



Subcommittee on Employee Relations Legislative Coordinating Commission

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DATE: January 25, 2013

TO: Members of the Subcommittee

FROM: Greg Hubinger

RE: Contract and compensation plans summaries

Minnesota Management and Budget (MMB) has reached agreements with several of the exclusive representatives for collective bargaining agreements for the FY 12-13 biennium. MMB also submitted two compensation plans for the Subcommittee's review.

AFSCME Correctional Officers Contract

MMB and AFSCME negotiated an agreement with AFSCME Council 5 with respect to five bargaining units that was submitted to the Subcommittee in August 2012. That contract was rejected by the Subcommittee.

MMB has now reached a tentative agreement with the AFSCME Correctional Officers bargaining unit. This contract covers approximately 1,975 guards at state correctional facilities.

A copy of the agreement in legislative format is available at:

<http://www.ser.leg.mn/contracts/12-13/AFSCMECorrectional12-3draftContract.pdf>

The terms of this contract parallel those of the AFSCME contract submitted to the Subcommittee in August, 2012.

Financial provisions:

1. A 2% across the board increase is effective January 2, 2013.
2. Step increases in each year for employees who are eligible. Step increases represent approximately a 2.9% increase. About 25% of employees are at the maximum of their salary ranges and do not receive these increases.

Other provisions

3. Modify voting leave provision to permit voting anytime during the day, in compliance with statutory change.

Other provisions continue unchanged for employees to:

4. Receive ten holidays and one floating holiday per year.
5. Receive thirteen days of paid sick leave per year.
6. Earn between 13 (entry level) and 29 (with 30 years of service) days of vacation leave per year, depending on length of service.
7. Receive a state match to an employee's contribution to a deferred compensation account, to a maximum of \$175 per year.
8. Receive a shift differential of \$0.65 per hour for shifts scheduled to begin before 6 AM or end after 7 PM.
9. Receive severance if they meet eligibility criteria (based on length of service and eligibility for retirement benefits) Severance is calculated at 40% of the first 900 hours of the employee's sick leave balance, and 12.5% of the remainder. Employees are also paid for unused vacation leave, up to 260 hours.

Settlement Cost Sheet

MMB estimates that the cost of the increases (across the board increases, steps, insurance, FICA, retirement contributions) provided in this agreement will be 1.29% this biennium. The cost of these increases will add 4.57% 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.)

Middle Management Association Contract

MMB has reached an agreement with the Middle Management Association (MMA). This bargaining unit includes approximately 2,900 supervisors employed in all state agencies. A copy of this contract, in legislative format reflecting changes, can be found at:

<http://www.ser.leg.mn/contracts/12-13/MMADraft12-13.pdf>

Financial provisions:

1. A 2% across the board increase is effective January 2, 2013.
2. Step increases in each year for employees who are eligible. Step increases represent approximately a 3.6% increase. About 58% of supervisors are at the maximum of their salary ranges and do not receive these increases.

Other provisions:

3. The state continues to provide achievement awards of \$1,600, or one step, to supervisors who demonstrate outstanding performance. Up to 40% of the employees may receive such an award. Adds a new provision for team awards of up to \$1,000.
4. The state continues making a matching contribution of \$300 each year to the employee's deferred compensation account. Supervisors employed by MnSCU receive a match to the supervisor's supplemental retirement account of up to \$1,700.

5. Supervisors employed by MnSCU continue to be able to take up to 20 credits tuition-free. However, the number of hours that the supervisor can share with dependents continues to be limited to 16 credits.
6. Clarify that a supervisor can use sick leave to arrange hospice care, in addition to current language permitting arranging for nursing care.

Settlement Cost Sheet

MMB estimates that the cost of the increases (across the board increases, steps, insurance, FICA, retirement contributions) provided in the MMA contract will be 1.42% this biennium. The cost of these increases will add 4.69% 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.)

State Residential Schools Education Association Contract

The State Residential Schools Education Association (SRSEA) includes approximately 196 teachers employed at the Minnesota Academies for the Deaf and Blind, the Perpich Center for Arts Education, the Department of Human Services, and the Department of Corrections. A copy of this contract, in legislative format reflecting changes, can be found at:

<http://www.ser.leg.mn/contracts/12-13/SRSEADraft12-13.pdf>

Financial provisions:

1. A 2% across the board increase effective January 2, 2013.
2. Step increases in each year for employees who are eligible. Step increases represent approximately a 3.4% increase. About 51% of these employees are at the maximum of their salary ranges and do not receive these increases.

Other provisions:

3. Continue the employer's matching contribution to the employee's deferred compensation account at \$100 per year.
4. Continue the state's \$400 per year contribution to the employee's Health Care Savings Account.
5. Continue the early retirement incentive for employees covered under the Correctional Retirement Plan. These employees who retire before age 55 receive a fixed percentage of the employer contribution for health insurance until age 65. For employees who retire after age 55 and who meet specified service requirements, the employer contribution is equal to the employer contribution for insurance for active employees. This benefit is provided until the employee is age 65.
6. Modify severance pay-out provision so that the amount deposited in the employee's health care savings account is increased from 75% of the total to 100%.
7. Update voting leave provision to comply 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) provided in the State Residential Schools Association agreement will be

2.43% this biennium. The cost of these increases will add 6.73% 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.)

