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Minnesota Local Government Pay Equity Compliance Report

Submitted to the Minnesota Legislature by Minnesota Management & Budget

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Executive Summary

Minnesota Management & Budget (MMB) is responsible for the enforcement of the Local Government Pay Equity Act (Minnesota Statutes 471.991 - .999 and Minnesota Rules Chapter 3920).

In 2010 MMB completed a major project to upgrade the software local governments use to submit reports. The web-based software was used for the first time in 2011 by 500 local governments. By 2013 all 1,500 local governments will have used the new software to create and submit their reports. The new web-based application has proved to be highly efficient and has greatly reduced the staff time needed at both the local and state level.

The Local Government Pay Equity Act applies to about 1,500 local governments in Minnesota, and affects a total of about 220,000 local government employees. Jurisdictions are scheduled to report on a three-year cycle, meaning that MMB receives approximately 500 reports each year.

Overall, local governments have achieved a high level of compliance - both in meeting reporting requirements and implementing pay equity for their employees. The success of this program is largely attributable to the ongoing assistance and monitoring provided by the MMB Pay Equity Unit and to the commitment on the part of local governments.

In January 2012, 553 local governments were required to submit a report to MMB. As of December 24, 2012, a total of 402 (73%) of the jurisdictions were in compliance, 31 (6%) remain out of compliance and 120 (22%) are in a decision pending status.

While a jurisdiction may have achieved equitable compensation and be in compliance for one reporting cycle, this does not guarantee that all future reports will be in compliance. Therefore, it is important for local governments to continually review their pay structure and submit reports every three years to the State for review and analysis. This on-going requirement to report prevents regression into inequitable compensation practices and reduces sex-based wage disparities in public employment throughout Minnesota.

About This Report

Minnesota Management & Budget (MMB) is responsible for enforcement of the Local Government Pay Equity Act, and is required to submit an annual report to the state legislature regarding local government pay equity compliance. Minnesota Statute (M.S.) 471.999 states:

The report must include a list of the political subdivisions in compliance with section 471.992, subdivision 1, and the estimated cost of compliance. The report must also include a list of political subdivisions found by the commissioner to be not in compliance, the basis for that finding, recommended changes to achieve compliance, estimated cost of compliance, and recommended penalties, if any. The commissioner's report must include a list of subdivisions that did not comply with the reporting requirements of this section. The commissioner may request, and a subdivision shall provide, any additional information needed for the preparation of a report under this subdivision.

The 2013 annual Minnesota Local Government Pay Equity Report was prepared entirely by MMB staff as part of routine work assignments. This report is based on local jurisdiction pay equity reports due to MMB in 2012.

This document can be made available, upon request, in alternate formats such as large print, Braille or audiotape.

Questions regarding this report may be directed to (651) 201-8039.

Section One

Background Information

Requirements of the Law

The Local Government Pay Equity Act (LGPEA) of 1984 (M.S. 471.991 to 471.999) required local governments to "establish equitable compensation relationships" by December 31, 1991. Other common terms for "equitable compensation relationships" are "comparable worth" or "pay equity." Compliance must be maintained and jurisdictions are periodically evaluated. Jurisdictions are on a three-year reporting cycle with approximately 500 jurisdictions reporting each year.

The purpose of the law is "to eliminate sex-based wage disparities in public employment in this state." Equitable compensation relationships are achieved when "the compensation for female-dominated classes is not consistently below the compensation for male-dominated classes of comparable work value... within the political subdivision."

The law requires MMB to determine whether local governments have achieved pay equity, based on implementation reports submitted by local governments.

Responsibilities of Minnesota Management & Budget

A. Pay Equity Rule Adopted

In 1991, the Legislature authorized MMB to adopt rules under the Administrative Procedures Act to assure compliance with the Local Government Pay Equity Act (Laws 1991, chapter 128, section 2).

That same year, MMB asked employer organizations, unions, and women's groups to name representatives to serve on a rulemaking advisory committee. This 30-member group met to discuss and review compliance guidelines and advise the department on the pay equity rule. MMB adopted the rule MCAR 3920, October 1992.

B. Assistance to Local Governments

In 1989, MMB established a full-time pay equity coordinator position. The coordinator has assisted local governments through extensive training, consultation, and analysis of their pay equity reports.

MMB has communicated through various means with the approximately 1,500 local governments required to comply with the law. The department has produced numerous free technical assistance publications available at no cost to the jurisdiction.

MMB has periodically offered training sessions, and thousands of individuals from local governments throughout the state have attended. MMB has also developed videos and DVDs explaining reporting requirements, compliance requirements and job evaluation methodology.

