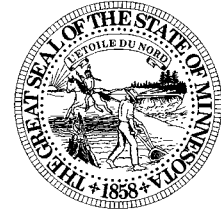


Subcommittee on Employee Relations Legislative Coordinating Commission



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Greg Hubinger, Director
Sally Kidd, Commission Asst.

DATE: September 2, 2008
TO: Members of the Subcommittee
FROM: Greg Hubinger
RE: Contract and plans summaries

Minnesota Nurses Association

The State and the Minnesota Nurses Association (MNA) were unable to reach a negotiated settlement for the collective bargaining agreement for the current biennium. Because this bargaining unit is considered essential under PELRA, the issues at impasse were referred to arbitration. The arbitration hearings were held in June, and Arbitrator Richard Miller issued his decision on July 29, 2008. A copy of the arbitration award is available at:

<http://www.commissions.leg.state.mn.us/lcer/mnaarbaward080729.pdf>

This bargaining unit represents approximately 770 registered nurses. Most are employed at the Departments of Human Services, Corrections, Health, and the Veterans' Homes.

Arbitrated Issues

Most of the issues referred to arbitration were related to compensation. There were also several issues that related to scheduling: mandatory overtime, scheduling around holidays, the process for reaching agreements related to schedule changes, and crediting prior experience for determining vacation leave accrual.

The MNA argued that acute care hospitals pay significantly higher wages than the State of Minnesota, leading to high turnover of nurses in state agencies. In addition, the patients that nurses care for are dangerous: they include sex offenders, some are criminally insane, and some have mental illnesses. The Association pointed out that the cost of its proposal (\$22 million) was small in relation to the State's \$34.5 billion budget.

The State argued that the Legislature appropriated funding to support 3% increases in compensation, which was the basis for agreements with the other state bargaining units. If the increases proposed by the Association were granted, the agencies involved would face dire financial implications. The State also argued that comparisons with acute care hospitals are inappropriate in that the state agencies are more comparable to nursing homes, or providing care in a clinical setting. The state is within that market for wage comparisons. Finally, the turnover rate for this bargaining unit falls within acceptable standards for the State bargaining units.

The final proposals for across-the-board increases of the State and the Nurses Association, and the arbitrator's award were:

| Across-the-board increases | | |
|-----------------------------------|--------------|--------------|
| | 7/1/07 | 7/1/08 |
| Nurses Association final proposal | 10.0% | 10.0% |
| State final proposal | 3.25% | 3.25% |
| Arbitrators Award | 3.25% | 3.25% |

In addition to the general across-the-board increases, employees in certain advanced classes will receive their second across-the-board increase on August 20, 2008, but have a step added to the maximum of their salary ranges.

The arbitrator made other determinations:

- Awarded an increase in salary differential from \$0.65 to \$.070, as provided in other contracts.
- Crafted language prohibiting mandatory overtime if the nurse refused to accept the assignment because of their concern for patient safety.
- Accepted the MNA position regarding taking of holidays on nurses' days off and when they can be made up.
- Accepted the MNA position opposing the use of vacation leave reduction in lieu of suspension in disciplinary proceedings.

Negotiated Provisions. Items settled through negotiations included:

- Increase the amount that employees contribute to the health care savings plan from \$75 to \$100 per month. In addition, the amount of severance pay that is transferred to the Health Care Savings Plan increases from the current level of 75% to 100%.
- Nurses will continue to receive merit increases on their anniversary dates. These increases average 4.0%. Approximately 52% of nurses are at the maximum of their salary ranges and so they are ineligible for these increases.

A copy of the collective bargaining agreement, including the provisions resulting from the arbitration, is available at: <http://www.commissions.leg.state.mn.us/lcer/MNA0709.pdf>

Financial Impact

DoFER estimates that the impact of the increases (across-the-boards, steps, insurance, FICA and retirement contributions) resulting from the arbitration award and the negotiated provisions will be 8.73% this biennium. The cost of these increases is \$9,883,000, and will add 14.32% to the next biennium's base. (This figure captures the tails—those obligations made during this biennium whose full costs aren't realized until the next biennium.) A copy of the settlement sheet is attached.

Other

The arbitration award was submitted to the Subcommittee on Tuesday, July 25th, as required under state law. Under that law, when the legislature is not in session, if the Subcommittee does not reject an arbitration award within 30 days, it becomes effective on an interim basis. If the Subcommittee does not meet, the award will become effective on September 4th. As with other contracts, if the Subcommittee approves the award, it will be put in effect on that date, pending final approval by the 2009 legislature.

Office of the Legislative Auditor Compensation plan

The Office of the Legislative Auditor has submitted a compensation plan that governs terms and conditions of employment for its classified employees. These 60-some employees have previously had their compensation determined through the Commissioner's Plan and the Managerial Plan.

The 2008 legislature adopted a provision in the state labor contract ratification bill (Chapter 194, sections 1 and 2) authorizing the Legislative Auditor to develop its own compensation plan for its classified employees. The plan must be reviewed and approved by the Subcommittee on Employee Relations, like other contracts and plans. The authority is effective January 1, 2009.

