



Subcommittee on Employee Relations

Centennial Office Building | St. Paul, MN 55155 | Phone: 651-296-6033 | www.ser.leg.mn

Memorandum

DATE: December 13, 2023

TO: Members of the Subcommittee on Employee Relations

FROM: Nick Nigro, Legislative Coordinating Commission

RE: Review of state employee compensation plans

Minnesota Management and Budget (MMB) has submitted compensation plans for four unrepresented employee groups. Each of them incorporates the same insurance provisions that were included in the collective bargaining agreements previously submitted to the Subcommittee on Employee Relations (Subcommittee).

As indicated in previous summaries of the state labor contracts, the Subcommittee and the Legislature no longer approve collective bargaining agreements with state employees. However, the SER continues to have statutory responsibility to review and consider interim approval of compensation plans for unrepresented employees. Compensation plans will not become effective unless they receive interim approval by the Subcommittee or are ratified by the Legislature.

Commissioner's Plan

The Commissioner's Plan establishes terms and conditions of employment for 1,227 unrepresented employees including confidential staff, and employees who have severed from their bargaining units. A copy of this proposed plan, in legislative format, is available at:

<https://www.ser.mn.gov/contracts/24-25/Commissioners-Plan-23-25-Redline>

This plan also covers medical specialists, whose benefits are determined in a separate appendix to the Commissioner's Plan:

<https://www.ser.mn.gov/contracts/24-25/Medical-Specialist-Addendum-2023-2025-Redline>

Financial provisions:

1. 5.5% across the board increase effective July 1, 2023.
2. 4.5% across the board increase effective July 1, 2024.
3. Continues annual performance-based increases effective pay period coinciding with January 1 each year. Employees may receive increases up to 3.5%. The employee's salary may not exceed

the maximum of their salary range. Approximately 55% of employees are eligible for these increases. The Commissioner may eliminate or delay the implementation of these increases, or reduce the salary limit (i.e., below the 3.5% limit).

4. Increases achievement award maximum from \$1,000 to \$3,000 or a single base-pay adjustment up to 3.5%. Agencies with 3 or fewer employees are no longer limited to no more than 30% receiving an award and their maximum for awards' expenditures is increased from \$2,600 to \$5,000. Eliminates different maximums for employees and supervisors.
5. Eliminates cap on raises after a promotion so long as the salary is within the salary range.
6. Increases shift differential from \$0.65 per hour to \$2.25 per hour for work before 6 a.m. or after 6 p.m. (down from 7 p.m.).
7. Increases employer match contribution to deferred compensation from \$400 per year to \$500 per year.
8. Increases breakfast reimbursement from \$10 to \$11.

Non-financial provisions:

9. Expands sick leave eligibility to temporary, intermittent, and emergency employees.
10. Modifies provision maintaining salary for demoted employees to voluntary demoted employees only retaining a rate of pay above the salary range after approval by Commissioner of MMB. Removes the Appointing Authority's discretion to maintain a demoting employee's existing salary.
11. Modifies student loan reimbursements to require an anticipated work schedule of at least 1,044 hours per year. Requires documentation of student loan payments made within the last 12 months prior to requests. Continuing Education is excluded from student loan reimbursement. Retention and repayment requirements no longer apply in the case of death or layoffs.
12. Modifies all references to State Patrol "supervisors" to State Patrol "Majors."
13. Adds a domestic partner's funeral as a use of sick leave.

Other provisions:

14. Employees with a permanently closed work location and approved to telework are eligible for mileage reimbursement if the new work location is outside 35 miles. Establishes allowable mileage determination.
15. Eliminates requirement for 5-minute rest periods every 4 hours of use of computer equipment.
16. Eliminates health promotion incentives.
17. Allows employees to switch between part-time and full-time and vice versa with mutual agreement by supervisor.
18. Creates a potential 1-week transition leave for employees to return to a previous position if they lack a certification.

Medical Specialists Addendum:

19. Includes provisions that generally parallel those in the Commissioner's Plan.

Settlement Cost Sheet

MMB estimates that the cost of the increases (across the board increases, performance-based increases, insurance, FICA, retirement contributions) provided in this plan will be 7.74% this biennium. The cost of these increases will add 10.24% 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.)

Managerial Plan

The Managerial Plan establishes terms and conditions of employment for 1,677 unrepresented managers including deputy and assistant commissioners, bureau heads and division directors. This plan also establishes insurance benefits for heads of state agencies. A copy of this proposed plan, in legislative format, is available at:

<https://www.ser.mn.gov/contracts/24-25/Managerial-Plan-2023-25-Redline-Amended>

Financial provisions:

1. 5.5% across the board increase effective July 1, 2023.
2. 4.5% across the board increase effective July 1, 2024.
3. Continues annual performance-based increases effective pay period coinciding with January 1, each year. Employees may receive increases up to 3.5%. The employee's salary may not exceed the maximum of their salary range. Approximately 35% of managers are eligible for these increases. The Commissioner may eliminate or delay the implementation of these increases, or reduce the salary limit (i.e., below the 3.5% limit).
4. Increases achievement award maximum from \$1,000 to \$3,000 or a single base-pay adjustment up to 3.5%. Agencies with 3 or fewer employees are no longer limited to no more than 30% receiving an award and their maximum for awards' expenditures is increased from \$2,600 to \$5,000. Eliminates different maximums for employees and managers.
5. Increases employer match contribution to deferred compensation from \$400 per year to \$500 per year.
6. Increases breakfast reimbursement from \$10 to \$11.

