



Subcommittee on Employee Relations Legislative Coordinating Commission

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Date: May 6, 2016

To: Members of the Ways and Means Committee

From: Greg Hubinger

Re: HF 3255, 2nd engrossment: Summary of labor contracts and compensation plans

Background. This bill ratifies labor contracts and a compensation plan for state employees in the Executive Branch. These contracts and plan have been reviewed and were given interim by the Legislative Coordinating Commission Subcommittee on Employee Relations.

Section 1. Labor agreements.

Subd. 1 Minnesota State University Administrative and Service Faculty contract. This bargaining unit includes approximately 780 faculty (FTE) employed in admissions, financial aid, housing, and student services positions. This contract was reviewed, given interim approval by the Subcommittee and implemented.

1. Effective July 1, 2015, faculty receive a 1.5% across the board increase.
2. Effective July 1, 2016, faculty receive a 1.1% 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.
3. Establish Professional Excellence Award, granted to one faculty member by the Board of Trustees. The award is a \$5,000 lump sum.
4. In FY 17, increase the Professional Development Fund from the current level of \$500,000 to \$550,000. Maintain the Professional Improvement Fund at the current \$100,000 level.

Subd. 2 Inter Faculty Organization contract. This contract covers 3,253 FTE faculty at state universities. This contract was reviewed, given interim approval by the Subcommittee and implemented.

1. Effective July 1, 2015, faculty receive a 2.2% across the board increase in salary.
2. Effective July 1, 2016, faculty receive a 1.0% across the board increase. Returning faculty receive a one-step increase. A step represents about a 2.4% increase in salary.
3. Effective July 1, 2016, instructors must be placed no lower than Step 5 of the instructor salary lane.
4. Amend provision permitting coaches with athletic appointments to receive a salary supplement by increasing the maximum from \$85,000 to \$120,000. This supplement is to compensate for activities that exceed the expected workload for a regular academic year or nine-month appointment, and to match market salaries for these positions.

Subd. 3. Minnesota State College Faculty contract. This collective bargaining unit represents approximately 4,686 faculty (FTE) at community and technical colleges. This contract was reviewed, given interim approval by the Subcommittee and implemented.

1. Effective July 1, 2015, faculty receive a one-step increase, equal to \$1,856. On average, this represents a 2.7% increase. Because three steps are added to the top of the range, all returning faculty are eligible for these step increases.
2. Effective July 1, 2016, faculty receive a one-step increase, equal to \$1,856. The average salary increase for these step increases is just under 2.7%.
3. Effective January 1, 2017, faculty receive an across the board increase of 1.25%.
4. Effective July 1, 2016, increase the employer contribution for the faculty supplemental retirement account from the current level of \$2,500 to \$2,600.
5. Provide greater flexibility when assigning faculty to summer teaching assignments, and for classes with smaller enrollment.

Subd. 4. State Residential Schools Education Association contract. This collective bargaining unit represents 201 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. This contract was reviewed, given interim approval by the Subcommittee and implemented.

1. 2.5% across the board increases effective July 1, 2015 and July 1, 2016.
2. Continue step increases in each year for employees who are eligible. Step increases represent approximately a 3.4% increase. About 39% of these employees are eligible to receive these increases.
3. Modify provisions relating to discipline by permitting written reprimands to be removed from the teacher's personnel file, upon request of the teacher, after eighteen (18) months of the date of the discipline provided no further discipline has occurred.

Subd. 5. Office of Higher Education Unclassified Personnel Compensation Plan. This compensation plan establishes terms and conditions of employment for about 41 employees. This plan was modified and given interim approval by the Subcommittee.

Under the modified plan:

1. 2.0% increases effective July 1, 2015 and July 1, 2016 for employees who meet performance standards.
2. Performance-based increases effective December 30, 2015 and December 28, 2016, and then each January thereafter. Employees may receive these performance-based increases of up to 2.0% each calendar year. The employee's salary may not exceed the maximum of their salary range. Approximately 73% of employees are eligible for these increases.
3. The provision for performance-based increases expires June 30, 2017.

Subd. 6. Personnel Plan. This provision ratifies the FY 16-17 MnSCU Personnel Plan for Administrators. This compensation plan covers 560 (FTE) unrepresented managers on the MnSCU campuses, as well as the central office. It includes the deans, associate vice-chancellors, and directors. The Plan also establishes terms for individual contracts with the chancellor, vice-chancellors and presidents.

