

Subcommittee on Employee Relations Legislative Coordinating Commission



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Representative Joyce Peppin
Representative Ryan Winkler

DATE: March 19, 2013

TO: Members of the Subcommittee

FROM: Greg Hubinger

RE: Contract and compensation plans summaries

Minnesota Management and Budget (MMB) and the Minnesota State Colleges and Universities (MnSCU) have reached tentative agreements with two exclusive representatives for collective bargaining agreements for the FY 12-13 biennium:

Minnesota Government Engineering Council contract

MMB has reached a tentative settlement with the Minnesota Government Engineering Council (MGEC), which represents 958 engineers, primarily employed in the Department of Transportation. The tentative agreement is available at:

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

Financial provisions

1. A 2% across the board increase is effective January 2, 2013.
2. Step increases in each year for engineers who are eligible. Step increases represent approximately a 4.0% increase. About 39 percent of engineers are below the maximum of their salary ranges and are eligible to receive these increases.

Other provisions

3. Extend voting leave to include elections for Minnesota representatives and senators (from current language specifying elections including U.S. representatives.)
4. Modify provisions relating to use of sick leave to be consistent with those in other contracts: care for foster children, arrange hospice care. Added a definition of dependent child to include biological and adopted children, children placed with the

- employee by an authorized placement agency or judgment; grandchild who has been adopted or placed with the employee by an authorized placement agency or judgment.
5. When determining vacation leave accrual rates, permit employees to include prior public sector or military service as creditable service if the employee is appointed into this bargaining unit within four years of separation from the prior service.
 6. Increase from \$155 to \$200 the amount an engineer may be reimbursed for dues for a professional organization related to the employee's job. At the discretion of the agency, reimbursement may be up to \$250.
 7. Employees continue to be eligible for achievement awards. These awards consist of either a step increase or a lump sum of up to \$1,600. Up to 35% of employees can receive one of these awards.
 8. Continue the employer contribution to each employee's deferred compensation account at \$300 per year. Continue permitting engineers to convert up to 40 hours of compensatory time to deferred compensation.
 9. Implement the State Employee Group Insurance Program as provided in the other contracts.
 10. Continue to permit engineers employed by MnSCU to use the tuition waiver program (as provided in other contracts.)

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 0.99% this biennium. The cost of these increases will add 3.81% 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 State University Administrative and Service Faculty Contract

MnSCU has reached a tentative settlement with the Minnesota State University Administrative and Service Faculty (MSUAASF). This bargaining unit includes approximately 735 faculty (FTE) employed in admissions, financial aid, housing, and student services positions. The tentative agreement is available at: <http://www.ser.leg.mn/contracts/12-13/MSUAASF1213draftcontract.pdf>

Financial provisions:

1. In FY 12, faculty receive a lump sum payment of \$400 (not added to the base) and continue at their same step on the salary schedule.
2. Effective July 1, 2012, faculty receive an across the board increase of 1.9%, and a one-step increase. Steps average approximately 3.0% in this unit. Faculty who are at the top of their range receive a lump sum payment of \$2,000.
3. In FY 13, Increase the professional development fund from \$450,000 per year to \$500,000.

Other provisions continue:

4. Implement the State Employee Group Insurance Program as provided in other contracts.
5. Continue requirement that each faculty member with five years' service contribute 5% of the first \$6,000 of salary to the Health Care Savings Plan. The employer contributes \$300 each year.
6. Continue to match an employee's contribution to a supplemental retirement account, to a maximum of \$2,200.
7. Continue the exceptional achievement program, which rewards up to 10% of employees with a lump sum payment up to 5% of the employee's salary. The contract requires extensive evidence of performance meeting numerous criteria.
8. Continue the "Special Initiative Award Program," in which service faculty (individually or as a group) propose and implement projects that are of benefit to the University, its mission, or to the MnSCU system. As determined by the president, the maximum award is \$5,000, which is provided as a lump sum upon completion of the project.
9. Continue tuition waiver for employees for up to 27 credits per year.
10. Continue providing sabbaticals for employees with at least six years of service.
11. Continue the separation incentive, where employees 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 employee is greater than age 55. This incentive is discretionary. The incentive also provides one year of the employer contribution for health insurance. The employer's contribution is deposited into the employee's Health Care Savings Plan.
12. Continue the early retirement notice incentive, which provides a 5% increase in salary in the employee's final year of employment, if the employee provides six months' notice.

Settlement Cost Sheet

MnSCU estimates that the cost of the increases (insurance, FICA, retirement contributions) provided in the MSUAASF contract will be 1.85% this biennium. The cost of these increases will result in a 4.12% increase 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.)

Attachment

STATE EMPLOYEE SALARY SETTLEMENTS

FY 2012-2013 ESTIMATED COSTS

LCC Subcommittee on Employee Relations

March 19 2013

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
	7/1/2011	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%	\$78,221,287
AFSCME, Unit 8, Correctional Guards				2.0%	\$267,797,000	\$3,441,000	1.28%	4.57%	\$12,238,323
AFSCME, Unit 25, Radio Communications Oper				2.00%	\$8,002,000	\$106,000	1.32%	4.64%	\$371,293
MN Association of Professional Employees				2.0%	\$2,014,638,000	\$36,667,000	1.82%	5.54%	\$111,610,945
Middle Management Association				2.0%	\$545,576,000	\$7,728,000	1.42%	4.69%	\$25,587,514
MN Government Engineering Council				2.0%	\$172,613,000	\$1,704,000	0.99%	3.81%	\$6,576,555
Minnesota Nurses Association				2.0%	\$132,598,000	\$1,486,000	1.12%	4.08%	\$5,409,998
MN Law Enforcement Association									
State Residential Schools Education Assoc				2.0%	\$32,628,000	\$794,000	2.43%	6.73%	\$2,195,864
State University Inter Faculty Organization			2.2%		\$560,749,893	\$8,928,558	1.59%	4.28%	\$24,000,095
MN State University Admin & Service Faculty			1.9%		\$108,261,660	\$2,003,753	1.85%	4.12%	\$4,460,380
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%	\$482,931
Managerial Plan				2.00%	\$295,173,000	\$2,662,000	0.90%	3.50%	\$10,331,055
Commissioners Plan (4)				2.00%	\$198,694,000	\$2,756,000	1.39%	4.65%	\$9,239,271
Office of Legislative Auditor									
TOTAL					\$5,997,456,553	\$90,597,311	1.51%	4.85%	\$ 290,725,513

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.
- (5) Includes overtime, shift differentials and on-call pay. These components are not included in the MMB calculated base.