



Subcommittee on Employee Relations

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Memorandum

DATE: March 25, 2024

TO: Members of the Ways and Means Committee

FROM: Nick Nigro, Legislative Coordinating Commission

RE: HF 4310: State compensation plans ratification

Background

Minnesota Management and Budget (MMB) and Minnesota State submitted compensation plans for unrepresented employee groups that are not covered by collective bargaining agreements. If legislation to ratify these plans is not adopted, the terms and conditions provided in these plans will be voided.

All of these plans are for the FY 2024-25 biennium and are effective retroactively to July 1, 2023. The plans were approved by the Subcommittee on Employee Relations on December 19, 2023.

A spreadsheet showing the cost of each plan is attached.

Benefits

The health, dental, life, and disability benefits provisions for these plans are initially bargained through a coalition that includes exclusive representatives from all of the state's unions. 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. Because benefits are a term and condition of employment bargained in these plans, the Legislature does not separately review the benefits program. Insurance changes are generally effective January 1, 2024.

The plans also expand possible uses of sick leave to comply with 2023 statutory changes.

Section 1. Compensation plans. This section ratifies several compensation plans.

Subdivision 1. Commissioner's Plan. This plan covers 1,227 unrepresented employees including confidential staff, and employees who have severed from their bargaining units. The plan includes the following provisions:

1. 5.5% across the board increase effective July 1, 2023.
2. 4.5% across the board increase effective July 1, 2024.
3. Performance-based increases up to 3.5%. Approximately 55% of employees are eligible for these increases.
4. Increases achievement award maximum from \$1,000 to \$3,000 or a single base-pay adjustment up to 3.5%.
5. Increases shift differential from \$0.65 per hour to \$2.25 per hour for work before 6 a.m. or after 6 p.m. (down from 7 p.m.).
6. Increases employer match contribution to deferred compensation from \$400 per year to \$500 per year.

Subd. 2. Managerial Plan. This plan covers 1,677 unrepresented managers including deputy and assistant commissioners, bureau heads and division directors. The plan includes the following provisions:

1. 5.5% across the board increase effective July 1, 2023.
2. 4.5% across the board increase effective July 1, 2024.
3. Continues annual performance-based increases effective pay period coinciding with January 1, each year. Approximately 35% of managers are eligible for these increases.
4. Increases achievement award maximum from \$1,000 to \$3,000 or a single base-pay adjustment up to 3.5%.
5. Increases employer match contribution to deferred compensation from \$400 per year to \$500 per year.

Subd. 3. Office of Higher Education Unclassified Personnel Compensation Plan. This plan covers 39 unrepresented employees. The plan includes the following provisions:

1. 5.5% across the board increase effective July 1, 2023, for employees who meet performance standards.
2. 4.5% across the board increase effective July 1, 2024, for employees who meet performance standards.
3. Provides performance-based increases up to 3.5% each calendar year. Approximately 56% of employees are eligible for these increases.
4. Increases the employer deferred compensation from \$400 to \$500 per year.
5. Increases the hiring incentive for appointments for hard to fill positions from \$10,000 to \$15,000.

Subd. 4. MNsure Compensation Plan. This plan covers 17 managerial employees of MNsure. The plan includes the following provisions:

1. 5.5% across the board increase effective July 1, 2023, for managers who meet performance standards.
2. 4.5% across the board increase effective July 1, 2024, for managers who meet performance standards.
3. Performance-based increases up to 3.5%. Approximately 18% of employees are eligible for these increases.
4. Continues achievement awards that may not exceed \$2,000 per individual. The total amount available to be granted is equal to \$500 time the number of employees who are eligible.

Subd. 5. Minnesota State Administrators' Personnel Plan. This plan covers 509 unrepresented administrators. The plan includes the following provisions:

1. 2.5% across the board increase effective July 1, 2023, for administrators who meet performance standards.
2. 2.5% across the board increase effective July 1, 2024, for administrators who meet performance standards.
3. Continues merit-based increases for Fiscal Years 2024 and 2025 from a merit pool of 2.5% of the aggregate base salaries. Approximately 85% of employees are eligible for these increases.
4. Raises salary ranges 5% each year. This change will not affect administrators' specific salaries unless they fall below the new range floor.

Effective date. Provides that Section 1 is effective the day following final enactment.

