

MMB Presentation to Compensation Council March 2, 2023

Basics: Executive Branch Workforce

- There are approx. 55,000 employees in the executive branch, including all agencies, constitutional offices, and Minnesota State.
- A large majority of these employees (approx. 80%) are represented by one of eleven bargaining units; employees not covered by a bargaining unit have their terms and conditions of employment defined by a compensation plan.
- A limited number of employees (constitutional officers, agency heads) have a salary established by statute.

Bargaining Units

- AFSCME: Trades, Clerical, entry-level and semi-skilled healthcare
- AFSCME 208: Corrections Officers
- AFSCME 225: Dispatchers
- MAPE: Professional Employees
- MMA: Middle Management
- MNA: Nurses
- MGEC: Engineers
- MLEA: Law Enforcement
- SRSEA: Teachers
- IFO: Faculty (Minnesota State)
- MSUAASF: Administrative and Service Faculty (Minnesota State)

Establishing Wages

- Minnesota Management and Budget (MMB) is the chief negotiator for the State and bargains wages with the unions representing employees.
- Wages for non-represented employees follow the wage pattern established for unions.
- Minnesota State negotiates separately for the employees in its specific bargaining units.
- Employee union contracts are on a biennial schedule that tracks with the fiscal biennium (covering July 1 of an odd-numbered year through June 30 of the following odd-numbered year).

Recent Wage Settlements

- July 1, 2015: 2.50%
- July 1, 2016: 2.50%
- July 1, 2017: 2.00%
- July 1, 2018: 2.00%
- July 1, 2019: 2.25%
- July 1, 2020: 2.50%
- July 1, 2021: 2.50%
- July 1, 2022: 2.50%

- In addition to the across-the-board increases, the Contracts and Plans provide for “step” / performance increases for employees who are not yet at the top of their salary range.
- Step / performance increases average approximately 3.5%.
- About 50% of employees are not yet at the top of their salary range and eligible to receive a performance / step increase each year.

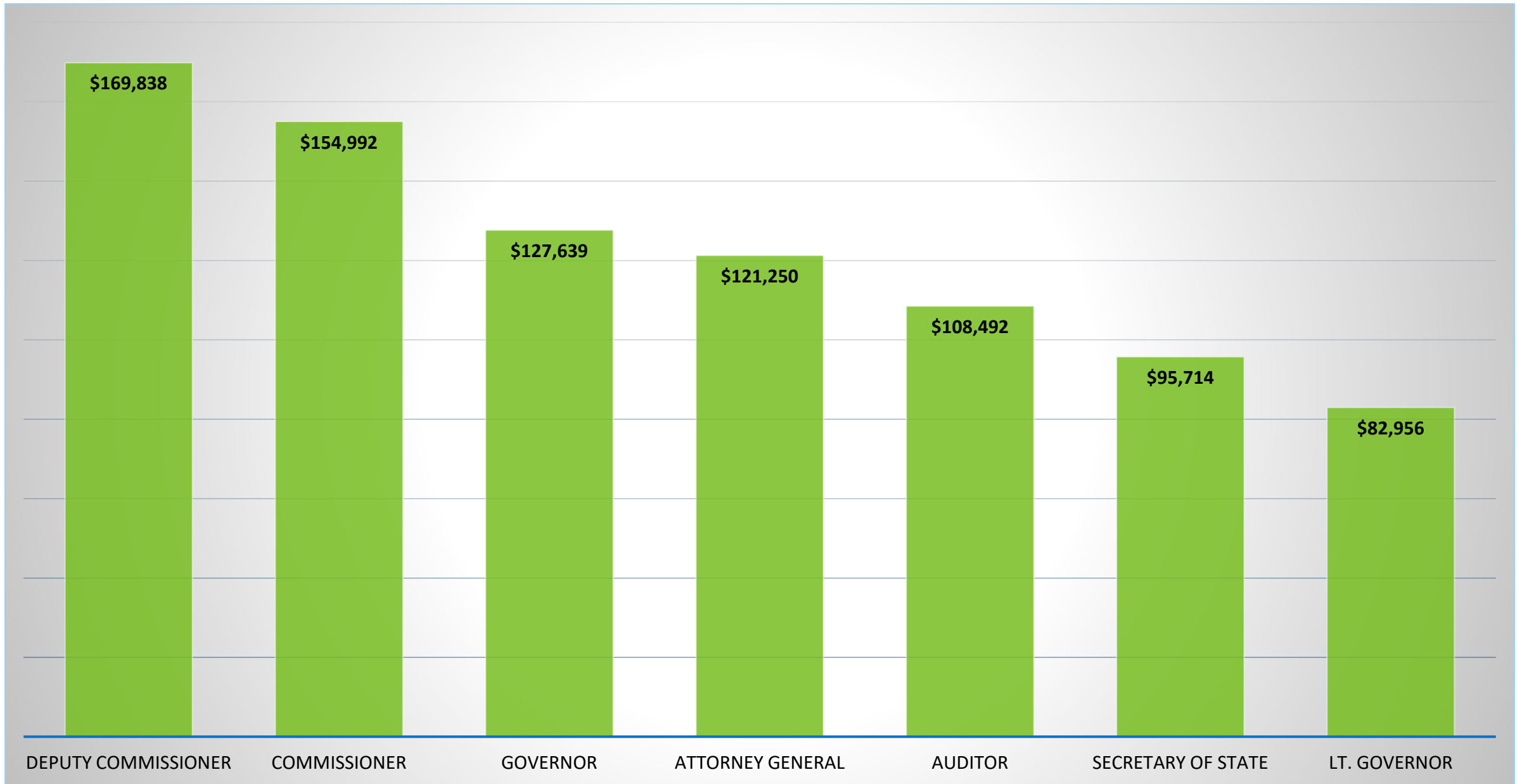
Current State – Agency Head Pay

Agency Head Salaries: 15A.0815

- Agency head salary limits divided in three tiers (“Group 1,” “Group 2,” “Group 3”) based upon percentage of Governor’s salary. Current Agency Head salaries are:
 - Group 1: \$145,000 - \$155,000
 - Group 2: \$115,000 - \$146,000
 - Group 3: \$30,000
- Range maximums for Groups increase every year by CPI, however, individual pay increases require an affirmative vote of the full legislature.
- No Commissioner / Agency head has received any pay increase since June 30, 2015.

