

Subcommittee on Employee Relations Legislative Coordinating Commission



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Greg Hubinger, Director
Sally Kidd, Commission Asst.

DATE: December 11, 2009
TO: Members of the Subcommittee
FROM: Greg Hubinger
RE: Contract and compensation plans amendments summaries

Minnesota Management and Budget has completed negotiations with the last two bargaining units for this biennium. MnSCU and MMB are also proposing amendments to two compensation plans.

Minnesota Nurses Association

MMB has reached a tentative settlement with the Minnesota Nurses Association (MNA). This bargaining unit represents approximately 760 registered nurses. Most are employed at the Departments of Human Services, Corrections, Health, and the Veterans' Homes. A copy of the contract in legislative format is at:

<http://www.commissions.leg.state.mn.us/lcer/MNA0911.pdf>

Financial provisions

1. No across the board increases in either year.
2. No step increases in the first year, but provides them for nurses who are eligible in the second year. Step increases represent approximately a 4% increase. About 55% of these employees are at the maximum of their salary ranges and do not receive these increases.
3. Salary ranges for FY 10-11 are unchanged from the FY 09 ranges.

Other provisions

4. Modify the Correctional Plan Early Retirement incentive to require that nurses hired after July 1, 2009 must have ten years of service in a correctional plan covered position. The last five years immediately before retirement must be in a covered position.

5. Continue the Achievement Award program. A nurse may receive a one-step increase, or if the employee is at the maximum of their salary range, a lump sum of 4% of salary or \$1,500, whichever is less. No more than 35% of eligible nurses may receive an award.
6. Continue the employer and employee match of \$150 per year to deferred compensation, and the amount that employees contribute to the health care savings plan at \$100 per month.

Settlement Cost Sheet

MMB estimates that the cost of the increases (steps, insurance, FICA, retirement contributions) provided in the Nurses Association agreement will be 0.82% this biennium. The cost of these increases will add 2.47% to the next biennium's base. (This figure captures the tails – those obligations made during this biennium whose full costs are not realized until the next biennium.)

MMB points out that \$390,000 of the total settlement cost of \$1.1 million for this biennium results from legislation enacted in 2006 that increases the employer (and employee) contribution for the MSRS General Retirement Plan for employees' retirement by 1% over four years.

State Residential Schools Education Association contract

MMB reached an agreement with the State Residential Schools Education Association (SRSEA). This bargaining unit includes approximately 190 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. A copy of this contract, in legislative format reflecting changes, can be found at:

<http://www.commissions.leg.state.mn.us/lcer/SRSEA0911.pdf>

Financial provisions

1. No across the board increases in either year.
2. No step increases in the first year, but provides them for teachers who are eligible in the second year. Step increases represent approximately a 3.4% increase. About 49% of these employees are at the maximum of their salary ranges and do not receive these increases.
3. Salary ranges for FY 10-11 are unchanged from the FY 09 ranges.

Other provisions

4. Continue the employer's matching contribution to the employee's deferred compensation account at \$100 per year.
5. Continue the state's \$400 per year contribution to the employee's Health Care Savings Account.
6. Continue the early retirement incentive for employees covered under the Correctional Retirement Plan. These employees who retire before age 55 receive a fixed percentage of the employer contribution for health insurance until age 65. For employees who retire

after age 55 and who meet specified service requirements, the employer contribution is equal to the employer contribution for insurance for active employees. This benefit is provided until the employee is age 65.

Settlement Cost Sheet

MMB estimates that the cost of the increases (steps, insurance, FICA, retirement contributions) provided in the State Residential Schools Association agreement will be 1.0% this biennium. The cost of these increases will add 2.63% to the next biennium's base. (This figure captures the tails – those obligations made during this biennium whose full costs are not realized until the next biennium.)

MMB indicates that \$160,000 of the total settlement cost of \$324,000 for this biennium results from legislation enacted in 2006 that increases the employer (and employee) contribution for the MSRS General Retirement Plan for employees' retirement by 1% over four years.