Non-financial provisions:

7. Expands sick leave eligibility to temporary, intermittent, and emergency employees.
8. Modifies provision maintaining salary for demoted employees to voluntary demoted employees only retaining a rate of pay above the salary range after approval by Commissioner of MMB. Removes the Appointing Authority's discretion to maintain a demoting employee's existing salary.
9. Modifies student loan reimbursements to require an anticipated work of at least 1,044 hours per year. Requires documentation of student loan payments made within the last 12 months prior to requests. Continuing Education is excluded from student loan reimbursement. Retention and repayment requirements no longer apply in the case of death or layoffs.
10. Adds a domestic partner's funeral as a use of sick leave.
11. Provides additional flexibility in overtime payments. Continues to prohibit overtime for seasonal fluctuations including budget development or Legislative session.

Other provisions:

12. Employees with a permanently closed work location and approved to telework are eligible for mileage reimbursement if the new work location is outside 35 miles. Establishes allowable mileage determination.
13. Eliminates requirement for 5-minute rest periods every 4 hours of use of computer equipment.
14. Eliminates health promotion incentives.
15. Allows employees to switch between part-time and full-time and vice versa with mutual agreement by supervisor.
16. Sunsets the wellbeing incentive after 2024.
17. Creates a potential 1-week transition leave for employees to return to a previous position if they lack a certification.

Settlement Cost Sheet

MMB estimates that the cost of the increases (across the board increases, performance-based increases, insurance, FICA, retirement contributions) provided in this plan will be 7.65% this biennium. The cost of these increases will add 9.96% 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.)

Office of Higher Education Unclassified Personnel Compensation Plan

This plan defines terms and conditions of employment for 39 unrepresented employees. A copy of the proposed plan is at:

<https://www.ser.mn.gov/contracts/24-25/OHE-Plan-2023-2025-Redline-Amended>

Financial provisions:

1. 5.5% across the board increase effective July 1, 2023, for employees who meet performance standards.
2. 4.5% across the board increase effective July 1, 2024, for employees who meet performance standards.
3. Provides performance-based increases effective each January. Employees may receive these performance-based increases of up to 3.5% each calendar year. The employee's salary may not exceed the maximum of their salary range. Approximately 56% of employees are eligible for these increases. However, the Appointing Authority may eliminate or delay the implementation of these increases, or reduce the salary limit (i.e., below the 3.5% limit).

Other provisions:

4. Increases matching contribution from \$400 per year to \$500 per year to the employee's deferred compensation account. In addition, all employees are permitted to convert up to 50 hours of vacation leave (some were previously limited to 40) to deferred compensation.
5. Increases the hiring incentive for appointments for hard to fill positions from \$10,000 to \$15,000.
6. Alters rules for reimbursement of student loans as provided in other contracts and plans.

7. Continues to provide achievement awards, which consist of a lump sum of up to \$2,000. These are awarded to employees who demonstrate outstanding performance. Increases eligible employees from 20% to 30%.
8. Eliminates the limit of 160 hours of sick leave per year to care for family members.
9. Expands floating holiday eligibility to temporary employees.

Settlement Cost Sheet

MMB estimates that the cost of the increases (across the board, steps, insurance, FICA, retirement contributions) provided in this plan will be 7.98% this biennium. The cost of these increases will add 10.84% 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.)

MNsure Compensation Plan

Minnesota Management and Budget has submitted a compensation plan for 17 managerial employees of MNsure. A copy of the plan is available at:

<https://www.ser.mn.gov/contracts/24-25/2023-2025-MNsure-Comp-Plan-Redline>

Most terms and conditions of employment provided under this plan are incorporated by reference to the Managerial Compensation Plan. Terms incorporated by reference include:

- Salary on Return from Leave of Absence
- Severance Pay
- Health and Dental Premium Account
- Medical/Dental Expense Account
- Deferred Compensation
- Dependent Care Expense Account
- Transit Expense Account
- Health Care Savings Account

The plan is focused on items related to compensation.

