



Subcommittee on Employee Relations Legislative Coordinating Commission

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DATE: April 22, 2013

TO: Members of the Subcommittee

FROM: Greg Hubinger

RE: Contract and compensation plans summaries

Minnesota State College Faculty contract

MnSCU has reached a tentative settlement with the Minnesota State College Faculty. This bargaining unit includes approximately 5,017 faculty (FTE) at community and technical colleges. A copy of the contract in legislative format is at: <http://www.ser.leg.mn/contracts/12-13/FullTAMSCF11-13.pdf>

Financial provisions:

1. No increases in FY 12.
2. Effective July 1, 2012, faculty receive a flat \$3,500 increase in pay, equal to two steps. For beginning faculty members with a \$33,500 salary, this is equivalent to a 10% increase. For a faculty member with a \$63,250 salary, this is equivalent to a 5.5% increase. Faculty who are at the top of their range receive a base increase of \$2,400, equivalent to a 3.5% base increase, plus a lump sum payment of \$1,500.
3. The Awards for Excellence program (recognizing faculty work above and beyond normal requirements) is reinstated, but the award amount reduced from \$5,000 to \$2,500.
4. Increase funding for "sabbatical backlogs" from \$210,000 per year to \$420,000.

Other provisions:

5. Establish "tutorials" as a new form of work assignment. Faculty meet with up to eight students for 1/3 of a course's credit value, and the students work independently for the remaining 2/3 of the course's credit value. A faculty member may offer one tutorial per semester. Faculty are compensated at a rate of 2/3 of the normal course value.

6. Implement the same changes to the State Employee Group Insurance Program as provided in the other contracts.
7. MnSCU will continue to match faculty members' contributions to their supplemental retirement accounts at \$2,500 per year, as provided in state law.
8. Continue providing early retirement incentives for faculty hired before July, 1995:
 - Community college faculty hired before June 30, 1995 who have 15 years of service and are at least 55 years old, and where it is demonstrated that a layoff will be prevented, a recall allowed or result in a cost savings, receive up to one year's salary upon retirement. This incentive is reduced by 20% per year for each year the faculty member is past age 60.
 - Technical college faculty hired before July 1, 1995 who have 15 years of service and are at least 55 years old, and are immediately eligible to receive an annuity, receive 50% of their sick leave balance (other faculty who terminate service are eligible to receive 40% of their sick leave balance). Faculty who had ten years of service as of July, 1995, can alternatively elect to receive the incentive in their 1993-95 collective bargaining agreement. If this benefit consists of health insurance, it can only be paid until the faculty member is 65 years old.
9. Continue phased retirement program. Faculty who are 55 years old and have ten years of service may work between .40 and .80 FTE and receive insurance and retirement benefits as if they worked full time. The maximum length of a phased retirement is six years.
10. Continue the sabbatical leave program. Faculty with at least six years of service, who submit a plan, may take a sabbatical. A leave of one semester is paid at 100%. For full year sabbaticals, faculty hired before July 1, 2008 receive sabbaticals based on a percentage of base salary with the first at 2/3, the second at 80% and the third at 90%. Faculty starting after July 1, 2008 will receive a flat 80% of base salary for each sabbatical earned. No more than 10% of the community college faculty, nor more than 2.5% of the technical college faculty, may take a sabbatical in a given year.
11. Continue providing Professional Development (for employee workshops, conferences, courses) at \$250 per faculty per year.
12. Continue tuition waiver for faculty for up to 24 credits per year. If the faculty member doesn't use the waiver, their dependents can use up to 16 credits per year.

Settlement cost sheet

MnSCU estimates that the cost of the increases (steps, insurance, FICA, retirement contributions) provided in the MSCF contract will be 1.77% this biennium. The cost of these increases will add 4.16% 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.)

Personnel Plan for MnSCU Administrators

This plan establishes terms and conditions of employment for about 633 unrepresented managers in MnSCU. A copy of this proposed plan, in legislative format, is available at:

<http://www.ser.leg.mn/contracts/12-13/MNSCUPersonnelPlanFY11-13LegislativeFinal.pdf>

Financial provisions

1. Salaries.
 - a. The board continues to have authority to set the salary of the Chancellor anywhere within the range. The current salary is \$360,000.
 - b. The chancellor has authority to set the salaries of presidents and vice-chancellors anywhere within their salary ranges.
 - c. Salaries of other administrators are not changed in FY 12; however, each employee receives a lump sum payment of \$1,250.
In FY 13, all administrators covered by this plan are eligible for merit increases averaging 3.8%.