Agency Head Pay: Challenges

- Salary determinations from June 2015 do not reflect changes to the scope and complexity to some of these jobs, nor do they reflect broader changes within the labor market
- Not all Agency Heads (e.g. Mn.IT, Lottery) are subject to these same limits, and Chair of MAC has no opportunity for a salary range change
- Flat rates for Commissioner and Agency Head pay has resulted in inverse salary relationships; Deputy and Assistant Commissioners now earn more than Commissioners in most instances
- Particularly in this tight labor market, these restraints hamper an ability to recruit and retain the top line talent that these positions require



Potential Legislative Change

- We have developed a legislative proposal which will be introduced soon which attempts to address these challenges:
- Per this council's 2021 recommendation, de-couples Agency Head pay and Governor's salary
- Per this council's 2021 recommendation, provides opportunity to evaluate salary relationships of Agency Heads by eliminating the tiering structure and establishing a different salary determination mechanism
- Most notably for this body, the proposal changes this role of this council from a recommending body to a determining body
- It also adds the Commissioner of Mn.IT and the Director of the Lottery to the agency heads identified at M.S. 15A.0815

Determining Salaries

- To aid this Council in its role of (recommending / determining) salaries, MMB can share several types of data:
 - Comparative market data on similar positions in all states from the Book of States
 - Job evaluation data from most of the agency heads identified in 15A.0815 (shows comparative complexity / accountability required amongst leadership positions)
 - Hay Trend line chart (salary limits these job points would align to in the Managerial Plan)
 - Historical data on across-the-board increases provided to all other state employee since 2015

MMB's Recommendation

- MMB supports this council's 2021 recommendation to de-couple Agency Head pay and Governor's salary and supports a change to the statute.
- Whether through the amended process outlined in (forthcoming bill) or through existing statutory process, MMB recommends increasing Agency Head salaries to the level the positions would have been at if they had received the same modest across-the-board increases as other employees since 2015 - an approximately 17% increase.
- MMB further recommends that thereafter, Agency Head pay be adjusted each July 1 by the same "pattern" across the board increases that other employees receive.
- MMB recommends that the Chair of MAC receive an increase from \$30,000 to \$60,000 to reflect the increased complexity of the work
- If the law changes to add the Commissioner of Mn.IT and the Director for the Lottery, salary recommendations align with the salaries of similarly situated agency heads
- Increases can be supported within existing salary range limits

MMB Recommendations (including for Mn.IT and Lottery if Statute changes)

Recommended Salaries to take Effect July 1, 2024					
Cmr Admin	\$174,939	Cmr DLI	\$174,939	Ombuds Corr	\$138,762
Cmr Agriculture	\$174,939	Cmr MMB	\$187,006	ED Gam Control	\$144,783
Cmr Commerce	\$174,939	Cmr DNR	\$187,006	Cmr IRRRB	\$168,917
Cmr Corrections	\$180,985	Cmr OHE	\$174,939	Ombud MHDD	\$144,783
Cmr Education	\$180,985	Cmr PCA	\$180,985	Met Council	\$175,623
Cmr DEED	\$180,985	Cmr DPS	\$187,006	ED Peri. Racing	\$139,946
Cmr Health	\$180,985	Cmr DOR	\$187,006	Cmr PUC	\$168,917
Cmr HFA	\$174,939	Cmr DOT	\$187,006	Dir Sch Trust Land	\$150,830
Cmr MDHR	\$174,939	Cmr MDVA	\$174,939	MAC	\$60,000
Cmr DHS	\$187,006	Cmr BMS	\$168,893	ED Lottery	\$174,939
Cmr Mn.IT	\$187,006	Cmr DLI	\$174,939		

Duties of the Governor and Lt. Governor

March 2, 2023

Jim Schowalter | Commissioner, Minnesota Management and Budget

Official Duties of the Governor

- General direction, administration, and supervision of the affairs of the executive branch of Minnesota state government
- Serve as Commander-in-Chief of the Minnesota National Guard, and oversee emergency responses
- Review, veto, or sign into law legislation and rules, call special sessions of the legislature when needed
- Chair the State Executive Council, the State Board of Investment, the Land Exchange Board, and the Board of Pardons
- Appoint state department heads, members of state boards and commissions, and judges to the state's ten judicial districts, the Court of Appeals, and the Supreme Court
- Issue extradition papers, proclamations, and writs of special elections

Official Duties of the Lt. Governor

- Assist the governor in carrying out the functions of the executive branch
- Serve as a member of the State Executive Council
- Serve as Vice-Chair of the State Capitol Preservation Commission
- Chair the Capitol Area Architectural Planning Board (CAAPB)
- Preside as the convening authority until the President of the Senate is elected and takes an oath of office on the first day of a regular legislative session
- Exercise powers delegated by the Governor
- Succeed the Governor if there is a vacancy