



Subcommittee on Employee Relations Legislative Coordinating Commission

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Date: May 15, 2019

To: Members of the State Government Finance Division

From: Greg Hubinger

Re: 2796: Summary of labor contract and plan

Minnesota Law Enforcement Association

The State and the Minnesota Law Enforcement Association (MLEA) have reached a tentative agreement for the Law Enforcement unit, which represents 745 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.

This agreement is for the current biennium, and is the last contract to be negotiated and settled with a state employee exclusive representative. A copy of the agreement is available at:

<https://www.ser.leg.mn/contracts/18-19/2018-2019-MLEA-Contract-03-26-19.pdf>

Financial provisions

1. 2.0% across the board increases effective July 1, 2017.
2. 2.25% across the board increases effective July 1, 2018.
3. Step increases continue in each year for employees who are eligible. Step increases represent approximately a 4.0% increase. About 37% of these employees are eligible for these step increases.
4. Increase shift differentials from \$15 per month to \$60 per month.

Non-financial provisions

5. Incorporate provisions for paid parenting leave, similar to those agreed to in the other state employee contracts and plans:
6. Agree to a study to assess market compensation of job classes covered by the MLEA agreement, and to consider extending the terms under the agreement related to the Connect 700 Program (a program that allows eligible individuals with disabilities the opportunity to demonstrate their ability to perform in a specific position for up to 700 hours on the job.)

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 3.86% in the FY 18-19 biennium. The cost of these increases will add 6.28 % 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 Board of Investment Salary Administration Plan

The State Board of Investment (SBI or Board) maintains a salary administration plan for investment staff, including the Executive Director. The Board has a total of 22 staff, fourteen of which are investment staff whose salaries are determined under the current salary plan. The SBI currently budgets for 30 positions and indicates the revised plan is part of a broader effort to plan for future staff increases. The plan was last reviewed by the Subcommittee on Employee Relations in 2008.

The plan requires the salary ranges to be adjusted for inflation each year, and provides for the Board to implement compensation adjustments based on performance reviews, and separately, for the director to approve annual merit increases up to 3%.

A copy of the proposed plan is available at: <https://www.ser.leg.mn/contracts/18-19/SBI-Compensation-Plan-Fiscal-Year-2019.pdf>

The SBI contracted with McLagan, a compensation consulting firm, to conduct a study comparing the SBI's ranges with those of similarly situated entities. The study found that the Board's ranges typically fell below the median for similarly situated public and private sector investors. In addition to suggesting revised salary ranges, the report also suggests additional classifications that would permit more flexibility with entry-level investment positions.

A copy of the McLagan study is available at: <https://www.ser.leg.mn/contracts/18-19/SBI-Compensation-Study.pdf>

Financials

MMB reports that the Department does not have any financial projections on the proposed SBI compensation changes because there are no associated costs with changing the salary ranges that can accurately be predicted.

Compensation costs for SBI staff are expensed to earnings from the invested funds.

Attach: SER settlement sheet

STATE EMPLOYEE SALARY SETTLEMENTS

FY 18-19 ESTIMATED COSTS

LCC Subcommittee on Employee Relations
April 5, 2019

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
	7/1/2017	1/1/2018	7/1/2018	1/1/2019					
A AFSCME, Council 5	2.00%		2.25%		\$1,974,265,786	\$60,025,862	3.04%	4.51%	\$89,039,387
A AFSCME, Unit 8, Correctional Officers	2.00%		2.25%		\$315,468,586	\$8,514,943	2.70%	3.79%	\$11,956,259
A AFSCME, Unit 25, Radio Communications Oper	2.00%		2.25%		\$9,492,096	\$288,685	3.04%	4.50%	\$427,144
A MN Association of Professional Employees	2.00%		2.25%		\$2,738,433,672	\$105,887,851	3.87%	5.84%	\$159,924,526
A Middle Management Association	2.00%		2.25%		\$694,149,486	\$27,187,838	3.92%	6.16%	\$42,759,608
A MN Government Engineering Council (5)	2.00%		2.25%		\$238,618,058	\$8,341,954	3.50%	5.30%	\$12,646,757
A Minnesota Nurses Association	2.00%		2.25%		\$181,722,624	\$7,756,023	4.27%	6.88%	\$12,502,517
> MN Law Enforcement Association	2.00%		2.25%		\$168,263,546	\$6,498,233	3.86%	6.28%	\$10,566,951
A State Residential Schools Education Assoc	2.00%		2.25%		\$33,899,624	\$1,246,559	3.68%	5.75%	\$1,949,228
Service Employees International Union (6)					\$884,559,652	\$20,411,000			
A State University Inter Faculty Organization	1.60%		2.40%		\$609,668,437	\$19,796,623	3.25%	4.87%	\$29,690,853
A MN State University Assoc of Admin & Service Faculty									
A Minnesota State College Faculty									
A Personnel Plan for MnSCU administrators	2.0%		2.0%		\$185,674,316	\$4,783,731	2.58%	3.65%	\$6,777,113
Personnel Plan for St Bd of Invest employees									
A Office of Higher Education Plan	2.00%		2.25%		\$7,552,714	\$358,412	4.75%	7.80%	\$589,112
A Managerial Plan	2.00%		2.25%		\$414,274,424	\$15,330,145	3.70%	5.47%	\$22,660,811
A Commissioners Plan (4)	2.00%		2.25%		\$240,867,122	\$7,653,765	3.18%	4.48%	\$10,790,847
Office of Legislative Auditor									
A MnSure Compensation Plan	2.00%		2.25%		\$5,229,364	\$235,749	4.51%	6.93%	\$362,395
TOTAL					\$8,702,139,507	\$294,317,373	3.38%	4.74%	\$ 412,643,508

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.