



Engineering Minnesota's Future

Dear MGECC Members:

The MGECC Bargaining Team has concluded another difficult round of negotiations with the State. The State's last offer is listed below which both the MGECC Bargaining Team and the MGECC Executive Board voted to **reject the State's last offer**.

At this juncture, the MGECC Board of Directors decided to solicit your votes to reject or accept the State's final offer.

To help you make an informed decision and better understand our circumstances, we are offering you the following information:

As you may know, since then MGECC has conducted wage studies with the State of Minnesota (2008 & 2013) of private and public employers who either do similar work or do the same work for the state (i.e. consultants), to jointly determine market compensation that should be applicable to state employees. Those surveys have shown that most of the members (Engineers, Senior Engineering Specialists and Administrative Land Surveyors) to be compensated less than what other employer pay. For details the current [2013 Compensation Survey](#) is on the MGECC home page.

2013 Compensation Study - [Direct Compensation All Respondents](#)

SUMMARY

Classification	# Employees Responded	# of MN Employees	Difference-Minimum	Difference-Average	Difference-Maximum
Engineer Trainee	210	37	(\$7,912)	(\$6,676)	(\$16,233)
Engineer Graduate	333	52	(\$9,966)	(\$9,820)	(\$20,574)
Engineer Senior	678	222	(\$5,959)	(\$2,644)	(\$15,415)
Engineer Principal	220	200	(\$1,920)	(\$784)	(\$18,583)
Administrative Engineer	139	55	(\$11,289)	(\$10,802)	(\$38,693)
Engineering Specialist	225	182	\$5,953	\$16,707	\$6,883
Engineering Specialist Senior	323	148	\$616	\$13,404	(\$2,805)
Land Surveyor Trainee	1	5	NA	NA	NA
Land Surveyor Senior	30	33	\$7,724	\$15,279	\$7,659
Land Surveyor Principal	15	12	(\$1,101)	\$20,040	\$2,902
Land Surveyor Administrative	6	3	(\$9,562)	\$6,573	(\$5,857)
Radio Engineer I	6	10	\$3,197	\$3,901	\$6,888
Radio Engineer II	1	7	NA	NA	NA

Table 20: Shows a summary of the difference of the State of Minnesota’s Minimum, Average (not median), and Maximum Salary and the respondents Weighted Minimum, Weighted Average (not median), and Weighted Maximum Salary for all job classes.

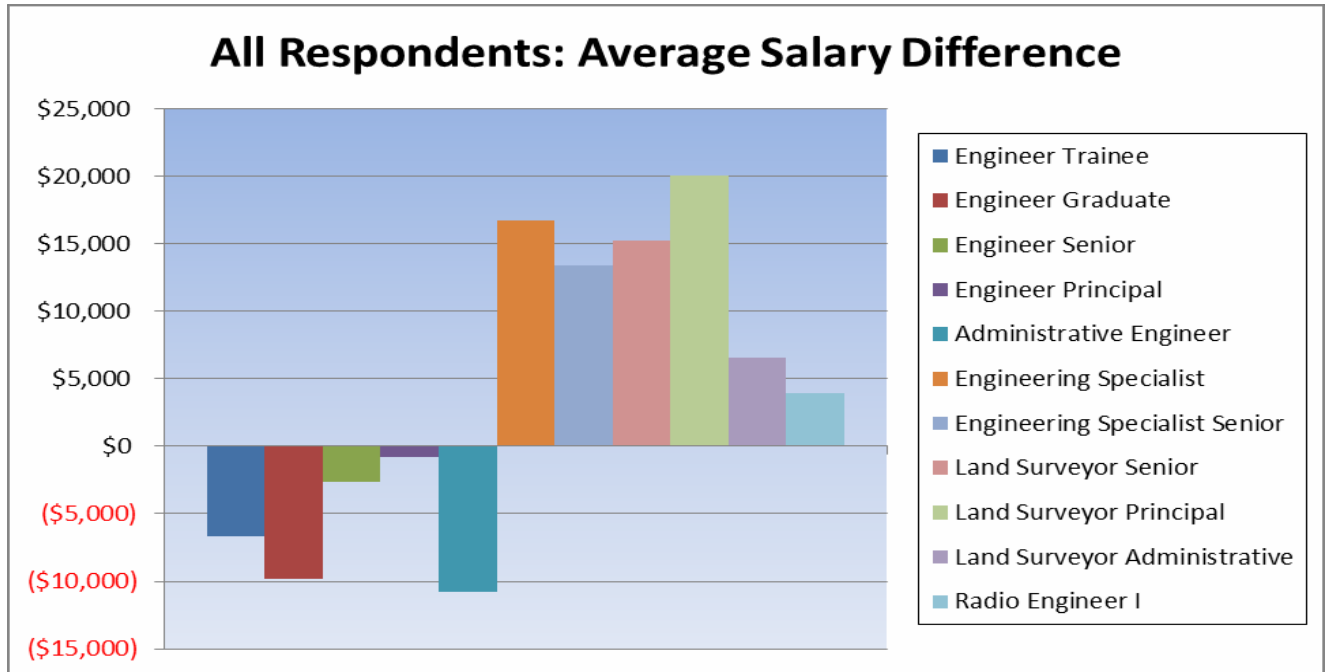


Figure 15: Shows a summary of the difference of the State of Minnesota’s Average (not median) Salary and the respondents Weighted Average (not median) for all job classes.

Recently the Governor fought for market rate pay increases for his commissioners. Some legislators repeatedly call for the administration to compensate state employees at market rates. Yet the State insists on “pattern bargaining” which is not bargaining in good faith and ignoring wage comparisons with other employers.