Other provisions

2. Lump sum performance incentives are prohibited as a form of compensation.
3. Clarify that additional remuneration may include a housing allowance, travel, communications or other comparable items for which remuneration is provided for similar positions in the public higher education market.
4. Eliminate a provision that limits the maximum term of an initial contract with the chancellor to three years. Leaves intact a provision that limits the term of a contract with the chancellor to five years.
5. Eliminate restrictions on setting initial salaries upon initial appointments, and on promotions. Also permit salary increases on lateral transfers if the transfer is to a different college or university or to the system office.
6. Salary ranges:
 - a. The salary range for the Chancellor (with a maximum salary of \$390,000) does not change.
 - b. The salary ranges for presidents do not change.
 - c. A separate salary range is proposed for vice-chancellors (\$129,375-\$318,737). Previously, these positions were included in the ranges for presidents. The effective minimums and maximums do not change.
 - d. Salary ranges for other administrators do not change in FY 12 and are increased by 2% in FY 13. (Salaries are not affected by the change in the ranges.)
7. Include additional provisions prohibiting discrimination based on gender identity and gender expression, to comply with MnSCU board policy.
8. Implement the same changes to the State Employee Group Insurance Program as provided in the other contracts and plans.
9. Continue the matching employer contribution to the supplemental retirement account at \$2,700 per year, as provided in state law.
10. Continue employer contribution of \$600 each year to the administrator's Health Reimbursement Account.
11. Continue allowing administrators to enroll in courses without payment of tuition or fees for up to 24 semester credit hours per fiscal year.

12. Continue early notice of separation incentive that provides for a payment equal to 5% of the administrator's final annual base salary if they give at least nine months' notice of resignation or retirement.

Settlement cost sheet

MnSCU estimates that the cost of the increases (merit increases, insurance, FICA, retirement contributions) provided in this plan will be 2.15% this biennium. The cost of these increases will add 4.07% 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.)

Minnesota Management and Budget review

MMB is required to review and comment on MnSCU's proposed plan. The Commissioner lists the notable changes, and indicates that the adjustments to the salary ranges are consistent with the terms and conditions of the State's collective bargaining agreements and compensation plans. A copy of the Commissioner's comments is attached.

MNsure compensation plan

Earlier this session, the Legislature passed HF 5, signed into law as chapter 9, establishing the Minnesota Insurance Marketplace. That organization is now legally "MNsure." Minnesota Management and Budget, acting on behalf of the Board of Directors of MNsure, has submitted a compensation plan for managerial employees of the Board. The plan is authorized under Minn. Stat. 62V.05, Subdivision 1 (b) (1), and must be approved by the Subcommittee under its statute (section 3.855). A copy of the plan is available at <http://www.ser.leg.mn/contracts/12-13/DraftMNsurecompplan42013.pdf>. MMB estimates that the Board will have a total of approximately 85 employees, with 12-15 managers covered under this plan.

Most terms and conditions of employment provided under this plan are incorporated by reference to the Managerial Compensation Plan (which was recommended for approval by the Subcommittee and ratified by the Legislature earlier this session). Terms incorporated by reference include:

- Salary on Return From Leave of Absence
- Severance Pay
- Health and Dental Premium Account
- Medical/Dental Expense Account
- Deferred Compensation
- Dependent Care Expense Account
- Transit Expense Account
- Health Care Savings Account

The summary of the Managerial Plan is included as an appendix.

Salaries

- The Board may set the initial salary of the director anywhere within the range.
- The director may set initial salaries for other managers within each position's salary range.
- The plan includes 24 ranges: the range maximums vary from \$69,405 to \$156,078.
- Managers are eligible for annual merit increases up to 3%.
- Managers are eligible for performance incentives for achieving agency and position-specific quantifiable objectives. Incentives may not exceed 10% of base salary, and are not added to the base salary. The Board may set lower limits for all managers, and must approve any performance incentives for the director.

Because this is the initial plan with no current employees, there are no financials.

Attachment: settlement sheet
MMB comments on MnSCU personnel plan
Managerial Plan summary excerpt
MNSure roster

STATE EMPLOYEE SALARY SETTLEMENTS

FY 2012-2013 ESTIMATED COSTS

LCC Subcommittee on Employee Relations

April 17, 2013

Bargaining Unit	Across the board increases (% increase)				BIENNIAL BASE(1)	BIENNIAL NEW MONEY (1)	% INCREASE (2)	% INCREASE BIENNIUM TO NEXT BIENNIUM (3)	\$ IMPACT ON NEXT BIENNIUM
	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%	\$78,221,287
AFSCME, Unit 8, Correctional Guards			2.0%		\$267,797,000	\$3,441,000	1.28%	4.57%	\$12,238,323
AFSCME, Unit 25, Radio Communications Oper			2.00%		\$8,002,000	\$106,000	1.32%	4.64%	\$371,293
MN Association of Professional Employees			2.0%		\$2,014,638,000	\$36,667,000	1.82%	5.54%	\$111,610,945
Middle Management Association			2.0%		\$545,576,000	\$7,728,000	1.42%	4.69%	\$25,587,514
MN Government Engineering Council			2.0%		\$172,613,000	\$1,704,000	0.99%	3.81%	\$6,576,555
Minnesota Nurses Association			2.0%		\$132,598,000	\$1,486,000	1.12%	4.08%	\$5,409,998
MN Law Enforcement Association									
State Residential Schools Education Assoc			2.0%		\$32,628,000	\$794,000	2.43%	6.73%	\$2,195,864
State University Inter Faculty Organization			2.2%		\$560,749,893	\$8,928,558	1.59%	4.28%	\$24,000,095
MN State University Admin & Service Faculty			1.9%		\$108,261,660	\$2,003,753	1.85%	4.12%	\$4,460,380
Minnesota State College Faculty (6)					\$788,756,535	\$13,987,441	1.77%	4.16%	\$32,812,272
Personnel Plan for MnSCU administrators					\$179,279,854	\$3,852,583	2.15%	4.07%	\$7,296,690
Personnel Plan for St Bd of Invest employees									
Office of Higher Education Plan			2.0%		\$6,999,000	\$174,000	2.49%	6.90%	\$482,931
Managerial Plan			2.00%		\$295,173,000	\$2,662,000	0.90%	3.50%	\$10,331,055
Commissioners Plan (4)			2.00%		\$198,694,000	\$2,756,000	1.39%	4.65%	\$9,239,271
Office of Legislative Auditor									
MnSure Compensation Plan									
TOTAL					\$6,965,492,942	\$108,437,335	1.56%	4.75%	\$ 330,834,475

