



Subcommittee on Employee Relations Legislative Coordinating Commission

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DATE: October 17, 2014
TO: Members of the Subcommittee
FROM: Greg Hubinger
RE: Contract and plan summaries

Inter Faculty Organization Contract

MnSCU has reached an agreement with the Inter Faculty Organization (IFO), which represents 2,784 FTE faculty (2,345 head count) at state universities. The agreement is available at:

<http://www.ser.leg.mn/contracts/14-15/IFOdraft14-15contract.pdf>

Financial provisions

1. Effective July 1, 2013, faculty receive a 3.2% across the board increase in salary.
2. Effective July 1, 2014, faculty receive a 1.5% across the board increase and one step increase. A step represents about a 2.4% increase in salary. Three steps are added at the top of the salary range.
3. Increase the salaries of adjunct faculty from \$1,258 per credit to \$1,298 per credit in FY 14. In FY 15 adjunct faculty receive \$1,349 per credit, or 3.6% of the step 2 Instructor salary, whichever is greater.

Other provisions

4. Modify provisions related to appointments of athletic coaches. Currently coaches are appointed on either probationary status, or to a four year term. The proposed contract permits two to ten year terms, in addition to a probationary appointment.

Adds new provision permitting coaches with athletic appointments to receive a salary supplement not to exceed \$85,000 to compensate for activities that exceed the expected workload for a regular academic year or nine-month appointment, and to match market salaries for these positions.

Adds provision to permit athletic appointments, including salaries, to be renegotiated at any time, although the term may not exceed ten years.

Finally, adds language ending the automatic promotion of certain coaches after six years of service.

5. Adds provision providing for a 30 day paid parenting leave upon birth or adoption of a child. The leave must begin within six months of the birth or adoption. The paid leave is to run concurrently with any other unpaid leave the parent may be entitled to.
6. Adds provision that when an administrator is hired, they may be guaranteed a probationary faculty position in the event the administrative position is involuntarily ended. Before making the guarantee, the Chancellor or Presidents must seek a recommendation from the department where the administrator would be assigned.
7. Adds clarifications and makes numerous technical modifications to the layoff provisions that apply in the event of retrenchment of faculty.

Continuing provisions (no changes in proposed contract)

8. Faculty reaching 10, 20 and 30 years of service continue to receive career steps equal to two steps (\$4,800).
9. Faculty who are promoted continue to receive a two-step increase.
10. 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.
11. 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.
12. Continue the \$800 employer contribution to the faculty member's Health Reimbursement Account, and \$800 to the faculty members Health Care Savings Plan.
13. Continue to match the faculty member's contribution to a supplemental retirement account, to a maximum of \$2,250.
14. 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.
15. 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.
16. 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.
17. Continue the sabbatical leave program. Faculty with at least seven years of initial service, or at least six years since a previous sabbatical, 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.

18. 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.

Settlement Cost Sheet

MnSCU estimates that the cost of the increases (salary adjustments, insurance, FICA, retirement contributions) provided in the IFO contract will be 4.14% this biennium. The cost of these increases will add 6.35% 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.)

Personnel Plan for MnSCU Administrators

This plan establishes terms and conditions of employment for about 547 (FTE) unrepresented managers in MnSCU. A copy of this proposed plan, in legislative format, is available at:

http://www.ser.leg.mn/contracts/14-15/Draft_14-15_MnSCU_Administrators_140716.pdf

Financial provisions

1. Effective July 1, 2013 administrators are eligible for merit increases averaging 2.5%. The increase may be provided as an increase to the base salary or a lump sum. An administrator may not have a salary that exceeds the maximum of their range. Salary ranges are not changed from FY 13.
2. Effective July 1, 2014 administrators are eligible for merit increases averaging 2.5%. The increase may be provided as an increase to the base salary or a lump sum. An administrator may not have a salary that exceeds the maximum of their range. Salary ranges are not changed from FY 13.
3. The annual contribution by the employer to the employee's Health Reimbursement Account increases from \$600 to \$800 effective January 1, 2015.
4. Athletic directors with assignments that include coaching Division I sports may be paid a salary that exceeds the maximum of their salary range by 30%.
5. Add requirement that any contract or modification of a contract, or changes to the salary of the Chancellor be approved by vote of the Board of Trustees.
6. Limit the amount of severance pay for highly compensated administrators. Currently severance pay (40% of the administrator's unused sick leave) is limited to 130 days' pay. The proposed plan limits severance to 50% of the administrator's salary or \$105,000, whichever is less.
7. Upon completion of one full time equivalent year of service as an administrator, permit reimbursement of student loans. The maximum that may be reimbursed in any year is

\$2,500, but may not exceed the total student loan repayment incurred in the year the loan payment is made. These payments are only to be made when campus or system budgets permit.