Commissioner's Plan

The Commissioner's Plan establishes terms and conditions of employment for about 1,100 unrepresented employees including confidential staff, and employees who have severed from their bargaining units. A copy of this proposed plan, in legislative format, is available at:

<http://www.ser.leg.mn/contracts/12-13/Draft2011-2013Commissioner's-MedicalSpecialists.pdf>

Financial provisions:

1. A 2% across the board increase, effective January 2, 2013.
2. Annual performance-based increases beginning retroactively to January, 2012. Employees may receive increases up to 3.5%. The employee's salary may not exceed the maximum of their salary range, or the salary of the agency head (whichever is less). Approximately 49% of employees are eligible. Makes these increases available each calendar year. However, the Commissioner may eliminate or delay the implementation of these increases, or reduce the salary limit (i.e., below the 3.5% limit).

Other provisions:

3. Update voting leave provision to comply with changes in state law.
4. Provide for "emergency layoffs" by MMB in the event of natural disasters, epidemics, national security emergencies, nuclear emergencies or fiscal exigency.
5. Add language that if a collective bargaining agreement is cancelled, the terms of the Commissioner's Plan apply to those employees, except where MMB determines that modifications are necessary.
6. Continue to require each employee to contribute 1% of their gross annual salary to their Health Care Savings Account
7. Continue provision providing for an employer match of up to \$300 per year to a deferred compensation account, or permitting an employee to convert up to 40 hours of vacation leave to their deferred compensation account.
8. Employees continue to be eligible for achievement awards. These awards recognize achievement for outstanding performance. The maximum award is \$2,000. The pool of funds available is \$500 times the number of eligible employees.

Settlement Cost Sheet

MMB estimates that the cost of the increases (across the board increases, performance-based increases, insurance, FICA, retirement contributions) provided in this plan will be 1.39% this biennium. The cost of these increases will add 4.65% 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.)

Managerial Plan

The Managerial Plan establishes terms and conditions of employment for about 1,300 unrepresented managers including deputy and assistant commissioners, bureau heads and division directors. This plan also establishes insurance benefits for heads of state agencies. A copy of this proposed plan, in legislative format, is available at:

<http://www.ser.leg.mn/contracts/12-13/Draft2011-2013ManagerialPlan.pdf>

Financial provisions:

1. A 2% across the board increase, effective January 2, 2013.
2. Annual performance-based increases beginning retroactively to January, 2012. Managers may receive increases up to 3.5%. The manager's salary may not exceed the maximum of their salary range, or the salary of the agency head (whichever is less). Approximately 58% of managers are eligible. Makes these increases available each calendar year. However, the Commissioner may eliminate or delay the implementation of these increases, or reduce the salary limit (i.e., below the 3.5% limit).

Other provisions:

3. Continue to require each manager to contribute 1% of their gross annual salary to their Health Care Savings Account.
4. Continue provision providing for an employer match of up to \$300 per year to a deferred compensation account. Managers can decide to accept this employer match, or convert up to 50 hours of vacation leave to deferred compensation.
5. Managers continue to be eligible for achievement awards. These awards recognize achievement for outstanding performance. The maximum award is \$2,000. The pool of funds available is \$500 times the number of eligible managers.

Settlement Cost Sheet

MMB estimates that the cost of the increases (across the board increases, performance-based increases, insurance, FICA, retirement contributions) provided in this plan will be 0.90% this biennium. The cost of these increases will add 3.50% 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.)

If you have any questions or comments about these contracts and plans, feel free to call me at 651.296.2963.

Attach: settlement sheet

STATE EMPLOYEE SALARY SETTLEMENTS

FY 2012-2013 ESTIMATED COSTS

LCC Subcommittee on Employee Relations

January 25, 2013

Bargaining Unit	Across the board increases (% increase)				BIENNIAL BASE(1)	BIENNIAL NEW MONEY (1)	% INCREASE (2)	% INCREASE BIENNIUM TO BIENNIUM (3)
	7/1/2011	1/1/2012	7/1/2012	1/2/2013				
AFSCME, Council 5				2.0%	\$1,653,727,000	\$22,147,000	1.34%	4.73%
AFSCME, Unit 8, Correctional Guards				2.0%	\$267,797,000	\$3,441,000	1.28%	4.57%
AFSCME, Unit 25, Radio Communications Oper								
MN Association of Professional Employees				2.0%	\$2,014,638,000	\$36,667,000	1.82%	5.54%
Middle Management Association				2.0%	\$545,576,000	\$7,728,000	1.42%	4.69%
MN Government Engineers Council								
Minnesota Nurses Association								
MN Law Enforcement Association								
State Residential Schools Education Assoc				2.0%	\$32,628,000	\$794,000	2.43%	6.73%
State University Inter Faculty Organization								
MN State University Admin & Service Faculty								
Minnesota State College Faculty								
Personnel Plan for MnSCU administrators								
Personnel Plan for St Bd of Invest employees								
Office of Higher Education Plan								
Managerial Plan				2.00%	\$295,173,000	\$2,662,000	0.90%	3.50%
Commissioners Plan (4)				2.00%	\$198,694,000	\$2,756,000	1.39%	4.65%
Office of Legislative Auditor								
TOTAL					\$5,008,233,000	\$76,195,000	1.52%	4.92%

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.