Salaries:

1. 5.5% across the board increase effective July 1, 2023, for managers who meet performance standards.
2. 4.5% across the board increase effective July 1, 2024, for managers who meet performance standards.
3. Continues performance-based increases effective each January. Employees may receive these performance-based increases of up to 3.5% each calendar year. The employee's salary may not exceed the maximum of their salary range. Approximately 18% of employees are eligible for these increases.
4. Continues achievement awards that may not exceed \$2,000 per individual. The total amount available to be granted is equal to \$500 time the number of employees who are eligible.

Settlement Cost Sheet

MMB estimates that the cost of the increases (across the board, steps, insurance, FICA, retirement contributions) provided in this plan will be 7.48% this biennium. The cost of these increases will add 9.59% 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.)

Please let me know if you have any comments or questions. I can be reached at nick.nigro@lcc.mn.gov or (651) 296-6033.

Attachments: Settlement sheet

STATE EMPLOYEE SALARY SETTLEMENTS

FY 24-25 ESTIMATED COSTS

LCC Subcommittee on Employee Relations
December 11, 2023

Bargaining Unit	ACROSS THE BOARD INCREASE	ACROSS THE BOARD INCREASE	INCREASED COSTS			% INCREASE 24-25 BIENNIUM TO 26-27		\$ IMPACT ON 26-27 BIENNIUM
	7/1/2023	7/1/2024	24-25 BIENNIAL BASE (1)	IN 24-25 BIENNIUM (1)	% INCREASE (2)	BIENNIUM (3)		
AFSCME, Council 5	5.50%	4.50%	\$ 2,271,170,710	\$ 167,097,144	7.36%	10.05%	\$ 228,252,656	
AFSCME, Unit 8, Correctional Officers	5.50%	4.50%	\$ 370,270,146	\$ 33,684,323	9.10%	11.19%	\$ 41,433,229	
AFSCME, Unit 25, Radio Communications Oper	-	-	-	-	-	-	-	
MN Association of Professional Employees	5.50%	4.50%	\$ 3,852,748,170	\$ 301,773,037	7.83%	10.70%	\$ 412,244,054	
Middle Management Association	-	-	-	-	-	-	-	
MN Government Engineering Council (5)	-	-	-	-	-	-	-	
Minnesota Nurses Association	-	-	-	-	-	-	-	
MN Law Enforcement Association	-	-	-	-	-	-	-	
State Residential Schools Education Assoc	-	-	-	-	-	-	-	
State University Inter Faculty Organization	2.60%	2.90%	\$ 643,141,803	\$ 48,132,299	7.48%	10.28%	\$ 66,114,977	
MN State Univ Assoc of Admin & Service Faculty	2.25%	2.25%	\$ 143,363,274	\$ 11,413,406	7.96%	10.58%	\$ 15,167,834	
Minnesota State College Faculty	-	-	-	-	-	-	-	
Personnel Plan for MnSCU administrators	-	-	-	-	-	-	-	
Office of Higher Education Plan	5.50%	4.50%	\$ 10,588,466	\$ 845,465	7.98%	10.84%	\$ 1,147,790	
Managerial Plan	5.50%	4.50%	\$ 569,000,332	\$ 43,526,398	7.65%	9.96%	\$ 56,672,433	
Commissioners Plan ⁽⁴⁾	5.50%	4.50%	\$ 321,040,764	\$ 24,850,719	7.74%	10.24%	\$ 32,874,574	
MNsure Compensation Plan	5.50%	4.50%	\$ 6,136,934	\$ 459,286	7.48%	9.59%	\$ 588,532	
TOTAL			\$ 8,187,460,599	\$ 631,782,077	7.72%	10.44%	\$ 854,496,081	
OTHER CONTRACTS AND PLANS								
Personnel Plan for St Bd of Invest employees ⁽⁷⁾	-	-	-	-	-	-	-	
Office of Legislative Auditor ⁽⁷⁾	-	-	-	-	-	-	-	
Service Employees International Union ⁽⁶⁾	8.68%	5.90%	-	\$ 74,559,000	-	-	\$ 103,888,000	

(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)

a) Biennial Base includes the state share of personal care and Consumer Directed Community Supports (CDCS) services paid under the Medical Assistance program, Alternative Care, and the Consumer Support Grant (CSG), based on the November 2022 forecast. This does not include the federal share of services. These amounts are [based on] the SEIU collective bargaining agreement.

b) The amount listed is the estimated state cost of rate adjustments for personal care and Consumer Directed Community Supports (CDCS) paid through the Medical Assistance program, Alternative Care, and the Consumer Support Grant (CSG). It also includes..... (this footnote would also include any other items that are included in the final CBA. This amount will align with the fiscal note.) These amounts are based on the SEIU collective bargaining agreement.

c) The base includes all personal care services, regardless of whether they are provided by workers covered by the collective bargaining agreement.

(7) The compensation plans for the Office of the Legislative Auditor and the State Board of Investment provide for salary increases and salary ranges that are indexed to CPI, or to other plans that are reviewed and approved by the Subcommittee. As a result, there are time periods when these plans are not submitted to the SER.