



Subcommittee on Employee Relations Legislative Coordinating Commission

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DATE: September 10, 2013

TO: Members of the Subcommittee

FROM: Greg Hubinger

RE: Contract summaries

FY 12-13 contract

Minnesota Law Enforcement Association contract

Minnesota Management and Budget (MMB) has reached a tentative settlement with the Minnesota Law Enforcement Association (MLEA). This is the last labor contract from the FY 12-13 biennium. This bargaining unit includes approximately 717 employees consisting of State Troopers, Conservation Officers, and BCA Agents. It also includes Fugitive Specialists in the Department of Corrections, Special Agents in the Gambling Enforcement Division of the Department of Public Safety and Insurance Fraud Specialists in the Department of Commerce. A copy of the contract in legislative format is at: <http://www.ser.leg.mn/contracts/12-13/Draft2012-13MLEAContract.pdf>

The contract is effective July 1, 2011.

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 3.9% increase. About 40% of these employees are eligible for these step increases.
3. Supplement the clothing allowance by providing a \$100 allowance for necessary uniform items not provided by the employer. Increase the uniform allowance by \$50 for those employees whose assignments for which the normal attire is plain clothes.

Non-financial provisions

4. Extend voting leave to include elections for Minnesota representatives and senators (from current language specifying elections including U.S. representatives.)

Other provisions

5. Expand use of sick leave to permit employees to care for ill foster children, including wards and children for whom the employee is the legal guardian. In addition, to accompany the spouse, minor or dependent children, or parents who are dependent on the employee to medical or dental appointments.
6. Add provision permitting use of alternative dispute resolution options to resolve grievances.
7. Continue the employer match for deferred compensation at \$400 per year.
8. Continue early retirement incentives that provide for varying amounts of the employer share of health and dental insurance for eligible employees retiring after age 50.
9. Continue to permit employees to donate up to eight hours of vacation leave to a bank that can be used by the Association representative.
10. Implement the State Employee Group Insurance Program as provided in the other contracts.

Settlement Cost Sheet

MMB estimates that the cost of the increases (across the board increases, steps, insurance, FICA, retirement contributions) provided in the Law Enforcement agreement will be 3.45% this biennium. The cost of these increases will add 6.65% 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.)

FY 14-15 contracts**Background**

Minnesota Management and Budget (MMB) has reached tentative settlements with:

- The American Federation of State, County, and Municipal Employees, Council 5 (AFSCME)
- The Minnesota Association of Professional Employees (MAPE) and
- The Middle Management Association (MMA)

These contracts are for the FY 14-15 biennium.

This memo includes a description of the major contract provisions and a summary of the financial implications. Links to the actual contracts, in legislative format, are available in the summary for each contract. Changes to the State Employee Group Insurance Plan (the core health insurance program for state employees) are included as part of these contracts.

Insurance Benefits

The health, dental, life, and disability benefits provisions are initially bargained through a coalition that includes exclusive representatives from all of the state's unions. Final bargaining is completed between the state and the exclusive representatives for AFSCME and MAPE. As a result, the

insurance provisions themselves are generally consistent from contract to contract. However, some minimal changes for financial and benefit issues (like eligibility and modifications to state contributions) may be bargained from contract to contract.

The Legislature reviews proposed changes to benefits provisions as part of its overall review of proposed collective bargaining agreements. Because benefits are a term and condition of employment bargained in these agreements, the Legislature does not separately review the benefits program.

The insurance provisions also generally become part of the Legislative Plan for Employee Benefits, so that they apply to members and staff. Changes to the Legislative Plan, including any changes to insurance provisions must be approved by the Legislative Coordinating Commission before becoming effective.

Insurance changes become effective January 1, 2014.

MMB and the employee representatives negotiated the following with regard to insurance:

1. No changes to the underlying plan design.
2. Effective January 1, 2015, employees will begin paying 5% of the premium. The employer will continue to pay 85% of dependent coverage. Spouses and dependents of employees who also work for the state will be able to enroll them under that employee's coverage.
3. Co-pays, deductibles and co-insurance amount are not changed.
4. Effective in CY 14, the maximum dental coverage will increase from \$1,000 to \$1,500
5. Effective in CY 14, Virtuwel and other in-network on line programs will be available at a \$10 co-pay.
6. Premiums are estimated to increase by approximately 4.66% in CY 14. (Premiums are determined by MMB, and are not negotiated.)

