



Subcommittee on Employee Relations

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Memorandum

Date: May 18, 2022
To: Members of the Finance Committee
From: Michelle Weber, Legislative Coordinating Commission
Re: HF3346: State employee contracts, plans, and MOU summary

Background

This bill ratifies collective bargaining agreements, compensation plans, and memorandums of understanding (MOUs) for state employees in the Executive Branch. The agreements, plans, and MOUs included in the bill as introduced have been approved by the Subcommittee on Employee Relations (SER). If legislation to ratify these contracts and plans is not adopted, the terms and conditions provided in these contracts and plans will not go into effect. The agreement, plans, and MOUs included in the amendment adopted in the State Government Finance and Policy and Elections committee were submitted to the SER during the legislative session and will not be implemented until they have been approved by the Legislature.

All but one of these contracts and plans are for the FY 2022-23 biennium and are effective retroactively to July 1, 2021. The FY 2020-21 Minnesota Law Enforcement Association (MLEA) contract, is effective retroactively to July 1, 2019.

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, 2022. MMB and the employee representatives negotiated the following with regard to insurance:

1. No changes to the underlying medical plan design.
2. Emergency Room out of pocket costs were changed: Cost level 2 from \$100 to \$125; Cost Level 3 from \$100 to \$150; and Cost Level 4 from 25% coinsurance to \$350 copay. All other copayments and applicable deductible payments were removed.
3. A dental open enrollment will be held for both years of this contract rather than just the first year.

Medical premiums are estimated to increase by approximately 3% in CY 2022. Premium costs are determined by MMB and are not negotiated.

Section 1. Labor agreements and compensation plan. This section ratifies several collective bargaining agreements and one compensation plan.

Subdivision 1. Minnesota Law Enforcement Association (MLEA). The tentative settlement is for the previous biennium (FY 2020-21) with MLEA and covers approximately 786 employees including State Troopers, Conservation Officers, and Bureau of Criminal Apprehension (BCA) Agents. It also includes Fugitive Specialists in the Department of Corrections, Special Agents in the Gambling Enforcement Division of the Department of Public Safety and Insurance Fraud Specialists in the Department of Commerce. The settlement includes the following provisions:

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 continue in each year for employees who are eligible. Step increases represent approximately a 4.0% increase. Approximately 37% of covered employees are eligible for step increases.
4. Incorporates the legislatively established 8.45% increase in salaries for all employees effective October 22, 2020, and a 10.45% increase for those employees at the top of their salary ranges. These increases were included in various appropriations bills passed into law during the 2021 Special Session.

Subd. 2. American Federation of State, County, and Municipal Employees (AFSCME), Council

5. The tentative settlement with AFSCME, Council 5, covers approximately 14,200 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)

The settlement includes the following provisions:

1. 2.5% across the board increases effective July 1, 2021.

2. 2.5% across the board increases effective July 1, 2022.
3. Step increases in each year for employees who are eligible. Step increases represent approximately a 2.8% increase. Approximately half of the covered employees are eligible for step increases.
4. Increases the employer deferred compensation match from \$175 to \$250 per year.

Subd. 3. AFSCME, Unit 225. The tentative settlement with AFSCME, Unit 225, covers approximately 54 Radio Communications Operators in the Department of Public Safety. The settlement includes the following provisions:

1. 2.5% across the board increases effective July 1, 2021.
2. 2.5% across the board increases effective July 1, 2022.
3. Step increases in each year for employees who are eligible. Step increases represent approximately a 2.6% increase. Approximately 78% of covered employees are eligible for step increases, which are granted on either an annual or semi-annual basis depending on the employee's position within the salary range.
4. Increases the employer deferred compensation match from \$175 to \$250 per year.

Subd. 4. AFSCME, Unit 8. The tentative settlement with the AFSCME, Unit 8, covers 1,924 corrections officers at state prisons. The settlement includes the following provisions:

1. 2.5% across the board increases effective July 1, 2021.
2. 2.5% across the board increases effective July 1, 2022.
3. Step increases in each year for employees who are eligible. Step increases represent approximately a 2.85% increase. Approximately 80% of covered employees are eligible for step increases.
4. Increases the shift differential from \$0.65 to \$1.65 for hours worked between 6:00 p.m. and 6:00 a.m.
5. Increases the employer deferred compensation match from \$175 to \$250 per year.

Subd. 5. Minnesota Association of Professional Employees (MAPE). The tentative settlement with MAPE covers approximately 15,467 employees. The settlement includes the following provisions:

1. 2.5% across the board increases effective July 1, 2021.
2. 2.5% across the board increases effective July 1, 2022.
3. Step increases in each year for employees who are eligible. Step increases represent approximately a 3.58% increase. Approximately 52% of covered employees are eligible for step increases.
4. Establishes a bi-lingual, multi-lingual translation services wage differential.
5. Increases the employer match for deferred compensation from \$200 to \$250.

