

**Legislative Coordinating Commission
Subcommittee on Employee Relations
Monday, December 17, 2007
9:00 am
Room 112, Capitol**

Present:

Sen. James Metzen
Sen. Don Betzold
Sen. Gen Olson
Sen. Linda Scheid
Sen. Betsy Wergin
Rep. Karla Bigham
Rep. Chris DeLaForest
Rep. Debra Hilstrom
Rep. Leon Lillie

Excused:

Rep. Morrie Lanning

Sen. Metzen called the meeting to order at 9:11am. A quorum was present.

Approval of the Minutes

Rep. Bigham moved approval of the August 28, 2007, meeting minutes. **MOTION PREVAILED.**

Review/Interim Approval of State Collective Bargaining Agreements

Patricia Anderson, Commissioner of the Department of Employee Relations (DOER), and Paul Larson, Deputy Commissioner of DOER, reviewed the following negotiated state collective bargaining agreements: American Federation of State, County and Municipal Employees, Council 5, Unit 225, the Radio Communications Operators Unit; State Residential Schools Education Association; Minnesota Government Engineers Council and Middle Management Association. Ms. Anderson noted the law enforcement and nurses contracts were still outstanding.

Mr. Larson reviewed the negotiated Radio Communications Operators Unit contract. The contract includes a 3.25% across-the-board increase for eligible employees on July 1 of 2007 and a 3.25% across-the-board increase for all employees on July 1, 2008. All eligible employees will receive step increases, which typically cost 2.9%. The shift differential is increased from \$0.60 to \$0.65 per hour. The total cost in new money for this unit is \$450,000 in FY 08-09.

Mr. Larson reviewed the negotiated State Residential Schools Education Association contract. The contract includes a 3.25% across-the-board increase for eligible employees on January 9, 2008. Because the increase was delayed to January 9, 2008 from July 1, 2007, \$1,000 will put into a Health Care Savings Plan for each member of the unit on January 9, 2008. Eligible employees will continue to receive step increases on their anniversary date, which average 3.4%. The employer's matching contribution to the employee's deferred compensation account is increased from \$75 per year to \$100 per

year in FY 09. The state's contribution to the employee's Health Care Savings Account is increased from \$300 to \$400 in January of 2009. The total new money for this unit is \$1.6 million in FY 08-09.

Mr. Larson reviewed the negotiated Minnesota Government Engineers Council contract. The contract includes a 3.25 % increase in salary rates and ranges for eligible employees effective July 11, 2007 and a 3.25% increase in salary rates and ranges for all employees on July 1, 2008. Eligible employees continue to receive step increases on their anniversary dates that typically cost 3.95%. The employer contribution to the employee's deferred compensation account increases to \$300 per year and the amount of sick leave that is paid as severance is modified and calculated based on 35% of the entire sick leave balance. The cost of the increases is approximately \$8,159,000 in FY 08-09.

Mr. Larson reviewed the negotiated Middle Management Association contract. The contract includes a 3.25 % increase in salary rates and ranges for eligible employees effective July 11, 2007 and a 3.25% increase salary rates and ranges for all employees on July 1, 2008. Eligible supervisors continue to receive step increases on anniversary dates, which average 3.7%. The shift differential is increased from \$0.60 to \$0.65 per hour. The employer contribution to the employee's deferred compensation account is increased to \$300 in the second year and on-call pay is increased from \$45 for a 24 hour period to \$50, not to exceed \$350 per week. The cost of the increases is approximately \$25.7 million in FY 08-09.

Mr. Larson and Ms. Anderson stood for questions. Discussion ensued.

Rep. Bingham moved to ratify the state bargaining agreements. **MOTION PREVAILED.**

Review/Interim Approval of Compensation Plans

Howard Bicker, Executive Director for the State Board of Investment (SBI), explained a technical issue related to salary ranges in the SBI Salary Administration Plan. Mr. Bicker requested the plan be amended. Rep. Bingham moved the SER-2 amendment to the SBI Salary Plan. **MOTION PREVAILED.**

Mr. Larson reviewed the Commissioner's Compensation Plan. The plan provides for a 3.25% across-the-board increase for eligible employees on July 1, 2007 and a 3.25% across-the-board increase for all employees on July 1, 2008. The plan includes performance based increases averaging 3.5% on December 26, 2007 and January 7, 2009 for eligible employees. The plan increases the shift differential from \$0.60 to \$0.65 per hour. The plan also requires each employee to contribute 1% of their gross annual salary to their Health Care Savings Account. The plan modifies sick leave paid as severance for State Patrol and DNR Enforcement Supervisors to be calculated based on 35% of the entire sick leave balance. The plan increases the employer contribution to supplemental retirement from \$1,400 per year to \$1,600 in the first year, and to \$1,700 in the second year for MnSCU employees. The total cost of the Commissioner's Plan is \$9,976,000 in FY 08-09.

Mr. Larson then reviewed the Commissioner's Compensation Plan as related to medical specialists. Most provisions of the plan are same as the Commissioners Plan. Distinct provisions of the plan include: a 6.5% increase in salary ranges; medical specialists may receive performance based increases averaging 3.5 % in December of 2007 and January of 2009; and the amount of sick leave paid as severance is modified to be calculated based on 35% of the entire sick leave balance.

Mr. Larson reviewed the Managerial Compensation Plan. Under the plan, eligible managers may receive a 3.25% increase effective July 1, 2007 if performance standards are met and on July 1, 2008 all managers may receive a 3.25% increase if performance standards are met. The plan also includes the creation of performance based increases averaging 3.5% for eligible employees, and it requires employees contribute 1% of their gross annual salary to their Health Care Savings Account. The cost of the increase is approximately \$16,699,000 in FY 08-09.

Mr. Hubinger reviewed an amendment to the Managerial Plan and Commissioner's Plan that allows an employee separating from employment after January 1, 2008 but on or before January 31, 2008 to elect to have their severance calculated based on the previous plan, or based on the plan in effect on June 30, 2007. Sen. Scheid moved the amendment. **MOTION PREVAILED.**

Sen. Wergin moved to approve the Managerial Compensation Plan, the Commissioner's Compensation Plan and the SBI Amendment. **MOTION PREVAILED.**

James Nobles, Legislative Auditor, addressed the Committee regarding challenges facing the Legislative Auditor's Office due to a high employee turnover rate. Mr. Nobles requested more flexibility in their plans to enable the Office to reward good performance and recruit based on merit. Mr. Nobles stood for questions. Discussion ensued.

Consider Minnesota Zoological Garden Salary Limitation Request

Harry Haynsworth, Chair of the Board of Directors for the Minnesota Zoological Gardens, requested to amend the provision governing the compensation of the administrator of the state Zoo by removing the provision that states the salary of the administrator may not exceed 130% of the governor's salary. Mr. Haynsworth noted the money for the increased salary would not come from state resources.

Sen. Scheid moved to approve the Minnesota Zoological salary limitation request. **MOTION PREVAILED.**

There being no further business Sen. Metzen adjourned the meeting at 10:21 am.

Sen. James Metzen, Chair