Other provisions

8. The board continues to have authority to set the salary of the chancellor anywhere within the range. The current salary is \$387,250.
9. The chancellor has authority to set the salaries of presidents and vice-chancellors anywhere within their salary ranges.
10. Continue the prohibition of any payments based on quality of work performed.
11. Implement the same changes to the State Employee Group Insurance Program as provided in the other contracts and plans.
12. Continue the matching employer contribution to the supplemental retirement account at \$2,700 per year, as provided in state law.
13. Continue allowing administrators to enroll in courses without payment of tuition or fees for up to 24 semester credit hours per fiscal year.
14. Continue early notice of separation incentive that provides for a payment equal to 5% of the administrator's final annual base salary if they give at least nine months' notice of resignation or retirement.

Chancellor contract

Under state law (section 136F.40, Subdivision 2) the MnSCU Board of Trustees may enter into a contract with the chancellor if one is authorized under the Personnel Plan for MnSCU Administrators. The statute was modified in the 2013 session to prohibit discretionary or mandatory bonuses or other performance-based incentive payments.

The Personnel Plan (section 1.03) describes the terms for contractual appointments:

- A term not to exceed five years.
- A salary within the salary range established in the plan.
- Provisions related to termination, with payments limited to one year's salary.
- As indicated earlier in this summary, the Personnel Plan also prohibits payments based on quality of work performed.

Chancellor Rosenstone was originally appointed under the terms of a contract effective April 20, 2011, with an expiration date of July 31, 2014. That contract provided for annual "Performance Achievement Awards not to exceed \$50,000. A copy of the initial contract is available at: <http://www.ser.leg.mn/contracts/14-15/Rosenstonecontract04202011.pdf>. Under the terms of this contract, Chancellor Rosenstone received performance award payments of \$50,000 in FY 12 and FY 13, and \$41,000 in FY 14.

A new contract with Chancellor Rosenstone was executed October 31, 2013, for a term from August 1, 2014 to July 31, 2017. A copy of that agreement is available at: http://www.ser.leg.mn/contracts/14-15/rosenstone_chan_agmt14-17.pdf

The base salary was increased to \$387,500, representing a 1.8% increase. Attached is a spreadsheet provided by MnSCU reflecting the elements of his compensation.

Settlement cost sheet

MnSCU estimates that the cost of the increases (merit increases, insurance, FICA, retirement contributions) provided in this plan will be 3.5% this biennium. The cost of these increases will add 5.0% 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 Management and Budget review

MMB had no comments on MnSCU's proposed plan.

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

Attach: settlement sheet
Chancellor comp

LCC Subcommittee on Employee Relations

September 16, 2014

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
	7/1/2013	1/1/2014	7/1/2014	1/2/2015					
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	3.00%		3.00%		\$186,379,000	\$8,519,000	4.57%	6.48%	\$12,077,359
Minnesota Nurses Association	3.00%		3.00%		\$137,607,000	\$6,674,000	4.85%	6.90%	\$9,494,883
MN Law Enforcement Association									
State Residential Schools Education Assoc	3.00%		3.00%		\$34,116,000	\$1,142,000	3.35%	4.09%	\$1,395,344
State University Inter Faculty Organization	3.20%		1.45%		\$548,849,215	\$22,715,027	4.14%	6.35%	\$34,851,925
MN State University Assoc of Admin & Service Faculty	2.40%		2.60%		\$114,202,188	\$4,577,001	4.01%	6.33%	\$7,228,999
Minnesota State College Faculty	3.00%			3.0%	\$792,314,713	\$30,611,798	3.86%	6.85%	\$54,273,558
Personnel Plan for MnSCU administrators					\$173,884,225	\$6,083,672	3.50%	5.00%	\$8,694,211
Personnel Plan for St Bd of Invest employees									
Office of Higher Education Plan	3.00%		3.00%		\$7,301,000	\$488,000	6.68%	10.68%	\$779,747
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					\$7,197,507,341	\$323,409,498	4.49%	6.62%	\$ 476,700,208

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.

Minnesota State Colleges and Universities

Total Compensation: Chancellor Steven Rosenstone

	<u>Current Employment Agreement</u>			<u>New</u>
	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>
<u>Compensation</u>				
Base Salary	360,000	373,680	380,410	387,250
Performance Achievement Award	50,000	50,000	41,000	-
<i>Subtotal Compensation</i>	410,000	423,680	421,410	387,250
<u>Additional Remuneration</u>				
Housing Allowance	36,000	36,000	36,000	43,200
Transportation Allowance	-	-	-	15,000
Communication Allowance	-	-	-	3,960
Transportation & Communication Allowance	12,000	12,000	12,000	-
Travel Allowance	-	-	-	7,200
Professional Development Allowance	-	-	-	7,800
Supplemental Allowance	10,000	10,000	10,000	24,000
<i>Subtotal Additional Remuneration</i>	58,000	58,000	58,000	101,160
<u>Total Compensation</u>	\$ 468,000	\$ 481,680	\$ 479,410	\$ 488,410
6/27/2014				