Subd. 6. Inter Faculty Organization (IFO). Minnesota State's tentative settlement with the IFO covers 3,126 FTE faculty at state universities. The settlement includes the following provisions:

1. No scheduled salary increases in the first year (FY 22).
2. 1.7% across the board increase in FY 23.
3. 2.4% step increase in FY 23.
4. Adds two steps to the top of the salary range.
5. Increases the minimum rate of pay for adjunct faculty from \$1,567 per credit to \$1,645, a 5% increase, in FY 23.
6. Increases the allocation for professional improvement for non-adjunct faculty from \$600,000 to \$680,000 in FY 23.

Subd. 7. Minnesota State University Association of Administrative and Service Faculty (MSUAASF). This bargaining unit includes approximately 772 faculty (FTE) employed in admissions, financial aid, housing, and student services positions at State Universities. The settlement includes the following provisions:

1. A one-step increase averaging 3.05% for members not at the top of the range effective July 1, 2021.
2. A 3% lump sum payment to members at the top of their range who are not eligible to receive a step increase.
3. 1.3% across the board increase effective July 1, 2022.
4. 3% increase on July 1, 2021, and a 1.3% increase on July 1, 2022, for Medical Directors and Health Service Physicians.
5. Increases honoraria from \$4,000 to \$4,500.
6. Increases the employee's contribution to a supplemental retirement account, to a maximum of \$2,250, which is matched by the employer.
7. Include domestic partners in the relations who may use the tuition waiver benefit.
8. Permits use of up to 40 hours of sick leave to arrange for hospice or nursing care for a family member.

Subd. 8. Minnesota State Colleges and Universities Personnel Plan for Administrators. The compensation plan establishes terms and conditions of employment for approximately 570 (FTE) unrepresented managers at Minnesota State. The plan includes the following provisions:

1. Merit increases averaging 2.0% for eligible administrators effective July 1, 2021. The increase may be provided as an increase to the base salary or a lump sum.
2. Merit increases averaging 2.0%. The increase may be provided as an increase to the base salary or a lump sum.
3. 2.5% salary range increase for administrators each year.
4. 2.5 % salary ranges increase for the Chancellor and Presidents each year.

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 \$410,000.

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. 9. Middle Management Association (MMA). This bargaining unit includes approximately 3,227 supervisors. The settlement includes the following provisions:

1. 2.5% across the board increases effective July 1, 2021.
2. 2.5% across the board increases effective July 1, 2022.
3. Step increases in each year for employees who are eligible. Step increases represent approximately a 3.6% increase. Approximately 37% of covered employees are eligible for step increases.
4. Provides Department of Corrections supervisors in the Corrections Lieutenant and Captain classifications a \$1,500 lump sum payment on January 1, 2022 and 2023.

Subd. 10. State Residential Schools Education Association (SRSEA). This contract represents 173 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. The settlement includes the following provisions:

1. 2.5% across the board increases effective July 1, 2021, and July 1, 2022.
2. Continues step increases in each year for employees who are eligible. Step increases represent approximately a 3.4% increase. Approximately 38% of covered employees are eligible for step increases.
3. Adds provisions for lane change for teachers who earn a doctoral degree. Clarifies that acceptable license for lanes 6-10 includes licensure in applicable fields for positions covered by 179A.03, Subd. 18.
4. Increases the employer's matching contribution to the employee's deferred compensation account from \$300 per year to \$400 per year.

Subd. 11. Minnesota Nurses Association (MNA). This contract represents 867 registered nurses. Most are employed at the Departments of Human Services, Corrections, Health, and the Veterans' Homes. The settlement includes the following provisions:

1. 2.5% across the board increase effective July 1, 2021.
2. 2.5% across the board increase effective July 1, 2022.
3. Merit-based increases to eligible employees on their anniversary dates. These increases average 4.0%. Approximately 39% of covered employees are eligible for merit increases.
4. Modifies ranges for active classification, consistency and flexibility.
5. Provides a step increase for nurses who attain a Master's Degree in nursing. An existing provision adds a step increase for nurses who attain a Bachelor's Degree in nursing.
6. At the Appointing Authority's discretion, provides recruiting, referral and retention bonuses, similar to those included in other collective bargaining agreements (pilot program).
7. Increases the employer match from \$150 per year to \$250 per year to deferred compensation.