The primary changes relate to salary increases:

- Effective July 1, 2015, administrators are eligible for merit increases averaging 2.25%. 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. Salary ranges for administrators (other than the chancellor, vice-chancellor and presidents) are increased by 2.25%.
- Effective July 1, 2016, administrators are eligible for merit increases averaging 2.25%. 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. Salary ranges for administrators (other than the chancellor, vice-chancellor and presidents) are increased by 2.25%.

Attached is a spreadsheet that lists all of the collective bargaining agreements and compensation plans that were reviewed by the Subcommittee on Employee Relations.

Attach: settlement sheet

STATE EMPLOYEE SALARY SETTLEMENTS

FY 16-17 ESTIMATED COSTS

LCC Subcommittee on Employee Relations

March 14, 2016

Bargaining Unit	Across the board increases (% increase)				BIENNIAL BASE(1)	BIENNIAL NEW MONEY (1)	% INCREASE (2)	% INCREASE BIENNIUM TO BIENNIUM (3)	\$ IMPACT ON NEXT BIENNIUM
	7/1/2015	1/1/2016	7/1/2016	1/1/2017					
(5) AFSCME, Council 5	2.50%		2.50%		\$ 1,816,059,000	\$ 90,145,000	4.96%	8.39%	\$152,367,350
(6) AFSCME, Unit 8, Correctional Guards	2.50%		2.50%		\$ 294,490,000	\$ 9,636,000	3.27%	4.94%	\$14,547,806
(5) AFSCME, Unit 25, Radio Communications Oper	2.50%		2.50%		\$ 8,476,000	\$ 423,000	4.99%	8.37%	\$709,441
(5) MN Association of Professional Employees	2.50%		2.50%		\$ 2,399,809,000	\$ 121,437,000	5.06%	8.45%	\$202,783,861
(5) Middle Management Association	2.50%		2.50%		\$ 623,882,000	\$ 26,968,000	4.32%	6.94%	\$43,297,411
MN Government Engineering Council					\$ 203,259,000				
(6) Minnesota Nurses Association	2.50%		2.50%		\$ 160,981,000	\$ 9,018,000	5.60%	9.52%	\$15,325,391
(6) MN Law Enforcement Association	2.50%		2.50%		\$ 148,932,000	\$ 6,419,000	4.31%	6.85%	\$10,201,842
(6) State Residential Schools Education Assoc	2.50%		2.50%		\$ 30,861,000	\$ 1,900,000	6.16%	10.73%	\$3,311,385
Service Employees International Union					\$ 936,416,185	\$ 16,200,000	1.73%		
(6) State University Inter Faculty Organization	2.20%		1.00%		\$ 579,853,722	\$ 23,378,059	4.03%	6.29%	\$36,472,799
(6) MN State University Assoc of Admin & Service Facult	1.50%		1.10%		\$ 127,771,687	\$ 4,259,614	3.33%	5.72%	\$7,308,540
(6) Minnesota State College Faculty				1.25%	\$ 791,786,418	\$ 30,033,409	3.79%	6.42%	\$50,832,688
(6) Personnel Plan for MnSCU administrators					\$ 178,926,025	\$ 5,872,462	3.28%	4.84%	\$8,660,020
Personnel Plan for St Bd of Invest employees					\$ 3,305,402	\$ 249,124	7.54%		
(8) Office of Higher Education Plan	2.00%		2.00%		\$ 6,849,000	\$ 320,000	4.67%	8.00%	\$547,920
(7) Managerial Plan	0.00%		0.00%		\$ 366,422,000	\$ 4,214,000	1.15%	2.55%	\$9,343,761
(7) Commissioners Plan (4)	0.00%		0.00%		\$ 226,847,000	\$ (383,712)	-0.17%	-0.01%	(\$22,685)
Office of Legislative Auditor					\$ 9,992,128				
MnSure Compensation Plan					\$ 5,928,584				
TOTAL					\$8,920,847,151	\$350,088,956	3.92%	6.23%	\$ 555,687,531

The ">" indicates proposed contract or plan not yet acted on by the Subcommittee.
The "*" indicates the proposed contract or plan has not 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) These contracts were not given interim approval by the Subcommittee, and so will be effective 30 days after their October 29, 2015 submission to the SER.
- (6) These contracts and plan were given interim approval by the Subcommittee and were implemented immediately.
- (7) These plans were not given interim approval and were not implemented. The costs have been calculated to reflect FY 16-17 costs based on the FY 14-15 plan.