



## Subcommittee on Employee Relations Legislative Coordinating Commission

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**Date:** February 28, 2020

**To:** Members of the House Government Operations Committee

**From:** Greg Hubinger

**Re:** State employee contracts summary

### **Background**

This bill ratifies labor contracts and compensation plans for state employees in the Executive Branch. If legislation to ratify these contracts and plans is not adopted, the terms and conditions provided in these contracts and plans will be voided.

These contracts and plans are for the FY 20-21 biennium and are effective retroactively to July 1, 2019. Minnesota Management and Budget (MMB) estimates that the increased costs of all collective bargaining agreements and plans will be 4.84% in this biennium, with an impact of 8.29% on the next biennium. A spreadsheet showing the costs of each agreement and plan is attached.

### **Insurance Benefits**

The health, dental, life, and disability benefits provisions for these contracts and plans 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.

Insurance changes are generally effective January 1, 2020. MMB and the employee representatives negotiated the following with regard to insurance:

- No changes to the underlying medical plan design.
- Out of pocket costs for the medical plan, including first dollar deductibles, office and prescription co-pays and co-insurance are all increased.

- In 2021, the \$5 reduction in the office visit copay is replaced by a \$70 credit to the individual deductible for employees completing qualified activities in the Wellbeing program.

### **Salary increases**

The collective bargaining agreements have consistent provisions regarding salary increases:

- 2.25% increase in salaries effective July 1, 2019.
- 2.5% increase in salaries effective July 1, 2020.
- Annual merit-based increases for eligible employees that generally vary between 2.75% and 3.5%.  
On average, about half of the employees are eligible for these increases.

### **Other**

Contracts and plans include provisions that authorize employees to use paid leave to vote in tribal elections.

**Section 1. Labor agreements and compensation plan.** This section ratifies collective bargaining agreements.

#### **Subdivision. 1. AFSCME, Council 5 contract.**

The tentative settlement with the American Federation of State, County, and Municipal Employees (AFSCME Council 5) covers approximately 15,000 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)

1. 2.25% across the board increases effective July 1, 2019.
2. 2.5% across the board increases effective July 1, 2020.
3. Step increases in each year for employees who are eligible. Step increases represent approximately a 2.7% increase. About half of employees are below the maximum of their salary ranges and receive these increases.
4. The minimum hourly pay is \$15 per hour.
5. All salary ranges are adjusted by the same percentage as the across the board increases.

#### **Subd. 2. Minnesota Association of Professional Employees contract.**

The Minnesota Association of Professional Employees (MAPE) represents approximately 15,224 employees.

1. 2.25% across the board increases effective July 1, 2019.
2. 2.5% across the board increases effective July 1, 2020.
3. Step increases in each year for employees who are eligible. Step increases represent approximately a 3.6% increase. About 57% of these employees are eligible to receive these step increases.
4. Agencies, under a pilot program, will be permitted to offer student loan reimbursements, not to exceed \$5,000 per calendar year, or \$25,000 over five years.
5. Agencies may offer a recruiting incentive up to \$5,000 to new employees who accept a hard-to-fill position. Agencies may also offer referral incentives up to \$1,000 for hard to fill positions.

6. Expand a pilot phased retirement program to include all state agencies. Employee must be at least 55 years old with at least ten years of service. Phased retirement can last no more than 6 months, and must be no less than 50% time. Employee's retirement and insurance contributions are determined as if the employee is full time.

**Subd. 3. AFSCME, Radio Communications Operators contract.**

The tentative settlement with the American Federation of State, County, and Municipal Employees (AFSCME Unit 225), covers approximately 57 Radio Communications Operators in the Department of Public Safety. 2.25% across the board increases effective July 1, 2019.

1. 2.5% across the board increases effective July 1, 2020.
2. Step increases in each year for employees who are eligible. Step increases represent approximately a 2.7% increase. About 83% of employees are below the maximum of their salary ranges and receive these increases, which are granted on either an annual or semi-annual basis depending on the employee's position in the salary range.
3. Other underlying provisions are parallel to those in the AFSCME Council 5 contract.

**Subd. 4. Middle Management Association contract.**

The tentative settlement with the Middle Management Association covers 3,219 supervisors.

