



Subcommittee on Employee Relations Legislative Coordinating Commission

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DATE: March 4, 2013

TO: Members of the Subcommittee

FROM: Greg Hubinger

RE: Contract and compensation plans summaries

Minnesota Management and Budget (MMB) has reached agreements with several of the exclusive representatives for collective bargaining agreements for the FY 12-13 biennium. MMB is also proposing amendments to two compensation plans.

AFSCME Radio Communications Operators Contract

MMB has reached a tentative agreement with the AFSCME Radio Communications Operators bargaining unit. This contract covers approximately 65 radio communications operators.

A copy of the agreement is available at:

<http://www.ser.leg.mn/contracts/12-13/Draft2012-2013Unit225Contract.pdf>

The terms of this contract parallel those of the two other AFSCME contracts submitted to the Subcommittee.

Financial provisions:

1. A 2% across the board increase is effective January 2, 2013.
2. Step increases in each year for employees who are eligible. Step increases represent approximately a 2.7% increase. 57% of these employees are below the maximum of their salary ranges and are eligible to receive these increases.

Non-financial provisions

3. Extend voting leave to include elections for Minnesota representatives and senators (from current language specifying elections including U.S. representatives.)

4. Require that for an employee who has received an oral reprimand, references to the reprimand will be removed from the employee's file if there has been no further discipline for one year. However, oral reprimands will no longer be arbitrable.

Other provisions continue unchanged for employees to:

5. Receive ten holidays and one floating holiday per year.
6. Receive thirteen days of paid sick leave per year.
7. Earn between 13 (entry level) and 29 (after 30 years of service) days of vacation leave per year, depending on length of service.
8. Receive a state match to an employee's contribution to a deferred compensation account, to a maximum of \$175 per year.
9. Receive a shift differential of \$0.65 per hour for shifts scheduled to begin before 6 AM or end after 7 PM. (New language to clarify that the employee receives the differential for hours worked contiguous to the shift.)
10. Receive severance if they meet eligibility criteria (based on length of service and eligibility for retirement benefits) Severance is calculated at 40% of the first 900 hours of the employee's sick leave balance, and 12.5% of the remainder. Employees are also paid for unused vacation leave, up to 260 hours.

Settlement Cost Sheet

MMB estimates that the cost of the increases (across the board increases, steps, insurance, FICA, retirement contributions) provided in this agreement will be 1.32% this biennium. The cost of these increases will add 4.64% 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.)

Minnesota Nurses Association

The Minnesota Nurses Association (MNA) represents approximately 740 registered nurses. Most are employed at the Departments of Human Services, Corrections, Health, and the Veterans' Homes. A copy of the contract in legislative format is at:

<http://www.ser.leg.mn/contracts/12-13/Draft2012-2013NursesContract.pdf>

Financial provisions

1. A 2% across the board increase is effective January 2, 2013.
2. Step increases in each year for employees who are eligible. Step increases represent approximately a 4% increase. About 48% of nurses are below the maximum of their salary ranges and are eligible to receive these increases.
3. Establish a 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. This program is in effect through June 30, 2015.

4. Establish a “voluntary weekend shift bonus” of \$100 for nurses who are requested and then volunteer to work weekend shifts available within 14 days. This provision is for the current contract only. This program is in effect through June 30, 2015.
5. Establish a “Charge Nurse” differential of \$1.50 per hour. Increase the “Officer of the Day” differential from \$1.50 to \$1.75 per hour.

Non-financial provisions

6. Extend voting leave to include elections for Minnesota representatives and senators (from current language specifying elections including U.S. representatives.)

Other provisions

7. 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.
8. 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 1.12% this biennium. The cost of these increases will add 4.08% 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.)

Inter Faculty Organization Contract

MnSCU has reached an agreement with the Inter Faculty Organization (IFO), which represents 2,805 FTE faculty (2,951 head count) at state universities. The tentative agreement essentially extends the current contract, with a limited number of amendments. The agreement is available at:

<http://www.ser.leg.mn/contracts/12-13/IFO11-13Final1-31-13.pdf>

Financial provisions

1. In FY 12, there are no increases, and faculty continue at their same step on the salary schedule.
2. Effective July 1, 2013, faculty receive a 2.2% across the board increase and one step increase. A new step is added at the top of the salary range. A step represents about a 2.4% increase in salary.
3. Establish new minimum steps on the salary schedule for Professors, Associate Professors and Assistant Professors.
4. Provide a \$1,500 lump sum payment for faculty who take unpaid parental leave in whole semester increments.

5. Increase the salaries of adjunct faculty from \$1,200 per credit to \$1,258 per credit. Set the adjunct salary rate at 3.6% of the first step on the instructor salary schedule.

Continuing provisions

6. Faculty reaching 10, 20 and 30 years of service continue to receive career steps equal to two steps (\$4,800). The sunset date for this provision is deleted.
7. Faculty who are promoted continue to receive a two-step increase.
8. Faculty who give one year's notice of retirement continue to receive a two-step increase in their final year of teaching. The faculty member must be at least 55 years old, and have at least 15 years of service. If the faculty member is at the top of their salary range, they receive a lump sum of \$4,800.
9. Continue "University Scholars" to recognize faculty who have demonstrated outstanding teaching, service or scholarship for three successive years. Faculty receiving this designation are awarded a lump sum payment of \$6,000. No more than 5% of a university's faculty may be awarded this recognition each year, nor more than 10% in any one department. (The 2013 sunset date for this provision is repealed.)
10. Continue the \$800 employer contribution to the faculty member's Health Reimbursement Account.
11. Continue to match faculty member's contribution to a supplemental retirement account, to a maximum of \$2,250.