AFSCME Contract Council 5

The tentative settlement with the American Federation of State, County, and Municipal Employees (AFSCME Council 5) covers approximately 15,700 employees in five bargaining units:

- Clerical and Office (Unit 6)
- Technical (Unit 7)
- Health care non-professionals (Unit 4)
- Craft, Maintenance and Labor (Unit 2)
- Service (Unit 3)

The contract, in legislative format, is available on the web at:

<http://www.ser.leg.mn/contracts/14-15/Draft2014-2015AFSCMECouncil5.pdf>

The contract is effective July 1, 2013.

Financial provisions:

1. 3% across the board increases effective July 1, 2013 and July 1 2014.
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. Increase the maximum meal expense reimbursement amounts:

	Current	Effec on SER approval	1/1/14
Breakfast	\$7	\$7	\$9
Lunch	\$9	\$9	\$11
Dinner	\$14	\$15	\$16

New provision: In 22 specified metropolitan areas (outside Minnesota):

	Effec on SER approval	1/1/14
Breakfast	\$8	\$11
Lunch	\$10	\$13
Dinner	\$17	\$20

Non-financial provisions

4. Incorporate expanded uses of sick leave to care for family members, consistent with 2013 session laws, chapter 87.

Other provisions continue unchanged for employees to:

5. Receive ten holidays and one floating holiday per year.
6. Receive thirteen days of paid sick leave per year.
7. Earn between 13 (entry level) and 29 (with 30 years of service) days of vacation leave per year, depending on length of service.
8. Receive a state match to an employee's contribution to a deferred compensation account, to a maximum of \$175 per year.
9. Receive a shift differential of \$0.65 per hour for shifts scheduled to begin before 6 AM or end after 7 PM.
10. 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.
11. Maintain supplemental agreements with many agencies with provisions that apply to agency specific needs. (See contract pages: Admin -1 to Zoo-4, approximately 400 pages.)

Establish a new achievement awards program for employees in the Department of Revenue. Employees will be eligible for an award of up to \$1,000 to recognize outstanding performance. The award consists of a lump sum of up to \$1,000 or a step increase. They

can be granted to a maximum of 35% of the employees in the agency. The agency may modify the amounts, the percentage of the employees eligible or establish team awards, as long as the aggregate amount of funds is not increased.

These awards are similar to those provided in other contracts. These awards have not been negotiated in previous AFSCME contracts.

Pay equity

Minnesota Management and Budget is required by Minnesota Statutes 43A.05 to report any employee classes that it has found to have inequities in compensation. Although the December 2012 report by the Department identified no female-dominated classes in bargaining units represented by AFSCME that had inequities, the parties agreed to increase the salary range for eight employee classes. MMB indicates these eight inequities were due to internal equity and market situations, and not to female dominated pay equity issues.

While each class was moved up one salary range, employees receive an increase in salary only if their salary rate is below the new minimum and a step increase is needed to place them at the new minimum rate, or they have been at the maximum of their old range for at least a year and have satisfactory performance, in which case they are eligible for a step increase to place their salary at the new maximum rate.

Settlement cost sheet

MMB estimates that the cost of the increases (across the board increases, steps, insurance, FICA, retirement contributions) provided in the AFSCME Council 5 contract will be 4.47% this biennium. The cost of these increases will add 6.37% 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.) For purposes of comparison, these costs are summarized in a settlement tracking sheet that is attached.

In order to provide another point of comparison, also attached is the settlement sheet for the previous biennium.

AFSCME Contract: Radio Communications Operators

The tentative settlement with the American Federation of State, County, and Municipal Employees (AFSCME Unit 225), covers approximately 56 Radio Communications Operators in the Department of Public Safety.

A copy of the contract is available at: <http://www.ser.leg.mn/contracts/14-15/Draft2014-2015AFSCMERadioComm.pdf>

The provisions and proposed changes in this contract parallel those in the AFSCME Council 5 contract, except that the meal rates are not expanded to include metropolitan areas outside Minnesota.

