

Preliminary

Fiscal Note

2021-2022 Legislative Session

HF961 - 3A - Supervisory Law Enforcement Unit Added

Chief Author: **Robert Ecklund**
 Committee: **State Government Finance and Policy**
 Date Completed:
 Agency: **Minn Management and Budget**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology	X	
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2021	FY2022	FY2023	FY2024	FY2025
General Fund	-	128	24	24	24	24
Total	-	128	24	24	24	24
Biennial Total			152			48

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2021	FY2022	FY2023	FY2024	FY2025
General Fund	-	.65	.11	.11	.11
Total	-	.65	.11	.11	.11

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

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Preliminary

State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2021	FY2022	FY2023	FY2024	FY2025
General Fund	-	128	24	24	24	24
Total	-	128	24	24	24	24
Biennial Total			152			48
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	128	24	24	24	24
Total	-	128	24	24	24	24
Biennial Total			152			48
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total			-			-

Bill Description

Section 1 of this bill adds a new law enforcement supervisory unit to the state bargaining units under Minn. Stat. § 179A.10. Section 2 of the bill deletes the provision in law that permits State Patrol supervisors, Department of Natural Resources enforcement supervisors, and Department of Public Safety Bureau of Criminal Apprehension (BCA) investigative supervisors to elect to sever from a bargaining unit.

Section 4 of the bill provides for the transition of positions into the new law enforcement supervisory unit. Currently, positions that will ultimately be in the new law enforcement supervisory unit are covered under the Commissioner's Plan or are in the general supervisory employees unit represented by the Middle Management Association (MMA). It will take some time until the new law enforcement supervisory unit elects an exclusive representative and that exclusive representative negotiates a collective bargaining agreement (CBA) with the State that is approved by the legislature under Minn. Stat. § 3.855. Section 4 of the bill provides that until there is an approved CBA, the positions that will ultimately make up the new law enforcement supervisory unit will remain in their current units; those in the Commissioner's Plan will stay in the Commissioner's Plan, and those covered by MMA will remain in the general supervisory employees unit. Although these positions will remain in their current units until the transition is complete (legislative approval of a CBA), employees in these positions can still participate in the activities necessary for the creation of the unit--certification elections for an exclusive representative, and negotiations and collective bargaining activities.

Section 3 of the bill amends Laws 2020, Fifth Special Session chapter 3, article 9, section 6, to provide an 8.4% salary increase for supervisors and managers in positions requiring the incumbent to be a licensed peace officer. Effective retroactively to October 22, 2020, this increase will be paid to these supervisors and managers that are in the Managerial Plan, the Commissioner's Plan, and covered under the Middle Management Association bargaining agreement. The bill also provides that the salary increase will continue to apply to the law enforcement supervisors when the CBA between the State and the exclusive representative of the new law enforcement supervisory unit is approved by the legislature under Minn. Stat. § 3.855.

Assumptions

Auditing costs

With respect to Section 1 of the bill, it is assumed that the State Patrol supervisor positions and DNR enforcement supervisor positions currently in the Commissioner's Plan will become part of the new law enforcement supervisory unit. It

Preliminary

is also assumed that the BCA investigative supervisor positions, the supervisors of the Fugitive Specialists at the Department of Corrections, and the supervisors of the Commerce Fraud Investigators that are currently in the general supervisory employees unit will become part of the new law enforcement supervisory unit. It is assumed that agencies will conduct an audit (meaning, a review of position descriptions and organizational charts alongside statutory definitions) to determine if any additional positions are law enforcement supervisors that will become part of the law enforcement supervisory unit. It is assumed that Minnesota Management and Budget's (MMB) Classification and Compensation Unit will spend 20 hours of staff time to create the materials that will aid agencies with their audits of potentially impacted employees; to offer advice and quality control over these audits; and to work with MMB's Labor Relations Unit staff as necessary. It is assumed that this work will be completed by an employee in the State Program Administrator Principal job classification.

Once the agencies submit their audits, it is assumed MMB's Labor Relations Unit will review approximately 25 benchmark position descriptions to confirm conformity with statutory definitions, and that each position description will require 45 minutes to audit, for a total of approximately 20 hours. The average hourly wage of these two positions is assumed to be \$38.43.

It is assumed that agency and MMB auditing work will begin as soon as the bill becomes effective.

Bargaining costs

It is assumed that the law enforcement supervisors will elect an exclusive representative, and MMB will negotiate a CBA that covers the employees in the new law enforcement supervisory unit. Since this will be a brand new CBA, with no pre-existing terms and conditions of employment, it is assumed that MMB's Labor Relations and Classification and Compensation Units will require approximately 1,023 hours in FY 2022 to negotiate with a new bargaining unit, including 40 hours of preparation, 95 hours of drafting, 496 hours of bargaining, and 392 hours, if necessary, for an interest arbitration. On an ongoing basis, renegotiating this contract is estimated to require 421 hours every two years, or 211 hours annualized. The work required is completed by multiple employees across these two units. The average hourly wage for these employees, weighted for their level of effort in the process, is \$55.64. It is also assumed that, in addition to an interest arbitration potentially being required in the first CBA negotiation process, that an interest arbitration may be required every other bargaining cycle thereafter (every four years), or 0.25 per year in annualized terms. For an interest arbitration, \$30,000 is assumed in arbitrator costs (informed by the costs of previous interest arbitrations), of which it is assumed 50% would be paid by the State and 50% by the new bargaining unit.

