



Subcommittee on Employee Relations Legislative Coordinating Commission

72 State Office Building St. Paul, MN 55155-1201 Phone: (651) 296-2963 or (651) 296-9002 Fax: (651) 297-3697
TDD (651) 296-9896 www.ser.leg.mn

House

Representative Steve Drazkowski, Vice Chair
Representative Bob Barrett
Representative Glenn Gruenhagen
Representative Debra Hilstrom
Representative Leon Lillie

Senate

Senator James Metzen, Chair
Senator Michelle Benson, Secretary
Senator Gary Dahms
Senator Chris Eaton
Senator Tom Saxhaug

DATE: August 16, 2016

TO: Members of the Subcommittee

FROM: Greg Hubinger

RE: Contract summary

This memo summarizes an arbitration award and collective bargaining agreement for the Minnesota Government Engineering Council.

Minnesota Government Engineering Council contract

The State and the Minnesota Government Engineering Council (MGEC) were unable to reach a negotiated settlement. Because this bargaining unit is considered essential under PELRA, the issues at impasse were referred to arbitration. The arbitration hearing was held June 2, 2016 – June 3, 2016 the record closed on July 1, 2016 and Arbitrator Gerald Wallin issued his decision on July 22, 2016. A copy of the arbitration award is available at:

[http://www.ser.leg.mn/contracts/16-17/MGEC Interest Arb Award 7 22 16.pdf](http://www.ser.leg.mn/contracts/16-17/MGEC%20Interest%20Arb%20Award%207%2022%2016.pdf)

The MGEC represents 990 engineers, primarily employed in the Department of Transportation.

Arbitrated issues

The issues in arbitration were the across the board increases in each year, the assignment of one specific employee classification to a salary range, and the amount of the employer contribution to deferred compensation.

MMB proposed the same across the board increases as they negotiated with the other bargaining units: 2.5% each year. MGEC argued that the across the board increases should be 3.5% each year for the engineers in the top three employee classifications. The Union also argued that one classification, Engineering Specialist Senior should be moved up one range. Finally, the union argued that the employer contribution to deferred compensation be increased.

MGEC contended that compensation studies demonstrated that state engineers were paid less than other private and public groups. The union provided supporting data from the Metropolitan Council, the cities of St. Paul and Minneapolis, and Hennepin and Ramsey Counties.

MMB argued that all of the other bargaining units, representing 97% of the state's employees, accepted the 2.5% across the board increase. MMB provided evidence that MGECs contribution for deferred compensation was one of the higher match limits among all bargaining units.

Arbitrator decision.

The arbitrator awarded a 3.5% across the board increase in each fiscal year to employees at the maximum step of eight of the sixteen classifications. Employees in these eight classifications who are not at the maximum step and all other employees in the remaining eight classes will receive a 2.5% across the board increase in each fiscal year.

The proposal to change the range for the Engineering Specialist Senior classification was denied, as was the proposal to increase the employer match to deferred compensation.

Negotiated provisions

The parties reached agreement on other provisions in the contract, a copy of which is available at:

http://www.ser.leg.mn/contracts/16-17/Final_2015_2017_MGEC_Contract.pdf

The contract is effective retroactively to July 1, 2015.

Financial provisions

1. Continue step increases in each year for engineers who are eligible. Step increases represent approximately a 4.0% increase. About 33% of engineers are below the maximum of their salary ranges and are eligible to receive these increases.

Other provisions

2. Engineers 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.
3. 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.
4. Implement the State Employee Group Insurance Program as provided in the other contracts.
5. Continue to permit engineers employed by MnSCU to use the tuition waiver program (as provided in other contracts).
6. Implement changes to sick leave use to conform with changes in state law.

Settlement Cost Sheet

MMB estimates that the cost of the increases (across the board increases, steps, insurance, FICA, retirement contributions, and meals) provided in this agreement will be 4.97% this biennium. The cost of these increases will add 7.83% 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 feel free to contact me if you have any questions.

Attach: settlement sheet

STATE EMPLOYEE SALARY SETTLEMENTS

FY 16-17 ESTIMATED COSTS

LCC Subcommittee on Employee Relations
August 10, 2016

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
	7/1/2015	1/1/2016	7/1/2016	1/1/2017					
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
AFSCME, Unit 25, Radio Communications Oper	2.50%		2.50%		\$8,476,000	\$423,000	4.99%	8.37%	\$709,441
MN Association of Professional Employees	2.50%		2.50%		\$2,399,809,000	\$121,437,000	5.06%	8.45%	\$202,783,861
Middle Management Association	2.50%		2.50%		\$623,882,000	\$26,968,000	4.32%	6.94%	\$43,297,411
MN Government Engineering Council (5)	2.50%		2.50%		\$203,259,000	\$10,105,000	4.97%	7.83%	\$15,915,180
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%		
State University Inter Faculty Organization	2.20%		1.00%		\$579,853,722	\$23,378,059	4.03%	6.29%	\$36,472,799
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				1.25%	\$791,786,418	\$30,033,409	3.79%	6.42%	\$50,832,688
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
Managerial Plan	2.50%		2.50%		\$366,422,000	\$16,463,000	4.49%	7.04%	\$25,796,109
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	\$379,852,668	4.26%	6.70%	\$ 597,756,597

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) The arbitration award provided 3.5% across the board increases each year for engineers in the 3 highest classes