1. 2.25% across the board increases effective July 1, 2019.
2. 2.5% across the board increases effective July 1, 2020.
3. Step increases in each year for employees who are eligible. Step increases represent approximately a 3.7% increase. About 41% of employees are below the maximum of their salary ranges and receive these increases.
4. Increase the shift differential from \$0.65 to \$1.65, and re-define the eligible hours to between 6:00 PM and 6:00 AM.
5. Agencies, under a pilot program, will be permitted to offer student loan reimbursements, not to exceed \$5,000 per calendar year, or \$25,000 over five years.
6. Agencies may offer a recruiting incentive up to \$5,000 to new employees who accept a hard-to-fill position. Agencies may also offer referral incentives up to \$1,000 for hard to fill positions.

**Subd. 5. Minnesota State University Association of Administrative and Service Faculty Contract**

This bargaining unit includes approximately 788 faculty (FTE) employed in admissions, financial aid, housing, and student services positions at State Universities.

1. Effective January 8, 2020, members receive a one-step increase averaging 3.05%. Members at the top of their range who are not eligible to receive a step increase, receive a lump sum payment equivalent to 3% of their salary on January 8, 2020.
2. Effective July 1, 2020, members receive an across the board increase of 1.5%.
3. Medical directors and Health Service Physicians receive a 3% increase on January 1, 2020, and a 1.5% increase on July 8, 2020.

**Subd. 6. Inter Faculty Organization Contract**

Minnesota State's agreement with the Inter Faculty Organization (IFO) covers 3,166 FTE faculty at state universities.

1. Effective July 1, 2019, faculty receive a 1.9% across the board increase in salary.
2. Effective July 1, 2020, faculty receive a 2.0% across the board increase in salary.

3. In FY 21, faculty are placed on a unified schedule combining two previous schedules. The maximum salary for each class of faculty increases by 2.0%.

**Subd. 7. AFSCME Unit 8, Corrections Officers contract**

The tentative settlement with the American Federation of State, County, and Municipal Employees (AFSCME Unit 208), covers 1,937 corrections officers at state prisons.

1. 2.25% across the board increases effective July 1, 2019.
2. 2.5% across the board increases effective July 1, 2020.
3. Effective January 1, 2020 corrections officers are assigned to new grids at the same rate of pay, except that officers who are below the new range minimums will be increased to the minimum; and officers who have been at the top step of Range 2 or 3 of Grid 8 for at least a year as of January 1, 2020 will receive a step increase.
4. Step increases in each year for employees who are eligible. Step increases represent approximately a 2.9% increase. About 73% of employees are below the maximum of their salary ranges and receive these increases.

**Subd. 8. State Residential Schools Education Association contract.**

The State Residential Schools Education Association (SRSEA) represents 181 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.

1. 2.25% across the board increases effective July 1, 2019.
2. 2.5% across the board increases effective July 1, 2020.
3. Continue step increases in each year for employees who are eligible. Step increases represent approximately a 3.4% increase. About 38% of these employees are eligible to receive these increases.
4. Increase the employer's matching contribution to the employee's deferred compensation account from \$200 to \$300 per year.
5. Add pilot programs providing recruiting incentives up to \$5,000 for hard to fill positions and up to \$1,000 to current employees who refer a new employee who accepts a hard to fill position.

**Subd. 9. Minnesota State College Faculty contract**

This bargaining unit includes 4,161 faculty (FTE) at community and technical colleges.

1. Effective January 1, 2020, faculty not at the top of their salary range receive a step increase. Steps for this unit represent an average salary increase of 3.2% for those faculty not at the top of their salary range. Faculty at the top of their salary range receive a lump sum payment of \$1,500 in lieu of a step.
2. Effective July 1, 2020, salary ranges are adjusted, providing each faculty member with an increase of \$1,775. This amount represents an average salary increase for all faculty members on the salary schedule of 2.4%.
3. Increase the stipend for faculty conducting credit for prior learning assessments from \$25 to \$75 per credit.
4. Increase the maximum for honoraria and stipends that can be paid to faculty from \$1,000/fiscal year to \$4,000/fiscal year.

**Section 2. Compensation plans.** This section ratifies compensation plans for unrepresented employees.

**Subdivision. 1. Personnel Plan for Minnesota State Administrators**

This plan establishes terms and conditions of employment for about 566 (FTE) unrepresented managers at Minnesota State.