Statewide Payroll costs

A new bargaining unit and CBA with that unit will require changes to the payroll components of the SEMA4 system. This work includes 36 hours for creating a new salary authority, leave plans, negotiated benefits, and other edits specific to the bargaining unit; 10 hours to plan, coordinate, and communicate with state agencies regarding implementation of the contract; 15 hours for monitoring and managing transition of fiscal year-based benefits when employees change bargaining units mid-fiscal year; and five hours for dues deductions processing and reporting. The work required is completed by multiple employees in this unit. The average hourly wage for these employees, weighted for their level of effort in the process, is \$41.33. These costs are assumed to be incurred in FY 2022 one-time, but implementation may vary depending on the timeline for election of an exclusive representative and the negotiation of the CBA. Ongoing costs are assumed to be negligible.

Human Resources Business Systems costs

A new bargaining unit and CBA with that unit will also require changes to the human resources components of the SEMA4 system. The work, estimated to total 100 hours, includes creating a new bargaining unit and job code IDs, testing changes, updating reports, ensuring all necessary connections have been made in the system, and communications and guidance to affected state agencies. As current HR Business System staff have not made these changes previously, this work is anticipated to be somewhat involved. This work is assumed to be shared between a State Program Administrator Senior and State Program Administrator Coordinator, at an average hourly rate of \$41.19. These costs are assumed to be incurred in FY 2022 one-time, but implementation may vary depending on the timeline for election of an exclusive representative and the negotiation of the CBA. Ongoing costs are assumed to be negligible.

MNIT@MMB costs

The aforementioned statewide payroll and HR business system costs also involve MNIT@MMB costs, as MNIT@MMB will need to complete programming changes to modify the SEMA4 system. These changes are estimated to require 120 hours

Preliminary

of work from an Information Technology Specialist (ITS) 5 at \$57.78 per hour, the current wage rate for MNIT@MMB staff in this classification. These costs are assumed to be incurred in FY 2022, but implementation may vary depending on the timeline for election of an exclusive representative and the negotiation of the CBA. The ongoing effort is estimated to be 18 hours (15%) each year thereafter for testing and managing system customizations during upgrades.

Fringe costs for all MMB employee salary costs identified above are assumed to be 33.40% of salary, which is the average percentage for all MMB employees as projected in the SEMA4 system in FY 2021. Employee overhead costs are assumed to be 17.68% of total salary and fringe costs. Overhead includes costs such as space, IT, phone, supplies, printing, training, and travel. In FY 2020, 17.68% of MMB's total general fund operating budget was spent on non-payroll employee overhead costs.

Impact of Section 3 on MMB's Labor Relations Unit

The proposed language does not eliminate the State's obligation to negotiate the collective bargaining agreements with Middle Management Association (MMA) or the exclusive representative of the new law enforcement supervisory unit that cover many of the supervisory positions affected by the bill's 8.4% salary increase. Rather, the bill defines a major facet of "terms and conditions" through a process other than collective bargaining between negotiating parties by establishing a required salary increase of 8.4 percent to all affected job classes. Due to the uncertainty created by this bill by establishing compensation through a process other than collective bargaining, there will likely be increased staff time and administrative effort for the MMB Labor Relations Unit to negotiate the 2021-2023 MMA collective bargaining agreement and future agreements with the exclusive representative of the new law enforcement supervisory unit. However, the magnitude of this increase in staff time and administrative effort is unknown.

Impact on salary provisions in collective bargaining agreements and state agency operating budgets

There are likely to be additional employee compensation cost implications for state agencies that are not calculated in this fiscal note. If law enforcement supervisory salaries are established by this bill through a mechanism other than collective bargaining, this may create uncertainty for future interest arbitrations with MMA and/or the exclusive representative of the new law enforcement supervisory unit. In addition, an 8.4 percent salary increase for a small subset of employees may impact MMB's ability to settle collective bargaining agreements with other unions that may seek a similar increase.

Additionally, the law enforcement positions subject to the pay increase in this bill are disproportionately male. This bill may result in pay inequities between these male-dominated classes and female-dominated classes of similar complexity, skill, and ability but with lower pay. It is unknown what job classifications may be affected by these potential inequities, but salaries in female-dominated job classifications may need to be increased for certain classifications to rebalance compensation relationships and to comply with pay equity laws.

Expenditure and/or Revenue Formula

	Total Hours	Average Wage	FY22	FY23	FY24	FY25
Auditing Costs	40	38.43	1,537	0	0	0
Bargaining Costs			56,920	11,740	11,740	11,740
New CBA negotiation	1,023	55.64	56,920	0	0	0
Future CBA negotiations	211	55.64	0	11,740	11,740	11,740
Statewide Payroll Costs	66	41.33	2,728	0	0	0
Human Resources Business Systems Costs	100	41.19	4,119	0	0	0
MNIT@MMB Costs			6,934	1,040	1,040	1,040
Technology Specialist 5 (ITS5)	120	57.78	6,934	1,040	1,040	1,040
SubTotal-Salaries			72,237	12,780	12,780	12,780
Fringe @ 33.4%			24,127	4,269	4,269	4,269
Overhead @ 17.68%			17,037	3,014	3,014	3,014
MMB Employee Costs TOTAL			113,402	20,063	20,063	20,063

Preliminary

Interest Arbitration Costs			15,000	3,750	3,750	3,750
TOTAL COSTS			128,402	23,813	23,813	23,813
FTE			0.65	0.11	0.11	0.11

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

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