The Legislative Auditor is proposing to:

- Provide cost of living adjustments consistent with those approved by the Legislative Coordinating Commission for commission and joint agency staff;
 - Provide performance-based increases up to 4% each fiscal year;
 - Continue to provide a \$1,000 salary increase to employees who receive professional certifications, such as a CPA;
 - Permit setting the initial salary for new employees at any point in the salary range based on the employee's experience;
 - Permit promotions based on the employee's qualifications and performance. The new salary cannot exceed the range maximum.
-
- Other terms and conditions of employment continue to be determined through the respective Managerial or Commissioner's Plan;
 - This plan would be effective January 1, 2009.

A copy of the proposed plan is available at: <http://www.commissions.leg.state.mn.us/lcer/olacomplan.pdf>

SEGIP Pilot project

Governor Pawlenty recently announced an initiative relating to the State Employee Group Insurance Program (SEGIP). Under SEGIP, health and dental insurance is provided to employees in the executive, judicial and legislative branches, including members of the legislature.

The proposed pilot program will include:

- Depositing \$250 in each SEGIP participant's Health Reimbursement Account, which can be used to pay co-pays, deductibles and other eligible medical expenses;
- Establishing a debit card system so that program participants can more easily access their medical/dental expense accounts when paying co-pays and deductibles, and eliminating related paperwork;
- Developing and implementing a secure and portable on-line personal health portfolio for state employees by 2009.

Department staff are planning to provide an overview of this pilot plan at the hearing.

Attach: settlement sheet

STATE EMPLOYEE SALARY SETTLEMENTS

FY 2008-2009 ESTIMATED COSTS

LCC Subcommittee on Employee Relations

August 12, 2008

| Bargaining Unit | Across the board increases (% increase) | | | | BIENNIAL BASE(1) | BIENNIAL NEW MONEY (1) | % INCREASE (2) | % INCREASE BIENNIUM TO BIENNIUM (3) |
|--|--|----------|----------|----------|------------------------|---------------------------|-------------------|---|
| | 7/1/2007 | 1/9/2008 | 7/1/2008 | 1/1/2009 | | | | |
| AFSCME, Council 5 (excluding Unit 8) | 3.25% | | 3.25% | | \$1,606,759,000 | \$95,713,000 | 5.96% | 9.46% |
| AFSCME, Unit 8, Correctional Guards | 3.25% | | 3.25% | | \$213,470,000 | \$11,933,000 | 5.59% | 8.62% |
| AFSCME, Unit 225, Radio Communications Oper | 3.25% | | 3.25% | | \$8,272,000 | \$449,000 | 5.43% | 8.32% |
| MN Association of Professional Employees | 3.25% | | 3.25% | | \$1,579,695,000 | \$91,613,000 | 5.80% | 8.99% |
| Middle Management Association * | 3.25% | | 3.25% | | \$464,715,000 | \$25,732,000 | 5.54% | 8.07% |
| MN Government Engineers Council * | 3.25% | | 3.25% | | \$154,141,000 | \$8,159,000 | 5.29% | 7.63% |
| > Minnesota Nurses Association | 3.25% | | 3.25% | | \$113,264,000 | \$9,883,000 | 8.73% | 14.23% |
| MN Law Enforcement Association | 3.25% | | 3.25% | | \$125,796,000 | \$7,596,000 | 6.04% | 9.71% |
| State Residential Schools Education Assoc | | 3.25% | 3.25% | | \$27,428,000 | \$1,631,000 | 5.95% | 9.36% |
| State University Inter Faculty Organization | | | 2.0% | 2.0% | \$487,273,440 | \$29,161,183 | 5.98% | 11.39% |
| MN State University Admin & Service Faculty | 1.5% | | 1.5% | | \$90,596,739 | \$4,762,622 | 5.26% | 7.97% |
| Minnesota State College Faculty | \$500 | | | | \$682,553,299 | \$41,438,414 | 6.07% | 6.05% |
| Personnel Plan for MnSCU administrators | | | | | \$138,336,586 | \$9,131,855 | 6.60% | 10.15% |
| Personnel Plan for St Bd of Invest employees | | | | | | | | |
| Office of Higher Education Plan | 3.25% | | 3.25% | | \$6,514,000 | \$401,000 | 6.16% | 16.30% |
| Managerial Plan | 3.25% | | 3.25% | | \$285,262,000 | \$16,699,000 | 5.85% | 8.71% |
| Commissioners Plan (4) | 3.25% | | 3.25% | | \$162,878,000 | \$9,976,000 | 6.12% | 8.96% |
| Office of Legislative Auditor | | | | | | | | |
| TOTAL | | | | | \$6,146,954,064 | \$364,279,074 | 5.93% | 9.62% |

The ">" indicates proposed contract or plan not yet acted on by the Subcommittee.

- (1) Includes all funds, including higher education agencies. Includes salaries, 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.

* The across the board increase in the first year is effective July 11, 2007.