1. Effective July 1, 2019 administrators are eligible for merit increases averaging 2.0%. The increase may be provided as an increase to the base salary or a lump sum. An administrator may not have a salary that exceeds the maximum of their range.
2. Effective July 1, 2020 administrators are eligible for merit increases averaging 2.0%. The increase may be provided as an increase to the base salary or a lump sum. An administrator may not have a salary that exceeds the maximum of their range.
3. Salary ranges for administrators are increased by 2.5% each year.
4. The board continues to have authority to set the initial salary of the chancellor anywhere within the range, with subsequent changes determined through the existing contract. The Chancellor's current salary is \$390,000. The chancellor has authority to set the initial salaries of presidents and vice-chancellors anywhere within their salary ranges, under the terms of their individual employment contracts.
5. Add provision for unpaid sick leave, at the discretion of the employer. This leave may be up to one year, for a documented illness or injury that prevents the administrator's return to work, or to provide care to an immediate family member.
6. Increase the number of vacation days from five to seven that an administrator can convert to a defined contribution retirement plan.
7. Increase the total number of credits an administrator can enroll in without paying tuition or fees from 24 semester credit hours to 27 semester hours per fiscal year.

**Sec. 3.** Provides that Sections 1-2 are effective the day following final enactment.

Attach: settlement sheet

# STATE EMPLOYEE SALARY SETTLEMENTS

## FY 20-21 ESTIMATED COSTS

LCC Subcommittee on Employee Relations  
February 28, 2020

Across the board increases (% increase)									
Bargaining Unit	7/1/2019	1/1/2020	7/1/2020	1/1/2021	BIENNIAL BASE (1)	BIENNIAL NEW MONEY (1)	% INCREASE (2)	% INCREASE BIENNIUM TO BIENNIUM (3)	\$ IMPACT ON NEXT BIENNIUM
I AFSCME, Council 5	2.25%		2.50%		\$ 2,086,908,177	\$ 104,981,085	5.03%	8.74%	\$182,395,775
I AFSCME, Unit 8, Correctional Officers	2.25%		2.50%		\$ 331,053,303	\$ 17,515,918	5.29%	8.92%	\$29,529,955
I AFSCME, Unit 25, Radio Communications Oper	2.25%		2.50%		\$ 10,511,814	\$ 526,192	5.01%	8.68%	\$912,425
I MN Association of Professional Employees	2.25%		2.50%		\$ 3,061,970,910	\$ 164,059,411	5.36%	9.30%	\$284,763,295
I Middle Management Association	2.25%		2.50%		\$ 764,283,588	\$ 39,870,769	5.22%	8.99%	\$68,709,095
MN Government Engineering Council (5)									
Minnesota Nurses Association									
MN Law Enforcement Association									
I State Residential Schools Education Assoc	2.25%		2.50%		\$ 35,467,528	\$ 1,310,746	3.70%	5.98%	\$2,120,958
A Service Employees International Union (6)	10.4%								
I State University Inter Faculty Organization	1.90%		2.00%		\$ 623,076,607	\$ 21,371,403	3.43%	5.42%	\$33,770,752
I MN State Univ Assoc of Admin & Service Faculty			1.50%		\$ 139,166,477	\$ 4,874,063	3.50%	5.92%	\$8,238,655
Minnesota State College Faculty			3.45%		\$ 804,129,466	\$ 29,953,733	3.72%	6.05%	\$48,649,833
> Personnel Plan for MnSCU administrators					\$ 189,887,030	\$ 5,078,044	2.67%	4.10%	\$7,785,368
Personnel Plan for St Bd of Invest employees									
Office of Higher Education Plan									
Managerial Plan									
Commissioners Plan (4)									
Office of Legislative Auditor									
MnSure Compensation Plan									
<b>TOTAL</b>					<b>\$ 8,046,454,900</b>	<b>\$ 389,541,364</b>	<b>4.84%</b>	<b>8.29%</b>	<b>\$ 666,876,111</b>

The ">" indicates proposed contract or plan not been acted on by the Subcommittee.  
 The "R" indicates the contract or plan was rejected by the Subcommittee.  
 The "I" indicates a contract or plan that has been implemented absent Subcommittee action.  
 The "\*" indicates the proposed contract or plan has not been ratified by the Legislature  
 The "A" indicates the contract or plan has been ratified by the Legislature

- (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) The arbitration award provided 3.5% across the board increases each year for engineers in the 3 highest classes
- (6) Includes federal and state funds. Does not include funds for administration, grants and training.