Subd. 12. Commissioner's Plan. This plan represents 1,244 unrepresented employees including confidential staff, and employees who have severed from their bargaining units. The plan includes the following provisions:

1. 2.5% across the board increase effective July 1, 2021.
2. 2.5% across the board increase effective and July 1, 2022.
3. Annual performance-based increases up to 3.5%.
4. Expands employee retention and referral incentives for employees, including Behavior Modification Specialists. Behavior Modification Specialists employees who have been at the top of their range for six months may receive a lump sum payment of \$2,500. Newly hired Behavior Modification Specialists may be granted a recruitment incentive of up to \$10,000, or up to \$15,000 with approval by MMB. Other Commissioner's Plan employees who accept hard-to-fill positions can be eligible for an incentive of up to \$10,000.
5. Increases employer match to deferred compensation from \$300 per year to \$400 per year.
6. Adds salary differential for bi-lingual communications services.
7. Permits MMB to apply the terms of any Memorandum of Understanding amending a collective bargaining agreement that is approved by the SER to the employees covered under this Plan.
8. Modifies provisions permitting the Appointing Authority to offer employees an early retirement incentive if the employee's position is eliminated or reduced.
9. Includes a provision permitting MMB to add new salary ranges for new employee classes or to reassign existing classes.

Subd. 13. Managerial Plan. The Managerial Plan establishes terms and conditions of employment for 1,584 unrepresented managers including deputy and assistant commissioners, bureau heads and division directors. This plan also establishes insurance benefits for heads of state agencies. The plan includes the following provisions:

1. 2.5% across the board increase effective July 1, 2021.
2. 2.5% across the board increase effective and July 1, 2022.
3. Performance-based increases up to 3.5%.
4. Increases the hiring incentive for appointments for hard to fill positions from \$10,000 to \$15,000.
5. Adds salary differential for bi-lingual communications services.
6. Permits MMB to apply the terms of any Memorandum of Understanding amending a collective bargaining agreement that is approved by the SER to the employees covered under this Plan.
7. Modifies provisions permitting the Appointing Authority to offer employees an early retirement incentive if the employee's position is eliminated or reduced.
8. Includes provision permitting MMB to add new salary ranges for new employee classes or to reassign existing classes.

Subd. 14. Office of Higher Education Unclassified Personnel Compensation Plan. This plan defines terms and conditions of employment for 43 unrepresented employees. The plan includes the following provisions:

1. 2.2% across the board increase effective July 1, 2021, for employees who meet performance standards.
2. 2.5% across the board increase effective July 1, 2022, for employees who meet performance standards.
3. Provides performance-based increases of up to 3.5% each calendar year.
4. Increases matching contribution from \$300 per year to \$400 per year to the employee's deferred compensation account.
5. Increases the hiring incentive for appointments for hard to fill positions from \$5,000 to \$10,000.

Subd. 15. MNsure Compensation Plan. This plan covers 17 managerial employees at MNsure. The plan includes the following provisions:

1. 2.5% across the board increase effective July 1, 2021.
2. 2.5% across the board increase effective July 1, 2022.
3. Provides performance-based increases of up to 3.5%.

Subd. 16. Minnesota Law Enforcement Association 2022-2023 Agreement. This agreement represents 786 employees consisting of State Troopers, Conservation Officers, and BCA Agents. It also includes Fugitive Specialists in the Department of Corrections, Special Agents in the Gambling Enforcement Division of the Department of Public Safety and Insurance Fraud Specialists in the Department of Commerce. The agreement includes:

1. 2.5% across the board increases effective July 1, 2021.
2. 2.5% across the board increases effective July 1, 2022.
3. Step increases of approximately 4.0%.
4. Increases pay differential for Special Agents, Special Agents Senior, who are at the top of their salary range from 0.25% to 0.5%.
5. Increases the shift differential for Conservation Officers, Fugitive Specialists, Fraud Specialists, Special Agents, and Special Agents Senior, from \$60 to \$70 per month.
6. Provides pay differentials in certain cases of schedule changes, recruitment bonuses up to \$5,000, referral incentives of up to \$1,000, and pay differential for bi-lingual communications services.

Subd. 17. Office of the Legislative Auditor. Modifies the OLA Compensation Plan to permit the Legislative Auditor to adjust salary ranges for hard to fill positions or to achieve equivalence with positions in the Executive and Judicial branches. Also, provides authority to approve equity adjustments within salary ranges to maintain or achieve internal equity.

The FY 2022-23 contracts also add Juneteenth as a paid holiday.

Section 2. Memorandums of Understanding (MOUs). This section ratifies MOUs submitted by MMB under Minnesota Statutes 3.855, subdivision 2.

Subdivision. 1. Memorandums approved by the Subcommittee on Employee Relations (SER).

MMB submitted a number of negotiated MOUs with several of the state bargaining units for review and approval under section 3.855, subd 2. These were given interim approval by the SER. The memorandums provide incentives for employees to work additional shifts at 24/7 operations, for agencies to offer financial incentives for referral, recruitment and retention for hard-to-fill positions, and to permit employees to use sick leave to care for their minor children who were required to be quarantined.

