

**Subcommittee on Employee Relations
and Working Group
Legislative Coordinating Commission
Monday, December 20, 2004
10:00 a.m.
Room 112 State Capitol**

Present:

Sen. Linda Scheid
Sen. Steve Kelley
Sen. Sandra Pappas
Sen. David Gaither
Sen. Betsy Wergin
Rep. Chris DeLaForest

Excused:

Rep. Kent Eken
Rep. Jim Knoblach
Rep. Michael Paymar

Working Group Members Present:

Tom Goodwin, Association of Metropolitan Municipalities
Curt Yoakum, Association of Minnesota Counties
Keith Carlson, Metropolitan Inter-County Association
Bill Hargis, Municipal Legislative Commission
Tom Hedges, Minnesota City/County Management Association

Due to bad weather, the meeting was recalled for 11:00 a.m. Senator Scheid called the meeting to order at 11:10 a.m. A quorum was not initially present.

Review/Approve Arbitration Award and Collective Bargaining Agreement with MNA

Senator Scheid introduced Mr. Paul Larson, Deputy Commissioner, and Ms. Sandi Blaeser, Labor Relations Representative, Principal, both from the Department of Employee Relations (DOER). Commissioner Larson reviewed the Minnesota Nurses Association (MNA) arbitration award. Arbitration hearings were held in mid September and the award was issued on November 24th. The two issues negotiated were: 1) The amount that employees contribute to the health care savings plan increases to \$50 per month from the pervious level of \$25. In addition, the amount of severance pay that is transferred to the Health Care Savings Plan increases from the current level of 25% to 50%, and 2) The number of sick leave days an employee can take to arrange for nursing care of a family member or at the birth or adoption of a baby is increased from three days to five days. DOER estimated the financial impact of the increases resulting from the award and negotiated provisions would be 0.89% this biennium. The cost of the increases will add 3.16% to the next biennium's base. Commissioner Larson and Ms. Blaeser stood for questions.

Ms. Rozann Bridgeman, First Vice President, Board of Directors, of MNA, addressed the subcommittee. She was accompanied by Ms. Mary Jo George, Staff Specialist, Government Affairs, MNA and Mr. Phillip Finkelstein, Attorney for MNA. Ms. Bridgeman stated that the arbitration award was not a "win" for the nurses and that the fiscal crisis in the state prevented meeting their demands. The arbitrator did accept the proposals prohibiting scheduling of nurses to on-call status on a scheduled day off as well as from being scheduled to work Friday nights immediately preceding a weekend off. The arbitrator rejected the MNA proposal to eliminate mandatory overtime or to require 12-hour rest periods between shifts. Ms. Bridgeman requested the Legislature for appropriate funding for nurses salaries in the upcoming legislative session and stood for questions.

Review/Approve Agency Head Salary Increases

Mr. Curtis Hutchens, President, Teachers Retirement Association (TRA) Board of Trustees provided an overview of the responsibilities of the three current executive directors and explained how they serve, are reviewed and appointed by, their respective boards annually. He further pointed out that their salaries come from the pension fund and not the general fund. Mr. Hutchens stated that the increase TRA was requesting for their Executive Director, Gary Austin, reflects not only the results of the customer service survey, but also how the board was very satisfied with his performance, leadership skills, and the ability to complete projects on time and within budget. The new salary would also be more comparable to public pension fund director's salaries nationally, which are often higher for positions that have less responsibility.

Mr. Steve Devich, Vice President, Public Employees' Retirement Association (PERA) Board of Trustees, briefly reviewed the important role their Executive Director, Mary Vanek, has played over the years, including the creation and staffing of a new satellite office as well as work on key legislation. He stated that her last pay increase was over two years ago and there was unanimous support by the board to increase her salary based on her performance.

Ms. Mary Benner, Chair, Minnesota State Retirement System (MSRS) Board of Directors, reviewed how the efforts and performance of their Executive Director, David Bergstrom, greatly exceeds standards. She stated that he has been instrumental in improving the Deferred Compensation Plan and introducing the Health Care Savings Plan. Ms. Benner reviewed the numerous plans he oversees and commended his 21 years of state service.

Mr. Hutchens concluded by stating how proud all of them were of the performance of their Executive Directors and stood for questions.

Commissioner Larson gave a brief update on the status of the Minnesota Government Engineers Council contract negotiations. To date, there were no negotiation meetings scheduled. The current FY 01-03 contract would stay in effect, with step increases, until the FY 03-05 contract is negotiated.

Approval of the Minutes

Sen. Pappas moved approval of the minutes from the September 29, 2004, meeting. **MOTION APPROVED.**

Sen. Wergin moved the SER-1 – approval of the MNA collective bargaining agreements. **MOTION APPROVED.**

Mr. Greg Hubinger, Director of the Legislative Coordinating Commission, reviewed SER-2. He explained that the salary increase was 4.5% overall for two years. The original request was for a 6.9% increase. The 4.5% was tied to inflation and would be effective December 20, 2004, and would not be retroactive as requested.

Sen. Kelley moved the SER-2 – approval resolution for agency head salaries. A vote was taken by a show of hands. Senators Scheid, Kelley, Pappas and Gaither voted for approval of the resolution. Sen. Wergin and Rep. DeLaForest voted against approval of the resolution. **MOTION APPROVED.**

95% Salary Cap Working Group

Sen. Kelley commented on the draft of the report that is due to the Legislature by January 15, 2005. He expressed the importance of having the input of the newly appointed House members to the SER included in the final report. SER members agreed.

Mr. Keith Carlson, Minnesota Inter County Association, gave a PowerPoint presentation outlining "The Need to Relax the Salary Cap and Possible Alternatives" and stood for questions.

Sen. Scheid thanked Mr. Carlson and the working group members for the concise and easy-to-follow report. She stated there may be a request in the near future to go through the presentation again for the newly appointed House members.

Sen. Gaither asked Mr. Carlson if there would be a possibility of conducting a study similar to a Hay Study to evaluate and outline levels of responsibility of our Governor. Discussion ensued. Sen. Gaither suggested further research be done.

Mr. Jon Gutzmann, Executive Director for 17 years at the St. Paul Public Housing Authority (PHA), testified before the subcommittee. Mr. Gutzmann explained how he has been salaried capped for three years and to him, the salary cap is virtually a state-mandated pay cut, even though the PHA is federally funded. He explained how other states have been trying to recruit him, but he has not accepted other job offers because he values the services Minnesota provides as well as the reputation we have earned as being a "good government" state. He is a native of Minnesota and takes pride in the delivery of quality services. Mr. Gutzmann stood for questions.

Sen. Scheid reiterated that the final report on the Salary Cap is due to the Legislature by January 15, 2004. Sen. Gaither commented that he would be interested in the results of Hay Study-type research to form their final recommendation to the Legislature. Sen. Wergin pointed out that the cost of such a study could be as much as \$53,000 and also stated that elected positions are not subject to a pay equity study. Sen. Scheid and Mr. Hubinger suggested that maybe the subcommittee could request DOER to take on an academic study similar to a Hay Study and report their findings. Discussion ensued.

Mr. Goodwin had to suggestions for changes in the draft report. Page 2, paragraph 5, second line, delete "the" and add the word "some" before "state and local units of government are . . ." and on page 3, paragraph 3, last sentence, he pointed out that some local units of government do not receive local government assistance anymore.

Mr. Carlson complimented Mr. Hubinger on a well-prepared report. Sen. Scheid thanked Mr. Hubinger as well.

There being no further business, the subcommittee and working group adjourned at 1:05 p.m.

Senator Linda Scheid, Chair