AFSCME Contract: Corrections Officers

The tentative settlement with the American Federation of State, County, and Municipal Employees (AFSCME Unit 208), covers approximately 1,993 corrections officers at state prisons. A copy of the contract is available at: <http://www.ser.leg.mn/contracts/14-15/Draft2014-2015AFSCMECorrOfficers.pdf>

The provisions and proposed changes in this contract parallel those in the AFSCME Council 5 contract.

MAPE Contract

The Minnesota Association of Professional Employees (MAPE) represents approximately 13,000 employees. A copy of the contract is available at: <http://www.ser.leg.mn/contracts/14-15/Draft2014-2015MAPE.pdf>

The contract is effective July 1, 2013.

Financial provisions:

1. 3% across the board increases effective July 1, 2013 and July 1, 2014.
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 the maximum meal expense reimbursement amounts:

	Current	1/1/14
Breakfast	\$7	\$9
Lunch	\$9	\$11
Dinner	\$15	\$16

In 22 specified metropolitan areas (outside Minnesota) reimbursement amounts are increased:

	Current	1/1/14
Breakfast	\$8	\$11
Lunch	\$10	\$13
Dinner	\$17	\$20

Non-financial provisions:

4. Incorporate expanded uses of sick leave to care for family members, consistent with 2013 session laws, chapter 87.

5. Permit an employee to use vacation leave immediately upon appointment (eliminating previous requirement to work 6 months before using vacation leave.)
6. Permit disabled employees to use up to 40 hours of sick leave for initial training for a service dog.
7. Permit full-time employees who are veterans returning from military leave to work part-time for up to three months. The veteran may use vacation or compensatory time to supplement these hours.

Other provisions continue unchanged for employees to:

8. Receive ten holidays and one floating holiday per year.
9. Receive thirteen days of paid sick leave per year.
10. Earn between 13 (entry level) and 29 (30 years of service) days of vacation leave per year, depending on length of service.
11. Receive a state match to an employee's contribution to a deferred compensation account, to a maximum of \$100 per year.
12. Receive severance if they meet eligibility criteria (based on length of service and eligibility for retirement benefits).
13. Employees continue to be eligible for achievement awards. These awards recognize achievement for outstanding performance. The award consists of a lump sum of up to \$1,000 or a step increase. They can be granted to a maximum of 35% of the employees in an agency.
14. Maintain supplemental agreements with many agencies with provisions that apply to agency specific needs.

In the Department of Health, increase the call back rate for employees from the current level of \$200/week to \$300/week. Also increase the amounts for call received and responded to during non-work hours from \$10 for 30 minute calls to \$15.

Pay equity

MMB is required by Minnesota Statutes 43A.05 to report any employee classes that it has found to have inequities in compensation. The 2012 report by the Department identified one female dominated class with 12 employees represented by MAPE that had inequities. There was not a provision in the proposed contract dealing with this issue.

Settlement cost sheet

MMB estimates that the cost of the increases (across the board increases, steps, insurance, FICA, retirement contributions) provided in the MAPE contract will be 4.76% this biennium. The cost of these increases will add 6.87% 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.) These costs are included in the settlement tracking sheet.

Middle Management Association Contract

The tentative settlement with the Middle Management Association covers approximately 2,900 supervisors. The contract, in legislative format, is available on the web at:

<http://www.ser.leg.mn/contracts/14-15/Draft14-15MMA.pdf>

The contract is effective July 1, 2013.

Financial provisions:

1. 3% across the board increases effective July 1, 2013 and July 1, 2014.
2. Step increases in each year for supervisors who are eligible. Step increases represent approximately a 3.6% increase. About 40% of supervisors are eligible to receive these increases.
3. Increase the maximum meal expense reimbursement amounts:

	Current	1/1/14
Breakfast	\$7	\$9
Lunch	\$9	\$11
Dinner	\$15	\$16

In 22 specified metropolitan areas (outside Minnesota) reimbursement amounts are increased:

	Current	1/1/14
Breakfast	\$8	\$11
Lunch	\$10	\$13
Dinner	\$17	\$20

4. For nurse supervisors, establishes a student loan reimbursement program, parallel to the program negotiated in the Minnesota Nurses Association contract. The reimbursement is up to the discretion of the Appointing Authority. The debt must have been incurred within 15 years, payments cannot exceed \$5,000 per calendar year, nor exceed \$25,000 total. The nurse supervisor must have been employed for at least one year, work at least half time, and remain employed for at least one year after receiving a reimbursement payment. This program is in effect through June 30, 2015.
5. Supervisors who work in state parks for the Department of Natural Resources who are required to work on a holiday will receive a holiday premium of \$30/4 hour shift. The holiday premium for Public Safety supervisors who work on a holiday increases from \$30 to \$40/4 hour shift.