Subd. 2. Other Memorandums. MMB submitted other memorandums for review by the SER on December 10, 2021, related to employee use of sick leave to care for minor children who were required to be quarantined. The SER did not meet to consider these memorandums, and under Minn. Stat. 3.855, Subd. 2, the memorandums became effective 30 days after submission.

Subd. 3. Unit 225 Memorandum. MMB submitted a MOU with AFSCME, Unit 225, the Radio Communications Operators Unit, regarding equity adjustments. It is similar to provisions in other collective bargaining agreements. The MOU permits the Department of Public Safety to advance incumbents within a salary range, and/or provide lump sum payments to maintain internal equity. The maximum lump sum payment is \$2,500.

Subd. 4. Additional Memorandums. MMB submitted MOUs with MLEA and MMA. The MLEA MOU permits employees to use sick leave to care for minor children required to quarantine. The MMA MOU adds four salary ranges to the salary grid for law enforcement supervisors.

Subd. 5. State Residential School Education Association. MMB submitted a MOU with SRSEA to permit covered employees working in the Department of Human Services, Direct Care and Treatment settings, to earn retention incentives up to \$10,000.

Section 3. Effective date. Provides that Sections 1 and 2 are effective the day following final enactment.

Please visit www.ser.mn.gov for additional information on the provisions for each agreement.

Please let me know if you have any questions.

Attachment: State Employee Salary Settlements, FY 22-23 Estimated Costs

STATE EMPLOYEE SALARY SETTLEMENTS

FY 22-23 ESTIMATED COSTS

LCC Subcommittee on Employee Relations
May 3, 2022

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
	7/1/2021	1/1/2022	7/1/2022	1/1/2023					
O AFSCME, Council 5	2.50%		2.50%		\$ 2,084,072,266	\$ 92,044,883	4.42%	6.94%	\$ 144,634,615
O AFSCME, Unit 8, Correctional Officers	2.50%		2.50%		\$ 365,056,850	\$ 17,051,747	4.67%	7.39%	\$ 26,977,701
O AFSCME, Unit 25, Radio Communications Oper	2.50%		2.50%		\$ 11,243,196	\$ 497,646	4.43%	6.95%	\$ 781,402
O MN Association of Professional Employees	2.50%		2.50%		\$ 3,262,497,442	\$ 163,077,761	5.00%	7.97%	\$ 260,021,046
O Middle Management Association	2.50%		2.50%		\$ 798,864,730	\$ 37,760,125	4.73%	7.40%	\$ 59,115,990
MN Government Engineering Council (5)									
O Minnesota Nurses Association	2.50%		2.50%		\$ 220,765,520	\$ 10,661,060	4.83%	7.58%	\$ 16,734,026
> MN Law Enforcement Association	2.50%		2.50%		\$ 213,843,556	\$ 9,068,953	4.24%	6.36%	\$ 13,600,450
O State Residential Schools Education Assoc	2.50%		2.50%		\$ 35,776,108	\$ 1,413,975	3.95%	5.92%	\$ 2,117,946
A Service Employees International Union (6)	8.68%		5.90%			\$ 74,559,000			\$ 103,888,000
O State University Inter Faculty Organization			1.70%		\$ 645,017,833	\$ 17,106,620	2.65%	4.96%	\$ 31,992,885
O MN State Univ Assoc of Admin & Service Faculty	1.30%				\$ 144,989,599	\$ 4,180,646	2.88%	3.59%	\$ 5,205,127
Minnesota State College Faculty									
O Personnel Plan for MnSCU administrators					\$ 199,151,822	\$ 5,865,709	2.95%	4.08%	\$ 8,125,394
Personnel Plan for St Bd of Invest employees (7)									
> Office of Higher Education Plan	2.50%		2.50%		\$ 10,219,992	\$ 530,566	5.19%	7.99%	\$ 816,577
> Managerial Plan	2.50%		2.50%		\$ 491,415,892	\$ 20,556,885	4.18%	6.07%	\$ 29,828,945
> Commissioners Plan (4)	2.50%		2.50%		\$ 288,538,792	\$ 14,200,344	4.92%	7.60%	\$ 21,928,948
Office of Legislative Auditor (7)									
> MNsure Compensation Plan	2.50%		2.50%		\$ 5,127,084	\$ 189,506	3.70%	5.22%	\$ 267,634
TOTAL					\$ 8,776,580,682	\$ 468,765,426	5.34%	8.27%	\$ 726,036,686

The ">" indicates proposed contract or plan has not been acted on by the Subcommittee.
 The "O" indicates the contract or plan was provided interim approval 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) The amount listed is the total state funds; the changes in the contract are also funded through federal Medicaid dollars, not included in this table.
 The FY22 increase is effective 10/1/21. The percentages reflect the increase in minimum wages.
 The biennial new spending includes amounts negotiated in 3/21/22 MOUs for stipends for providers and for costs for training