unit%208%20draft%20FY%2016-17.pdf)

The provisions and proposed changes in this contract parallel those in the AFSCME Council 5 contract.

Financial provisions:

1. 2.5% across the board increases effective July 1, 2015 and July 1, 2016.
2. Step increases in each year for employees who are eligible. Step increases represent approximately a 2.9% increase. About 75% of employees are eligible for these increases.

Non-financial provisions

3. Increase amount of vacation leave an employee may contribute to the sick leave account of another employee from 12 hours per year to 40 hours per year, in accordance with a change in state law.
4. For an employee facing a disciplinary action, an agency may reduce an employee's vacation leave balance by one shift (8 or 10 hours), in lieu of, or in combination with, a suspension.
5. At the request of the employee, remove records of oral reprimands after six months.

Other provisions continue unchanged for employees to:

6. Receive ten holidays and one floating holiday per year.
7. Receive thirteen days of paid sick leave per year.
8. Earn between 13 (entry level) and 29 (with 30 years of service) days of vacation leave per year, depending on length of service.
9. Receive a state match to an employee's contribution to a deferred compensation account, to a maximum of \$175 per year.
10. Receive a shift differential of \$0.65 per hour for shifts scheduled to begin before 6 AM or end after 7 PM.
11. Maintain supplemental agreements with many agencies with provisions that apply to agency specific needs. (See contract pages: Admin -1 to Zoo-4, approximately 400 pages.)

Settlement cost sheet

MMB estimates that the cost of the increases (across the board increases, steps, insurance, FICA, retirement contributions) provided in the contract will be 3.27% this biennium. The cost of these increases will add 4.94% 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.)

State Residential Schools Education Association Contract

The State Residential Schools Education Association (SRSEA) represents 201 teachers employed at the Minnesota Academies for the Deaf and Blind, the Perpich Center for Arts Education, the Department of Human Services, and the Department of Corrections. A copy of this contract, in legislative format reflecting changes, can be found at:

http://www.ser.leg.mn/contracts/16-17/SRSEA_draft_FY_16-17.pdf

Financial provisions:

1. 2.5% across the board increases effective July 1, 2015 and July 1, 2016.
2. Continue step increases in each year for employees who are eligible. Step increases represent approximately a 3.4% increase. About 39% of these employees are eligible to receive these increases.

Other provisions:

3. Modify sick leave use provisions to comply with changes in state law.

4. Modify provisions relating to discipline by permitting written reprimands to be removed from the teacher's personnel file, upon request of the teacher, after eighteen (18) months of the date of the discipline provided no further discipline has occurred.

Other provisions continue unchanged for employees to:

5. Continue the employer's matching contribution to the employee's deferred compensation account at \$100 per year.
6. Continue the state's \$400 per year contribution to the employee's Health Care Savings Account.
7. Continue the early retirement incentive for employees covered under the Correctional Retirement Plan. These employees who retire before age 55 receive a fixed percentage of the employer contribution for health insurance until age 65. For employees who retire after age 55 and who meet specified service requirements, the employer contribution is equal to the employer contribution for insurance for active employees. This benefit is provided until the employee is age 65.

Settlement Cost Sheet

MMB estimates that the cost of the increases (across the board increases, steps, insurance, FICA, retirement contributions) provided in the State Residential Schools Association agreement will be 6.16% this biennium. The cost of these increases will add 10.73% 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.)

Office of Higher Education Unclassified Personnel Compensation Plan

The Office of Higher Education (OHE) has submitted its compensation plan for its unrepresented employees. This plan defines terms and conditions of employment for 41 employees. A copy of the proposed plan is at: http://www.ser.leg.mn/contracts/16-17/OHE_16-17_Unclassified_Plan_Final_12-23-15.pdf

Financial Provisions

1. 2.5% increases effective July 1, 2015 and July 1, 2016 for employees who meet performance standards.
2. Performance-based increases effective December 30, 2015 and December 28, 2016, and then each January thereafter. Employees may receive these performance-based increases of up to 3.5% each calendar year. The employee's salary may not exceed the maximum of their salary range. Approximately 73% of employees are eligible for these increases. However, the Appointing Authority may eliminate or delay the implementation of these increases, or reduce the salary limit (i.e., below the 3.5% limit).

Other provisions

3. Modify provisions relating to payouts of vacation leave for employees who terminate employment. Previously, employees whose vacation leave payout exceeded \$5,000 were required to convert that payout to their Health Care Savings Plan. The proposed

plan requires employees with ten or more years of service who terminate to have their unused vacation leave paid into the state Health Care Savings Plan.

4. Modify method by which the rate of accrual of vacation leave is determined to include prior public service or military service.