Other provisions

12. Extend probationary periods by one year for faculty who: a) serve as a department chair for at least two years, b) have or adopt a child, or c) provide medically necessary care for a family member or member of the household under FMLA.
13. Continue funding for professional study at \$1,300 for each faculty member. MnSCU also allocates \$400,000 each year for all faculty for professional improvement.
14. Continue tuition waiver for faculty at 30 credits per year. If the faculty member does not use these credits, they can be used by the faculty member's spouse or dependent children.
15. Continue phased retirement and annuitant employment programs. Faculty who are 55 years old and have 10 years of service may work between .33 and .67 FTE and receive insurance and retirement benefits as if they worked full time. These programs are authorized in statute.
16. Continue the sabbatical leave program. Faculty with at least six years of service, who submit a plan, may take a sabbatical. A leave of one semester is paid at 100% and full-year sabbaticals are paid at 80% of base salary regardless of the number of prior sabbaticals that have been taken.
17. Continue the separation incentive, where faculty with 15 years of service and who are at least 55 years old receive up to a year's salary upon retirement. The incentive is decreased by 10% for each year the faculty is greater than age 55. A retiring faculty member receiving this incentive also receives the equivalent amount of the employer's contribution for health insurance for one year contributed to the faculty member's health care savings plan account. Faculty hired after July 1, 1996, are not eligible for this benefit.

18. Replace current sick leave provisions for adjunct and community faculty with two non-accruing days of excused absences (for reasons of illness) per semester. Reduce emergency/personal leave for adjunct and community faculty from 3 days per year to 1 day per semester.
19. Provide for the establishment of program level policies, procedures, goals and objectives and link these changes to a restructured professional development and evaluation process that clearly requires departments to provide feedback in the evaluation process.

Settlement Cost Sheet

MnSCU estimates that the cost of the increases (salary adjustments, insurance, FICA, retirement contributions) provided in the IFO contract will be 1.59% this biennium. The cost of these increases will add 4.28% 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 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 approximately 45 employees. A copy of the proposed plan is at: <http://www.ser.leg.mn/contracts/12-13/12-13OHE-Legislative.pdf>

Financial Provisions

1. A 2% increase effective January 2, 2013 for employees who meet performance standards.
2. Performance-based increases beginning retroactively to January 2, 2012 and January 4, 2013. Employees may receive these performance-based increases up to 3.5% each calendar year. The employee's salary may not exceed the maximum of their salary range, or the salary of the agency head or other applicable limit. Approximately 86% of employees are eligible for these increases. Makes these increases available each calendar year. 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. If a work-related emergency is declared by the Commissioner of Minnesota Management and Budget, the Commissioner of Minnesota Management and Budget shall determine if an exempt employee shall be paid overtime.
4. Clarify that employees placed on emergency layoffs will not have their vacation leave or severance pay liquidated.
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.

Minnesota Management and Budget review

MMB is required to review and approve OHE's proposed plan. The Department confirmed that the terms and conditions of employment for employees covered by the Office of Higher Education Unclassified Personnel Compensation Plan are within the limits of compensation plans that have been approved by the Commissioner of Minnesota Management & Budget.

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 2.49% this biennium. The cost of these increases will add 6.9% 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.)

Attach: settlement sheet

STATE EMPLOYEE SALARY SETTLEMENTS

FY 2012-2013 ESTIMATED COSTS

LCC Subcommittee on Employee Relations

March 2, 2013

Bargaining Unit	Across the board increases (% increase)				BIENNIAL BASE(1)	BIENNIAL NEW MONEY (1)	% INCREASE (2)	% INCREASE BIENNIUM TO BIENNIUM (3)
	7/1/2011	1/1/2012	7/1/2012	1/2/2013				
AFSCME, Council 5				2.0%	\$1,653,727,000	\$22,147,000	1.34%	4.73%
AFSCME, Unit 8, Correctional Guards				2.0%	\$267,797,000	\$3,441,000	1.28%	4.57%
AFSCME, Unit 25, Radio Communications Oper				2.00%	\$8,002,000	\$106,000	1.32%	4.64%
MN Association of Professional Employees				2.0%	\$2,014,638,000	\$36,667,000	1.82%	5.54%
Middle Management Association				2.0%	\$545,576,000	\$7,728,000	1.42%	4.69%
MN Government Engineers Council								
Minnesota Nurses Association				2.0%	\$132,598,000	\$1,486,000	1.12%	4.08%
MN Law Enforcement Association								
State Residential Schools Education Assoc				2.0%	\$32,628,000	\$794,000	2.43%	6.73%
State University Inter Faculty Organization			2.2%		\$560,749,893	\$8,928,558	1.59%	4.28%
MN State University Admin & Service Faculty								
Minnesota State College Faculty								
Personnel Plan for MnSCU administrators								
Personnel Plan for St Bd of Invest employees								
Office of Higher Education Plan				2.0%	\$6,999,000	\$174,000	2.49%	6.90%
Managerial Plan				2.00%	\$295,173,000	\$2,662,000	0.90%	3.50%
Commissioners Plan (4)				2.00%	\$198,694,000	\$2,756,000	1.39%	4.65%
Office of Legislative Auditor								
TOTAL					\$5,716,581,893	\$86,889,558	1.52%	4.89%

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.