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.
- (5) Includes overtime, shift differentials and on-call pay. These components are not included in the MMB calculated base.
- (6) The MSCF contract provides in FY 13 for all returning faculty to receive two steps, = \$3,500. On average, this is equivalent to a 5.1% increase.

DATE: April 22, 2013

TO: Members of the Joint Subcommittee on Employee Relations

FROM: James Schowalter, Commissioner 
Minnesota Management and Budget

RE: Review and Comment on Proposed 2011-2013 MnSCU Administrators Plan

Pursuant to Minn. Stat. 43A.18, Subd. 3a, the Commissioner of Minnesota Management & Budget must review and comment on the Board of Trustees of the Minnesota State Colleges and Universities (MnSCU) Personnel Plan for Administrators.

I have completed that review, and I am attaching a copy of the changes proposed for the MnSCU Administrators Personnel Plan. The most notable changes are:

- Eliminating limits on sick leave accruals
- Permitting salary increases for certain lateral transfers
- Allowing market adjustments by chancellor
- Allowing merit increases of up to 3.8% of the aggregate base salaries for fiscal year 2013
- Adding a new range for vice chancellors
- Adjusting ranges which are consistent with the terms and conditions of the State's negotiated collective bargaining agreements and compensation plans maintained by MMB

c: Greg Hubinger, Director, Joint Subcommittee on Employee Relations
Mark Carlson, Vice Chancellor for Human Resources, MnSCU
Chris Dale, Senior System Director, MnSCU

Attachment

1/25/13 memo to SER members
Excerpt

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.)

MNsure Staff					
Employee Name	Position #	Job Classification	Notes	Annual	Supervisor Name
MANGERIAL Staff					
Todd-Malmlov, April N	01104487	Senior Admin Officer		\$108,388	Schowalter, James D
Juelich, Barbara Jo	01104510	Admin Svcs Dir		\$106,446	Todd-Malmlov, April N
Burns, Katherine M	01104714	State Prog Admin Manager Prin		\$102,771	Todd-Malmlov, April N
Boston, Krista Kay	01107965	State Prog Admin Manager Prin	Mobility from DHS	\$96,445	Todd-Malmlov, April N
Paulsen, Robert J	01104732	Proj Manager		\$95,693	Todd-Malmlov, April N
Rolland, Neil	01108243	State Prog Admin Manager Prin		\$95,004	Todd-Malmlov, April N
Reich, John Carl	01107314	Dir Governmental Relations Unc		\$91,851	Todd-Malmlov, April N
Turpin, Michael A	01105383	State Prog Admin Manager Prin		\$89,178	Todd-Malmlov, April N
Sienko, Mary	01104541	Proj Manager		\$84,460	Reich, John Carl
Barber, Carley I	01104488	State Prog Admin Manager		\$73,727	Todd-Malmlov, April N
Kennedy, Jessica M	01107391	State Prog Admin Manager		\$66,398	Turpin, Michael A
MAPE Staff					
Nyanjom, John	01107712	State Prog Admin Coordinator		\$77,736	Turpin, Michael A
Marsh, Kevin A	01107522	Management Analyst 4		\$72,391	Juelich, Barbara Jo
Tran, Hanh B	01107642	Management Analyst 4		\$72,391	Juelich, Barbara Jo
Krieg, Stephanie L	01105220	Agency Policy Specialist		\$60,385	Burns, Katherine M
Barnhart, Rochelle	01108118	Information Officer 2	PRO Appt	\$54,330	Sienko, Mary
Van Sant, David S	01105219	Agency Policy Specialist		\$52,409	Paulsen, Robert J
Vargas, Mario S	01107935	Management Analyst 4		\$52,409	Sienko, Mary
Benson, Angela	01107601	Information Officer 2		\$50,550	Reich, John Carl
Miller, Jaclyn S	01105377	Management Analyst 4		\$50,550	Juelich, Barbara Jo
Rippie, Deborah Dawn	01104507	Proj Analyst		\$45,581	Todd-Malmlov, April N
AFSCME Staff					
Easthagen, Kathleen	01105881	Office & Admin Specialist Sr		\$38,043	Juelich, Barbara Jo