Other provisions continue unchanged for employees to:

5. Continue to provide achievement awards, which consist of a lump sum of up to \$2,000. These are awarded to employees who demonstrate outstanding performance. Up to 20% of the employees may receive such an award.
6. Continue making a matching contribution of \$300 per year to the employee's deferred compensation account. In addition, employees are permitted to convert up to 40 or 50 hours (depending on the level of the position) of vacation leave to deferred compensation.
7. Continue the employee contribution of 1% of salary to the Health Care Savings Plan.
8. Implement the State Employee Group Insurance Program as provided in the other contracts.

Minnesota Management and Budget review

MMB is required to review and approve OHE's proposed plan. In a December 29, 2015 letter, the MMB Commissioner indicated the Department's approval of the proposed plan.

Settlement Cost Sheet

MMB estimates that the cost of the increases (across the board, steps, insurance, FICA, retirement contributions) provided in this plan will be 6.17% this biennium. The cost of these increases will add 10.54% 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.)

Please let me know if you have any comments or questions.

Attachments: FY 16-17 settlement sheet
State settlement cost comparison

STATE EMPLOYEE SALARY SETTLEMENTS

FY 16-17 ESTIMATED COSTS

LCC Subcommittee on Employee Relations

December 2, 2015

Bargaining Unit	Across the board increases (% increase)				BIENNIAL BASE(1)	BIENNIAL NEW MONEY (1)	% INCREASE (2)	% INCREASE BIENNIUM TO NEXT BIENNIUM (3)	\$ IMPACT ON NEXT BIENNIUM
	7/1/2015	1/1/2016	7/1/2016	1/1/2017					
(5) AFSCME, Council 5	2.50%		2.50%		\$ 1,816,059,000	\$ 90,145,000	4.96%	8.39%	\$152,367,350
> AFSCME, Unit 8, Correctional Guards	2.50%		2.50%		\$ 294,490,000	\$ 9,636,000	3.27%	4.94%	\$14,547,806
(5) AFSCME, Unit 25, Radio Communications Oper	2.50%		2.50%		\$ 8,476,000	\$ 423,000	4.99%	8.37%	\$709,441
(5) MN Association of Professional Employees	2.50%		2.50%		\$ 2,399,809,000	\$ 121,437,000	5.06%	8.45%	\$202,783,861
(5) Middle Management Association	2.50%		2.50%		\$ 623,882,000	\$ 26,968,000	4.32%	6.94%	\$43,297,411
MN Government Engineering Council					\$ 203,259,000				
> Minnesota Nurses Association	2.50%		2.50%		\$ 160,981,000	\$ 9,018,000	5.60%	9.52%	\$15,325,391
> MN Law Enforcement Association	2.50%		2.50%		\$ 148,932,000	\$ 6,419,000	4.31%	6.85%	\$10,201,842
> State Residential Schools Education Assoc	2.50%		2.50%		\$ 30,861,000	\$ 1,900,000	6.16%	10.73%	\$3,311,385
Service Employees International Union					\$ 936,416,185	\$ 16,200,000	1.73%		
(6) State University Inter Faculty Organization	2.20%		1.00%		\$ 579,853,722	\$ 23,378,059	4.03%	6.29%	\$36,472,799
(6) MN State University Assoc of Admin & Service Faculty	1.50%		1.10%		\$ 127,771,687	\$ 4,259,614	3.33%	5.72%	\$7,308,540
Minnesota State College Faculty					\$ 791,786,418				
(6) Personnel Plan for MnSCU administrators					\$ 178,926,025	\$ 5,872,462	3.28%	4.84%	\$8,660,020
Personnel Plan for St Bd of Invest employees					\$ 3,305,402	\$ 249,124	7.54%		
> Office of Higher Education Plan	2.50%		2.50%		\$ 6,849,000	\$ 423,000	6.18%	10.54%	\$721,885
(7) Managerial Plan	2.50%		2.50%		\$ 366,422,000	\$ 16,463,000	4.49%	7.04%	\$25,796,109
(7) Commissioners Plan (4)	2.50%		2.50%		\$ 226,847,000	\$ 6,923,000	3.05%	4.19%	\$9,504,889
Office of Legislative Auditor					\$ 9,992,128				
MnSure Compensation Plan					\$ 5,928,584				
TOTAL					\$8,920,847,151	\$339,714,259	3.81%	5.95%	\$ 531,008,729

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

- (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.
- (5) These contracts were not given interim approval by the Subcommittee, and so will be effective 30 days after their October 29, 2015 submission to the SER.
- (6) These contracts and plan were given interim approval by the Subcommittee and were implemented immediately.
- (7) These plans were not given interim approval and were not implemented.