Attachments: Settlement sheet

STATE EMPLOYEE SALARY SETTLEMENTS

FY 24-25 ESTIMATED COSTS

LCC Subcommittee on Employee Relations
February 28, 2024

Bargaining Unit	ACROSS THE BOARD INCREASE	ACROSS THE BOARD INCREASE	INCREASED COSTS			% INCREASE 24-25		\$ IMPACT ON 26-27 BIENNIUM
	7/1/2023	7/1/2024	24-25 BIENNIAL BASE (1)	IN 24-25 BIENNIUM (1)	% INCREASE (2)	BIENNIUM TO 26-27 BIENNIUM (3)		
AFSCME, Council 5	5.50%	4.50%	\$ 2,271,170,710	\$ 167,097,144	7.36%	10.05%	\$ 228,252,656	
AFSCME, Unit 8, Correctional Officers	5.50%	4.50%	\$ 370,270,146	\$ 33,684,323	9.10%	11.19%	\$ 41,433,229	
AFSCME, Unit 25, Radio Communications Oper	-	-	-	-	-	-	-	
MN Association of Professional Employees	5.50%	4.50%	\$ 3,852,748,170	\$ 301,773,037	7.83%	10.70%	\$ 412,244,054	
Middle Management Association	5.50%	4.50%	\$ 948,795,126	\$ 76,535,552	8.07%	11.11%	\$ 105,411,138	
MN Government Engineering Council (5)	5.50%	4.50%	\$ 314,357,378	\$ 25,252,811	8.03%	11.02%	\$ 34,642,183	
Minnesota Nurses Association	-	-	-	-	-	-	-	
MN Law Enforcement Association	5.50%	4.50%	\$ 258,992,278	\$ 20,588,077	7.95%	11.82%	\$ 30,612,887	
State Residential Schools Education Assoc	5.50%	4.50%	\$ 33,714,168	\$ 2,610,872	7.74%	10.66%	\$ 3,593,930	
State University Inter Faculty Organization	2.60%	2.90%	\$ 643,141,803	\$ 48,132,299	7.48%	10.28%	\$ 66,114,977	
MN State Univ Assoc of Admin & Service Faculty	2.25%	2.25%	\$ 143,363,274	\$ 11,413,406	7.96%	10.58%	\$ 15,167,834	
Minnesota State College Faculty	-	-	-	-	-	-	-	
Personnel Plan for MnSCU administrators	2.50%	2.50%	\$ 217,870,514	\$ 14,849,846	6.82%	9.33%	\$ 20,327,319	
Office of Higher Education Plan	5.50%	4.50%	\$ 10,588,466	\$ 845,465	7.98%	10.84%	\$ 1,147,790	
Managerial Plan	5.50%	4.50%	\$ 569,000,332	\$ 43,526,398	7.65%	9.96%	\$ 56,672,433	
Commissioners Plan ⁽⁴⁾	5.50%	4.50%	\$ 321,040,764	\$ 24,850,719	7.74%	10.24%	\$ 32,874,574	
MNsure Compensation Plan	5.50%	4.50%	\$ 6,136,934	\$ 459,286	7.48%	9.59%	\$ 588,532	
TOTAL			\$ 9,961,190,063	\$ 771,619,235	7.75%	10.53%	\$ 1,049,083,539	
OTHER CONTRACTS AND PLANS								
Personnel Plan for St Bd of Invest employees ⁽⁷⁾	-	-	-	-	-	-	-	
Office of Legislative Auditor ⁽⁷⁾	-	-	-	-	-	-	-	
Service Employees International Union ⁽⁶⁾	8.68%	5.90%	-	\$ 74,559,000	-	-	\$ 103,888,000	

(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)

a) Biennial Base includes the state share of personal care and Consumer Directed Community Supports (CDCS) services paid under the Medical Assistance program, Alternative Care, and the Consumer Support Grant (CSG), based on the November 2022 forecast. This does not include the federal share of services. These amounts are [based on] the SEIU collective bargaining agreement.

b) The amount listed is the estimated state cost of rate adjustments for personal care and Consumer Directed Community Supports (CDCS) paid through the Medical Assistance program, Alternative Care, and the Consumer Support Grant (CSG). It also includes..... (this footnote would also include any other items that are included in the final CBA. This amount will align with the fiscal note.) These amounts are based on the SEIU collective bargaining agreement.

c) The base includes all personal care services, regardless of whether they are provided by workers covered by the collective bargaining agreement.

(7) The compensation plans for the Office of the Legislative Auditor and the State Board of Investment provide for salary increases and salary ranges that are indexed to CPI, or to other plans that are reviewed and approved by the Subcommittee. As a result, there are time periods when these plans are not submitted to the SER.