



## Subcommittee on Employee Relations Legislative Coordinating Commission

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Senator Gary Dahms  
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Date: May 6, 2016

To: Members of the Ways and Means Committee

From: Greg Hubinger

Re: HF 3585, the 1<sup>st</sup> engrossment: Summary of state employee labor contracts

**Background.** Article 1 of this bill ratifies a number of labor contracts and compensation plans for state employees in the Executive Branch. These contracts and plans have been reviewed by the Legislative Coordinating Commission Subcommittee on Employee Relations.

### **Article 1, Section 1. Labor agreements and compensation plans.**

**Subd. 1. AFSCME, Council 5 contract.** This collective bargaining unit represents approximately 14,800 employees in five bargaining units, including clerical and technical workers, health care non-professional employees, and craft and service workers.

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 2.7% increase. About half of employees are at the maximum of their salary ranges and do not receive these increases.
3. Modify calculation of severance pay (pay out of unused sick leave at termination). Severance pay is generally paid to employees who terminate after 20 years of service, or with less than 20 years of service and who retire at age 65, or employees with less than 10 years of service who are immediately eligible for an annuity. The current formula pays 40% of the first 900 hours of the unused sick leave balance and 12.5% of the remainder. The new formula pays 35% of the entire sick leave balance.
4. For an employee facing suspension in a disciplinary action, an agency may require an employee to serve up to three days of the suspension at the worksite, with a corresponding

reduction in the employee's vacation leave balance.

**Subd. 2. Minnesota Association of Professional Employees contract.** This collective bargaining unit represents approximately 13,700 employees.

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 3.5% increase. About 57% of these employees are eligible to receive these step increases.
3. Increase maximum reimbursement for membership in professional organizations from \$250 to \$350.
4. Letter of agreement with the Office of the Governor to establish a Task Force to assess opportunities for paid parental leave for state employees.

**Subd. 3. Middle Management Association contract.** This collective bargaining unit represents approximately 2,980 supervisors.

1. 2.5% across the board increases effective July 1, 2015 and July 1, 2016.
2. Step increases in each year for supervisors who are eligible. Step increases represent approximately a 3.6% increase. About 45% of supervisors are eligible to receive these increases.

**Subd. 4. Minnesota Nurses Association contract.** This collective bargaining unit represents 761 registered nurses. Most are employed at the Departments of Human Services, Corrections, Health, and the Veterans' Homes.

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.
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. 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.

**Subd. 5. Commissioners Plan.** This compensation plan establishes terms and conditions of employment for about 1,200 unrepresented employees including confidential staff, and employees who have severed from their bargaining units. This plan also covers medical specialists, whose benefits are determined in a separate appendix to the Commissioners Plan.

This plan was not given interim approval by the Subcommittee, and so employees are currently under the 14-15 Plan. This subdivision modifies the plan as it was submitted to the Subcommittee.

1. Eliminate proposed 2.5% across the board increases effective July 1, 2015 and July 1, 2016.
2. Continue annual performance-based increases effective December 30, 2015 and December 28, 2016. However, the bill limits these increases to up to 2.0% rather than the proposed limit of 3.5%. Approximately 40% of employees are eligible for these increases. The bill eliminates the performance-based increases from the plan effective June 30, 2017.

**Subd. 6. Managerial Plan.** This compensation plan establishes terms and conditions of employment for about 1,400 unrepresented managers including deputy and assistant commissioners, bureau heads and division directors. This plan also establishes insurance benefits for heads of state agencies.

This plan was not given interim approval by the Subcommittee, and so employees are currently under the 14-15 Plan. This subdivision modifies the plan as it was submitted to the Subcommittee.

1. Eliminate proposed 2.5% across the board increases effective July 1, 2015 and July 1, 2016.
2. Continue annual performance-based increases effective December 30, 2015 and December 28, 2016. However, the bill limits these increases to up to 2.0% rather than the proposed limit of 3.5%. Approximately 40% of employees are eligible for these increases. The bill eliminates the performance-based increases from the plan effective June 30, 2017.

Attached is a spreadsheet that shows the costs of each of the contracts.

Attach: settlement sheet

# STATE EMPLOYEE SALARY SETTLEMENTS

## FY 16-17 ESTIMATED COSTS

LCC Subcommittee on Employee Relations

March 14, 2016

Bargaining Unit	Across the board increases (% increase)				BIENNIAL BASE(1)	BIENNIAL NEW MONEY (1)	% INCREASE (2)	% INCREASE BIENNIUM TO 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
(6) 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				
(6) Minnesota Nurses Association	2.50%		2.50%		\$ 160,981,000	\$ 9,018,000	5.60%	9.52%	\$15,325,391
(6) MN Law Enforcement Association	2.50%		2.50%		\$ 148,932,000	\$ 6,419,000	4.31%	6.85%	\$10,201,842
(6) 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 Facult	1.50%		1.10%		\$ 127,771,687	\$ 4,259,614	3.33%	5.72%	\$7,308,540
(6) Minnesota State College Faculty				1.25%	\$ 791,786,418	\$ 30,033,409	3.79%	6.42%	\$50,832,688
(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%		
(8) Office of Higher Education Plan	2.00%		2.00%		\$ 6,849,000	\$ 320,000	4.67%	8.00%	\$547,920
(7) Managerial Plan	0.00%		0.00%		\$ 366,422,000	\$ 4,214,000	1.15%	2.55%	\$9,343,761
(7) Commissioners Plan (4)	0.00%		0.00%		\$ 226,847,000	\$ (383,712)	-0.17%	-0.01%	(\$22,685)
Office of Legislative Auditor					\$ 9,992,128				
MnSure Compensation Plan					\$ 5,928,584				
<b>TOTAL</b>					<b>\$8,920,847,151</b>	<b>\$350,088,956</b>	<b>3.92%</b>	<b>6.23%</b>	<b>\$ 555,687,531</b>

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. The costs have been calculated to reflect FY 16-17 costs based on the FY 14-15 plan.