In the present round of bargaining we again sought to have our wage package include something that would shrink the gap in our wages relative to other employers. We made several innovative and creative offers covering a wide-variety of options that would achieve the goal of addressing our worsening market disparity. The State’s negotiators rejected all of them. They believe the lack of a higher turnover rate makes pay equity an irrelevant issue.

The Negotiation Team is extremely frustrated by the State’s bargaining position in these negotiations and its unwillingness to even acknowledge that there is a wage gap or a problem in attracting and retaining qualified employees. However, our only alternative is to go to arbitration. The Negotiation Team determined that, rather than just proceed to arbitration, we would present the State’s “last, best offer” to the membership so that the decision to accept the State’s pattern settlement or to arbitrate the contract would be up to you.

A summary of the best offer the State was willing to make on all economic and language items follows this letter. Here are the facts:

- MGEC members already voted to accept the State’s offer pertaining to insurance.

- Accepting the State's offer likely means the contract would go into effect in January, 2016. Voting to go to arbitration likely means the arbitrator's decision for a new contract would take effect in June 2016. In either case, both parties are seeking wages for the first year to be retroactive to July 1, 2105.
- The current contract remains in effect until a new agreement is reached with the exception of the insurance changes take place January 1, 2016 already approved by the membership. Under the current contract progression steps continue to be available for eligible employees.
- The State has a \$2B surplus; which eliminates past arbitrators reasons for denying greater increases than that state's wages offer.

As we know arbitration is a crap-shoot. Many arbitrators are like the one that heard our case last year and do not give much weight to external comparisons. Other arbitrators do. It is really the "luck of the draw" on what arbitrator we get and the arbitrator is not selected until after the issues are certified for arbitration. The reality is that the collective bargaining process is not about what you want or what you deserve. Rather, there are only two ways to get something in collective bargaining: get the employer to give it to you; or get an arbitrator to give it to you. Therefore, the decision before you, the members, is not whether we like this settlement or believe that it is what we deserve; but rather, whether the settlement represents the best the employer is willing to offer or is at least as good as what an arbitrator will award. The bargaining team believes that the answer to the first question is clearly "yes" – the State will not voluntarily give us anything more or different. We are not as sure about what an arbitrator might do. However, it is highly unlikely that an arbitrator would award anything worse than the State's offer. The MGEC Executive Board believes that arbitration timing is optimal for this contract given the political and financial climate together with the surplus in the state budget and so unanimously recommends you reject the State's offer and go to arbitration. The decision is now yours.

Sincerely,

Mohammad Dehdashti
MGEC President

Steve Kordosky
MGEC Vice President

State of Minnesota Last Best Offer Summary

November 9, 2015

Wages

First year of contract: (7/1/15 to 6/30/16) - 2.5% wage increase on all steps for all ranges effective July 1, 2015; step progression continues to be allowed.

Second year of contract: (7/1/16 to 6/30/17) - 2.5% wage increase on all steps for all ranges effective July 1, 2016; step progression continues to be allowed.

Compensatory Time

Increase from forty (40) hour to eighty (80) hours of compensatory time an employee can convert to deferred compensation each fiscal year. (Furthermore, there was discussion about some offices denying employees from exercising this right; the employer agreed they should comply with the contract.)

Health Care Savings Plan Contribution (HCSP)

The State agreed that employees with twenty (20) years of state service would have 100% of severance (severance is 35% of sick leave) go into the HCSP tax sheltered (an increase from 75% for severance) and continue to have 100% of vacation leave go into the HCSP tax free.

Vacation Accrual for New Hires

The employer would have the discretion to credit new hires with prior private sector employment in a vacation eligible position. Current employees can request credit for prior private sector experience be added to their vacation accrual rate (prior private sector experience must have occurred no more than a year before becoming a state employee).

Vacancy, Reclassification, Filling of Positions

The employer would post vacancies for a minimum of seven (7) calendar days (a decrease from ten).

Expense Allowances

Dues for membership in professional organization would increase from \$200 to \$250 (mandatory) and up to \$350 (discretionary).

Mileage reimbursement rate for motorcycles will increase to \$.30 per mile the first full pay period after the contract becomes effective.

Technical Changes

There are several changes that are technical in nature (names, dates, statutory references, etc....).

As you can see, the contract settlement does include some language provisions that are advantageous to members. However, as stated above, the wage package does nothing to address the external market wage gap.

Weighing the Options

STATE'S OFFER

Pros of Accepting the State's offer

- + Increase of Compensatory Time cash out from 40 to 80 hours
- + Current employees may get credit for time worked in a vacation eligible position in the private sector
- + Retiring employees with 20 years state service get 100% of severance tax free (currently get 75% tax free and 25% paid in cash and taxed)
- + \$100 increase to reimbursement of professional membership dues

Cons of State's offer

- Most employees remain paid less than market rate for their position
- New employees may start employment with a greater amount of vacation accrual

ARBITRATION

Pros of Arbitration

- + It provides an opportunity to close the wage gap with the market sector based on the Compensation Surveys of 2008 & 2013.
- + Potential pay equity for Senior Engineering Specialists – MGEC proposal is to move SES pay one step closer to Senior Engineer pay. The Hay Points are the same and the Org. Charts in some agencies show Senior Engineering Specialists doing the same work as Senior Engineers.

Cons of Arbitration

- There is a cost to arbitration (MGEC has saved reserves for such a purpose)
- Further delay to implementation of the new contract

The Ballot

Ballots will be sent electronically to full MGEC members.

- Reject the State's Offer and proceed to arbitration
- Accept the State's Offer