MnSCU Personnel Plan for Administrators

MnSCU is proposing a technical amendment to its Personnel Plan for Administrators. The proposed change relates to how the employer's current contribution of \$600 is allocated between the administrator's Health Reimbursement Account and the Health Care Saving Plan. The amendment is needed to comply with IRS requirements, and has no fiscal impact.

The cover letter and the proposed plan amendment are available at:

<http://www.commissions.leg.state.mn.us/lcer/MnSCUplanamend091203.pdf>

Commissioner's Plan amendment: Medical Specialists

The Commissioner's Plan includes an appendix that establishes the terms and conditions of employment for medical specialists. This class of about 65 employees includes medical doctors and psychiatrists at facilities operated by the Departments of Human Services, Health, Corrections and the Veteran's Home Board.

The Subcommittee previously approved the Commissioner's Plan. MMB is now proposing to update this appendix. A copy of the appendix is available at:

<http://www.commissions.leg.state.mn.us/lcer/Draft2009-2011MedicalSpecialists.pdf>

Financial provisions

1. No across the board increases in either year.
2. No performance based increases in the first year, but provides them in the second year for those who are eligible. Increases can be provided beginning January 5, 2011 and average 3.5%.
3. Salary ranges for FY 10-11 are unchanged from the FY 09 ranges.

STATE EMPLOYEE SALARY SETTLEMENTS

FY 2010-2011 ESTIMATED COSTS

LCC Subcommittee on Employee Relations

November 24, 2009

Bargaining Unit	Across the board increases (% increase)				BIENNIAL BASE(1)	BIENNIAL NEW MONEY (1)	%	% INCREASE BIENNIUM TO BIENNIUM (3)
	7/1/2009	1/9/2010	7/1/2010	1/1/2011				
AFSCME, Council 5					\$1,669,501,000	\$12,043,000	0.72%	2.10%
AFSCME, Unit 8, Correctional Guards					\$275,162,000	\$3,967,000	1.44%	2.90%
AFSCME, Unit 25, Radio Communications Oper					\$8,214,000	\$59,000	0.72%	2.04%
MN Association of Professional Employees					\$1,941,467,000	\$14,457,000	0.74%	2.16%
Middle Management Association					\$533,960,000	\$3,267,000	0.61%	1.63%
MN Government Engineers Council					\$174,067,000	\$1,033,000	0.59%	1.55%
Minnesota Nurses Association					\$135,168,000	\$1,111,000	0.82%	2.47%
MN Law Enforcement Association					\$128,088,000	\$1,504,000	1.17%	2.46%
State Residential Schools Education Assoc					\$32,222,000	\$324,000	1.01%	2.63%
State University Inter Faculty Organization					\$538,947,621	\$919,859	0.2%	0.7%
MN State University Admin & Service Faculty					\$104,868,914	-\$730,998	-0.70%	-0.39%
Minnesota State College Faculty					\$721,095,764	-\$1,526,293	-0.2%	0.22%
Personnel Plan for MnSCU administrators					\$161,890,638	-\$169,407	-0.10%	0.28%
Personnel Plan for St Bd of Invest employees (5)								
Office of Higher Education Plan					\$9,327,000	\$80,000	0.86%	2.70%
Managerial Plan					\$302,043,000	\$1,839,000	0.61%	1.64%
Commissioners Plan (4)					\$204,641,000	\$1,368,000	0.67%	1.88%
Office of Legislative Auditor								
TOTAL					\$6,940,662,937	\$39,545,161	0.57%	1.69%

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.

4. A pilot program begun in the last biennium is incorporated into the plan: For Medical Specialist positions that are determined to be difficult to fill, the Department may offer a student loan reimbursement incentive.

Other

5. Eliminate requirement that a medical specialists must use two hours of vacation leave for each hour they convert to deferred compensation. This change is similar to those in other plans.
6. Other provisions are parallel to those provided in the Commissioner's Plan.

Attach: settlement sheet