



## Subcommittee on Employee Relations Legislative Coordinating Commission

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Representative Joyce Peppin  
Representative Ryan Winkler

**DATE:** July 31, 2014

**TO:** Members of the Subcommittee

**FROM:** Greg Hubinger

**RE:** Contract summaries

### Minnesota State University Administrative and Service Faculty Contract

MnSCU has reached a tentative settlement with the Minnesota State University Administrative and Service Faculty (MSUAASF). This bargaining unit includes approximately 740 faculty (FTE) employed in admissions, financial aid, housing, and student services positions. The tentative agreement is available at: [http://www.ser.leg.mn/contracts/14-15/Draft\\_14-15\\_MSUAASF.pdf](http://www.ser.leg.mn/contracts/14-15/Draft_14-15_MSUAASF.pdf)

### Financial provisions:

1. Effective July 1, 2013, faculty receive a 2.4% across the board increase.
2. Effective July 1, 2014, faculty receive a 2.6% across the board increase, and a step increase averaging 3.0%. Faculty at the top of their salary ranges (who don't receive a step increase) receive a lump sum payment equal to 3% of salary, not added to the base. Faculty hired at their current university before July 1, 2009 also receive a lump sum payment of \$500, not added to the base salary.
3. Medical directors and Health Service Physicians receive a 2.4% increase effective July 1, 2013 and a 5.6% increase effective July 1, 2014. These employees do not receive step increases.
4. Increase the maximum for honoraria for faculty who perform an assigned special project from the current level of \$1,000 to \$2,000.

### Other provisions continue:

5. Implement the State Employee Group Insurance Program as provided in other contracts.
6. Continue requirement that each faculty member with five years' service contribute \$300 to the Health Care Savings Plan. The employer also contributes \$300 each year.
7. Continue to match an employee's contribution to a supplemental retirement account, to a maximum of \$2,200.

8. Continue the exceptional achievement program, which rewards up to 10% of employees with a lump sum payment up to 5% of the employee's salary. The contract requires extensive evidence of performance meeting numerous criteria.
9. Continue the "Special Initiative Award Program," in which service faculty (individually or as a group) propose and implement projects that are of benefit to the University, its mission, or to the MnSCU system. As determined by the president, the maximum award is \$5,000, which is provided as a lump sum upon completion of the project.
10. Continue tuition waiver for employees for up to 27 credits per year.
11. Continue providing sabbaticals for employees with at least six years of service.
12. Continue the separation incentive, where employees with 15 years of service and who are at least 55 years old receive up to a year's salary upon retirement. The incentive is decreased by 10% for each year the employee is greater than age 55. This incentive is discretionary. The incentive also provides one year of the employer contribution for health insurance. The employer's contribution is deposited into the employee's Health Care Savings Plan.
13. Continue the early retirement notice incentive, which provides a 5% increase in salary in the employee's final year of employment, if the employee provides six months' notice.

#### **Settlement Cost Sheet**

MnSCU estimates that the cost of the increases (insurance, FICA, retirement contributions) provided in the MSUAASF contract will be 4.01% this biennium. The cost of these increases will result in a 6.33% increase 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 State College Faculty contract**

MnSCU has reached a tentative settlement with the Minnesota State College Faculty. This bargaining unit includes approximately 4,813 faculty (FTE) at community and technical colleges. A copy of the contract in legislative format is at: [http://www.ser.leg.mn/contracts/14-15/Draft\\_14-15\\_MSCF.pdf](http://www.ser.leg.mn/contracts/14-15/Draft_14-15_MSCF.pdf)

#### **Financial provisions:**

1. Effective July 1, 2013, faculty receive an across the board increase of 3.0%. An additional step is added between the penultimate step and the top step of each salary range.
2. Effective July 1, 2014, each faculty member not at the top of their salary range advances one step in their respective salary range, which is equivalent to a 3.5% salary increase.
3. Effective January 1, 2015, faculty receive an across the board increase of 3.0%.

#### **Other provisions:**

4. Added provisions to clarify that workload and leave practices for online faculty are commensurate with those of onsite faculty.
5. Continue the Awards for Excellence program (recognizing faculty work above and beyond normal requirements) at \$2,500.
6. Continue funding for "sabbatical backlogs" at \$420,000.
7. Implement the same changes to the State Employee Group Insurance Program as provided in the other contracts.

8. MnSCU will continue to match faculty members' contributions to their supplemental retirement accounts at \$2,500 per year, as provided in state law.
9. 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. Added clarification that the incentive ceases at age 65.
  - 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.
10. 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.
11. Continue the sabbatical leave program. Faculty with at least six years of service, who submit a plan that is subject to approval by the college administration, 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 full academic year sabbatical taken. 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.
12. Continue providing Professional Development (for employee workshops, conferences, courses) at \$250 per faculty per year.
13. 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 3.86% this biennium. The cost of these increases will add 6.85% 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.)

Please let me know if you have any questions or need additional information.

Attach: settlement sheet

# STATE EMPLOYEE SALARY SETTLEMENTS

## FY 14-15 ESTIMATED COSTS

LCC Subcommittee on Employee Relations

July 23, 2014

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	1/2/2015					
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	3.00%		3.00%		\$186,379,000	\$8,519,000	4.57%	6.48%	\$12,077,359
Minnesota Nurses Association									
MN Law Enforcement Association									
State Residential Schools Education Assoc	3.00%		3.00%		\$34,116,000	\$1,142,000	3.35%	4.09%	\$1,395,344
State University Inter Faculty Organization									
MN State University Assoc of Admin & Service Facult	2.4%		2.6%		\$114,202,188	\$4,577,001	4.01%	6.33%	\$7,228,999
Minnesota State College Faculty	3.0%			3.0%	\$792,314,713	\$30,611,798	3.86%	6.85%	\$54,273,558
Personnel Plan for MnSCU administrators									
Personnel Plan for St Bd of Invest employees									
Office of Higher Education Plan	3.00%		3.00%		\$7,301,000	\$488,000	6.68%	10.68%	\$779,747
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									
<b>TOTAL</b>					<b>\$6,337,166,901</b>	<b>\$287,936,799</b>	<b>4.54%</b>	<b>6.69%</b>	<b>\$ 423,659,188</b>

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.