Non-financial provisions

6. Incorporate expanded uses of sick leave to care for family members, consistent with 2013 session laws, chapter 87.
7. Beginning in FY 15, requires supervisors to contribute 1% of their salary each year to the Health Care Savings Plan.

Other provisions continue:

8. 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. The Appointing Authority may award Team awards of up to \$1,000.
9. 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.
10. 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.

Pay equity

MMB is required by Minnesota Statutes 43A.05 to report any employee classes that it has found to have inequities in compensation. The 2012 report by the Department identified one female dominated class with five employees represented by MMA that had inequities. There was not a provision in the proposed contract dealing with this issue.

However, the parties agreed to increase the salary range for five employee classes. MMB indicates these inequities were due to internal and market situations, and not to female dominated pay equity issues.

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 4.62% this biennium. The cost of these increases will add 6.56% 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.) These costs are included in the settlement tracking sheet.

Attachments: FY 12-13 Settlement sheet
FY 14-15 Settlement sheet

STATE EMPLOYEE SALARY SETTLEMENTS

FY 14-15 ESTIMATED COSTS

LCC Subcommittee on Employee Relations

September 9, 2013

Bargaining Unit	Across the board increases (% increase)				BIENNIAL BASE(1)	BIENNIAL NEW MONEY (1)	% INCREASE (2)	% INCREASE BIENNIUM TO NEXT BIENNIUM BIENNIUM (3)	\$ IMPACT ON NEXT BIENNIUM
	7/1/2013	1/1/2014	7/1/2014	1/2/2014					
AFSCME, Council 5	3.00%		3.00%		\$1,695,445,000	\$75,743,000	4.47%	6.37%	\$107,999,847
AFSCME, Unit 8, Correctional Guards	3.00%		3.00%		\$274,922,000	\$10,640,000	3.87%	5.25%	\$14,433,405
AFSCME, Unit 25, Radio Communications Oper	3.00%		3.00%		\$7,317,000	\$398,000	5.44%	7.37%	\$539,263
MN Association of Professional Employees	3.00%		3.00%		\$2,128,007,000	\$101,239,000	4.76%	6.87%	\$146,194,081
Middle Management Association	3.00%		3.00%		\$571,882,000	\$26,448,000	4.62%	6.56%	\$37,515,459
MN Government Engineering Council									
Minnesota Nurses Association									
MN Law Enforcement Association									
State Residential Schools Education Assoc									
State University Inter Faculty Organization									
MN State University Assoc of Admin & Service Faculty									
Minnesota State College Faculty (6)									
Personnel Plan for MnSCU administrators									
Personnel Plan for St Bd of Invest employees									
Office of Higher Education Plan									
Managerial Plan	3.00%		3.00%		\$321,726,000	\$16,993,000	5.28%	7.65%	\$24,612,039
Commissioners Plan (4)	3.00%		3.00%		\$203,555,000	\$11,138,000	5.47%	8.16%	\$16,610,088
Office of Legislative Auditor									
MnSure Compensation Plan									
TOTAL					\$5,202,854,000	\$242,599,000	4.66%	6.69%	\$ 347,904,182

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.

STATE EMPLOYEE SALARY SETTLEMENTS

FY 12-13 ESTIMATED COSTS

LCC Subcommittee on Employee Relations

August 23, 2013

Bargaining Unit	Across the board increases (% increase)				BIENNIAL BASE(1)	BIENNIAL NEW MONEY (1)	% INCREASE (2)	% INCREASE BIENNIUM TO NEXT BIENNIUM 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			2.0%		\$130,714,000	\$4,516,000	3.45%	6.65%	\$8,692,481
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 Assoc of 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					\$7,096,206,942	\$112,953,335	1.59%	4.78%	\$ 339,526,956

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.