

**HF1600 - 0 - Precluding Pattern Bargaining for Law Enforcement**

Chief Author: **Brad Tabke**  
 Committee: **Transportation Finance**  
 Date Completed: **3/10/2023 2:55:43 PM**  
 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	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	38	38	38	38	38
<b>Total</b>	-	<b>38</b>	<b>38</b>	<b>38</b>	<b>38</b>	<b>38</b>
<b>Biennial Total</b>			<b>76</b>			<b>76</b>

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	.14	.14	.14	.14
<b>Total</b>	-	<b>.14</b>	<b>.14</b>	<b>.14</b>	<b>.14</b>

**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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**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.

<b>State Cost (Savings) = 1-2</b>		Biennium			Biennium	
Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027	
General Fund	-	38	38	38	38	38
<b>Total</b>	<b>-</b>	<b>38</b>	<b>38</b>	<b>38</b>	<b>38</b>	<b>38</b>
<b>Biennial Total</b>			<b>76</b>			<b>76</b>
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
General Fund	-	38	38	38	38	38
<b>Total</b>	<b>-</b>	<b>38</b>	<b>38</b>	<b>38</b>	<b>38</b>	<b>38</b>
<b>Biennial Total</b>			<b>76</b>			<b>76</b>
<b>2 - Revenues, Transfers In*</b>						
General Fund	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Biennial Total</b>			<b>-</b>			<b>-</b>

**Bill Description**

This bill defines considerations that must be made for law enforcement officers.

Subd. 13 at 1.8 to 1.12 defines who is a “law enforcement officer” to include Minnesota State Patrol troopers, Bureau of Criminal Apprehension agents, special agents in the gambling enforcement division of the Department of Public Safety, conservation officers, Department of Corrections fugitive specialists, and Department of Commerce insurance fraud specialists.

Subd.13 sec.(b) at lines 1.13 to 1.18 requires the commissioner of Minnesota Management and Budget (MMB) to “use compensation based on compensation data from the most recent salary and benefits survey conducted pursuant to section 299D.02, subdivision 2a.” More specifically, the language beginning at 1.17 states, “it is the legislature’s intent that the information in this study be used to compare salaries between the identified police departments and the State Patrol and to make appropriate increases to patrol trooper salaries.”

**Assumptions**

For purposes of this fiscal note, it is assumed that those identified at 1.18 to 1.12 are the same as those represented by the Minnesota Law Enforcement Association bargaining unit (“MLEA”), or, approximately 2% of the executive branch workforce (exclusive of Minnesota State).

It is assumed that this bill does not otherwise change or alter MMB’s obligation at M.S. 43A.18, Subd. 8 to consider not only market factors but also internal equity and the relationship between staff and managers when negotiating compensation. It is assumed that this language will require MMB to emphasize the market factor to the possible exclusion of the other M.S. 43A.18, subd. 8 factors but only for the 2% of executive branch employees represented by MLEA.

It is assumed that a different salary setting process for one small subset of employees, and deviating from the historical practice of using pattern bargaining and consideration of internal equity in negotiations with MLEA, could result in protracted negotiations and difficulty settling contracts with other represented units. This may result in numerous interest arbitrations or for the units that are able to do so strikes.

It is assumed that interest arbitrations with MLEA and other “essential” units (those unable to strike) will increase from the current average of one interest arbitration every four years (total all units combined) to two interest arbitrations every two years. For purposes of calculating cost increases for the fiscal note, in annualized terms, there is assumed to be 0.75 additional interest arbitrations per year. Each interest arbitration requires approximately 392 hours of MMB Labor Relations

unit staff time to prepare for the hearing, present at the hearing, and complete post-hearing work. The work required for interest arbitrations is completed by approximately 6 employees. The average hourly wage for those employees, weighted for their level of effort in the process, is \$58.12. Fringe costs are assumed to be 32.10 percent of salary, which is the average percentage for all MMB employees as projected in the SEMA4 system in FY 2022. Employee overhead costs are assumed to be 17.17 percent of total salary and fringe costs. Overhead includes costs such as space, IT, supplies, printing, training, and travel. In addition, the costs of an arbitrator are assumed to be \$30,000 for each arbitration, an estimate informed by previous arbitration hearing costs. This cost is assumed to be paid 50% by the State and 50% by the collective bargaining unit.

The likelihood of potential strikes for those units eligible for strikes, and the costs that would follow therefrom, are unknown.

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

The law enforcement classifications subject to the pay increase in this bill are almost all “male dominated” classifications, as defined by M.S. 43A.02, subd. 27a. MMB is required, per M.S. 43A.05, subd. 5, to report to the legislature any compensation inequities between male-dominated and female-dominated classifications, based upon the comparable value of the work. After the legislative-directed, extra increases outside of the collective bargaining process for law enforcement positions in 2020 and 2021, there were significant impacts to comparability between male-dominated and female-dominated classifications. Specifically, in the reports prior to 2023, no more than a handful of female-dominated classifications would be identified for comparability adjustments, and in numbers small enough that agencies could support compensation adjustments within existing appropriations. In contrast, the 2023 pay equity report identified 33 female-dominated classifications whose compensation was indicated for an adjustment, at a cost of several million dollars.

It is assumed that further increases for law enforcement officers as defined in the bill that are inconsistent with how MMB manages compensation for the remaining 98% of its workforce will perpetuate and likely increase disparities between male-dominated and female-dominated classifications and, if funds are not appropriate to address these disparities, put MMB in a position where it violates separate obligations to maintain internal equity among job classifications (in M.S. 43A.18 subd. 8) and pay equity for female employees (M.S. 43A.05, subd. 5).

**Expenditure and/or Revenue Formula**

*MMB Labor Relations Unit staff costs for increased interest arbitrations*

MMB employee costs

Salary and fringe subtotal:  $\$58.12 \times 392 \text{ hours} \times 1.3210 = \$30,096$

Overhead (17.17%):  $\$5,167$

Annualized total:  $\$35,263$

$\$35,263 \times 0.75$  (0.75 more interest arbitrations assumed per year) =  $\$26,447$

Arbitrator costs

$\$30,000 \times 50\%$  (portion paid by State) =  $\$15,000$

$\$15,000 \times 0.75$  (0.75 more interest arbitrations assumed per year) =  $\$11,250$

Total costs:  $\$37,697$

FTE:  $392 \text{ hours} / 2,080 \text{ hours} = 0.19 \text{ FTE} \times 0.75 = 0.14 \text{ FTE}$

**Long-Term Fiscal Considerations**

**Local Fiscal Impact**

**References/Sources**

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