



Subcommittee on Employee Relations Legislative Coordinating Commission

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Date: April 27, 2020
To: Members of the Ways and Means Committee
From: Greg Hubinger
Re: HF 2768: 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 4.8% in this biennium, with an impact of 8.17% 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.

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 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.
4. 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.

Subd. 10. Minnesota Government Engineering Council contract.

This bargaining unit represents 1,115 engineering employees, primarily employed in the Department of Transportation.

1. 2.25% across the board increase effective July 1, 2019.
2. 2.5% across the board increase effective July 1, 2020.
3. Continue step increases in each year for employees who are eligible. Step increases represent approximately a 4.0% increase. About 32% of MGEC members are below the maximum of their salary ranges and are eligible to receive these increases.
Add provision providing step increases at six-month intervals for five employee classes.
4. Add a salary differential for engineering employees who are supervisors of at least two employees. The differential is \$38 per pay period.
5. Increase hourly shift differential from the current level of \$0.65 per hour to \$1.65.
6. Establish pilot program providing for equity adjustments and reimbursement of student loans, similar to those provided in other contracts.

Subd. 11. Minnesota Nurses Association contract.

The Minnesota Nurses Association (MNA) represents 846 registered nurses. Most are employed at the Departments of Human Services, Corrections, Health, and the Veterans' Homes.

1. 2.25% across the board increase effective July 1, 2019.
2. 2.5% across the board increase effective July 1, 2020.
3. Nurses continue to receive merit-based increases on their anniversary dates. These increases average 4%. Approximately 46% of nurses are below the maximum of their salary ranges and so they are eligible for these increases.
4. Similar to other contracts, establish a pilot equity adjustment process.
5. Limit the ability of the Appointing Authority to assign mandatory overtime when the nurse has approved leave.
6. Require at least 7.5 hours of non-scheduled work between shifts.
7. Provide compensation to nurses who are injured while on duty. Similar to provisions in other contracts, provide up to four hours for the time until admission and or discharge, and an additional four hours if transport to a secondary facility is required.

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 up to 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 up to 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. 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.

Subd. 2. Commissioner's Plan. This plan establishes terms and conditions of employment for 1,246 unrepresented employees including confidential staff, and employees who have severed from their bargaining units. This plan also covers medical specialists, whose benefits are determined in a separate appendix to the Commissioners Plan.

1. 2.25% across the board increase effective July 1, 2019.
2. 2.5% across the board increase effective July 1, 2020.
3. Continue annual performance-based increases effective pay period coinciding with January 1 each year. Employees may receive increases up to 3.5%. Approximately 43% of employees are eligible for these increases.
4. Add provision, similar to those in other contracts, providing for equity adjustments that advance an employee's salary within their range, or provide one-time lump sum amounts up to \$2,500.
5. Add student loan reimbursement program, similar to that provided in other contracts and plans. These reimbursements may be up to \$5,000 per year for up to five years.
6. Add technical provision implementing the State Employee Group Insurance Program for employees under the Commissioner's Plan when at least one labor contract has been approved by the Subcommittee on Employee Relations.

Subd. 3. Managerial Plan. This plan establishes terms and conditions of employment for 1,562 unrepresented managers including deputy and assistant commissioners, bureau heads and division directors. This plan also establishes insurance benefits for heads of state agencies.

1. 2.25% across the board increase effective July 1, 2019.
2. 2.5% across the board increase effective July 1, 2020.
3. Continue annual performance-based increases effective pay period coinciding with January 1, 2020 and each January thereafter. Employees may receive increases up to 3.5%. Approximately 39% of managers are eligible for these increases.
4. Add provision, similar to those in other contracts, providing for equity adjustments that advance an employee's salary within their range, or provide one-time lump sum amounts up to \$2,500.
5. Add student loan reimbursement program, similar to that provided in other contracts and plans. These reimbursements may be up to \$5,000 per year for up to five years.
6. Add technical provision implementing the State Employee Group Insurance Program for employees under the Commissioner's Plan when at least one labor contract has been approved by the Subcommittee on Employee Relations.

Subd. 4. Office of Higher Education Unclassified Personnel Compensation Plan. This plan defines terms and conditions of employment for 37 unrepresented employees.

1. 2.25% across the board increase effective July 1, 2019 for employees who meet performance standards.

2. 2.5% across the board increase effective July 1, 2020 for employees who meet performance standards.
3. Performance-based increases effective each January. Employees may receive these performance-based increases of up to 3.5% each calendar year. Approximately 81% of employees are eligible for these increases.
4. As provided in other contracts and plans, authorize equity adjustments for employees who have a re-assignment of duties, in unusual employment conditions, changes in salary ranges or demotions.
5. As provided in other contracts and plans, authorize reimbursement of student loans.

Subd. 5. MNsure Compensation Plan. This plan defines terms and conditions of employment for 20 managerial employees of MNsure. Most terms and conditions of employment provided under this plan are incorporated by reference to the Managerial Compensation Plan.

1. 2.25% across the board increase effective July 1, 2019 for managers who meet performance standards.
2. 2.5% across the board increase effective July 1, 2020 for managers who meet performance standards.
3. Performance-based increases effective each January. Employees may receive these performance-based increases of up to 3.5% each calendar year. Approximately 60% of employees are eligible for these increases.

Sec. 3. Effective date. Provides that Sections 1 and 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
April 17, 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)	2.25%		2.50%		\$ 269,391,309	\$ 13,406,438	4.98%	8.35%	\$22,494,174
> Minnesota Nurses Association	2.25%		2.50%		\$ 201,413,184	\$ 10,766,432	5.35%	9.23%	\$18,590,437
MN Law Enforcement Association									
> 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)									
> State University Inter Faculty Organization	1.90%		2.00%		\$ 623,076,607	\$ 21,371,403	3.43%	5.42%	\$33,770,752
> 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	2.25%		2.50%		\$ 7,388,523	\$ 457,360	6.19%	10.64%	\$786,139
> Managerial Plan	2.25%		2.50%		\$ 462,049,092	\$ 20,288,257	4.39%	7.09%	\$32,759,281
> Commissioners Plan (4)	2.25%		2.50%		\$ 273,842,106	\$ 9,579,351	3.50%	5.36%	\$14,677,937
Office of Legislative Auditor									
> MnSure Compensation Plan	2.25%		2.50%		\$ 5,370,360	\$ 280,755	5.23%	8.54%	\$458,629
TOTAL					\$ 9,265,909,474	\$ 444,319,957	4.80%	8.17%	\$ 756,642,707

The ">" indicates proposed contract or plan has 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.