In 2010, MMB developed and launched a new highly efficient web-based software program to help jurisdictions submit reports, determine the underpayment of female job classes and calculate the results for several of the compliance tests. The new software replaces an older downloadable version and local government staff has indicated it is much more user-friendly. Several improvements to the program were made in both 2011 and 2012.

Pay Equity Implementation Activities for 2012

• Analysis of Pay Equity Reports

By the end of January 2012, 553 local jurisdictions were required to submit a Pay Equity Report to MMB. As of December 24, 2012, a total of 402 (73%) of the jurisdictions were in compliance, 31 (6%) remain out of compliance and 120 (22%) are in decision pending status. All jurisdictions that are out of compliance or with decision pending may need correction or clarification or other follow-up work. This may involve several preliminary reports and investigations to verify accuracy.

• 2012 Annual Report to Legislature

Staff prepared the report to the legislature on the status of compliance and non-compliance regarding each local government.

• Communication Regarding Non-Compliance

Staff provides ongoing communication to jurisdictions regarding the need to submit updated reports to achieve compliance.

• Consultation and Technical Assistance

Provided consultation and technical assistance to jurisdictions that were found out of compliance and developed strategies to achieve compliance and avoid any potential penalties.

• MMB Web Site

Continue to maintain and update MMB's pay equity Web page and the State Job Match manual. The web page also includes pay equity reporting instructions, compliance requirements and pay equity analysis software. All are available on the web free of charge.

• Cost Containment

Extensive use of electronic communication between MMB and local governments instead of regular mail is part of the ongoing efforts to contain costs. This included the notice to report, notice of compliance, reporting and compliance requirements, and follow up communication regarding incomplete reports, inaccurate reports or reports not in compliance.

Section Two

Tests for Compliance

A. Tests for Compliance

The tests for compliance are summarized below. Complete details for each of the tests can be found in Minnesota Rules Chapter 3920. The "recommended action" after each is a brief overview of the general advice MMB gives to jurisdictions that did not pass a particular test. Reports to each jurisdiction are individualized and identify specific problems and requirements to pass the compliance test(s).

1. Completeness and accuracy test (CA) - determines whether jurisdictions have filed reports on time, included correct data and supplied all required information.

Recommended action: Supply any required information not included in the report, make certain all data is correct and submit report by the required date.

2. **Statistical analysis test (ST)** - compares salary data to determine if female classes are paid consistently below male classes of comparable work value (job points). Software is used to calculate this test. For smaller jurisdictions, the alternative analysis is used instead of the statistical analysis.

Recommended action: Adjust salaries to reduce the number of female classes compensated below male classes of comparable value, or reduce the difference between the average compensation for male classes and female classes to the level where it is not statistically significant.

3. **Alternative analysis test (ALT)** - compares salary data to determine if female classes are paid below male classes even though the female classes have similar or greater work value (job points). Also evaluates the compensation for female classes rated lower than all other classes to see if it is as reasonably proportionate to points as other classes.

Recommended action: Eliminate the amount of the inequity identified between the salaries for female classes and male classes.

4. **Salary range test (SR)** - compares the average number of years it takes for individuals in male and female classes to reach the top of a salary range. This test only applies to jurisdictions that have classes where there are an established number of years to move through salary ranges.

Recommended action: Bring more consistency to the average number of years it takes to move through a salary range for male and female classes to meet the minimum standard for passing the test.

5. **Exceptional service pay test (ESP)** - compares the number of male classes in which individuals receive longevity or performance pay above the maximum of the salary range to the number of female classes where this occurs. This test applies only to jurisdictions that provide exceptional service pay.

Recommended action: Bring more consistency to the number of male and female classes receiving exceptional service pay to meet the minimum standard for passing the test.

Section Three

Summary of Compliance Status of Local Governments

2012 Summary of Compliance Status by Jurisdictional Type December 24, 2012 – State Pay Equity Database for Local Jurisdictions

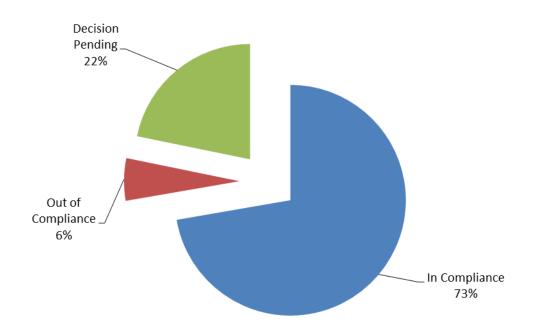
Jurisdiction	In	Out of	Decision	
Type	Compliance	Compliance	Pending	Total
City	138	14	51	233
County	23	1	4	28
Schools	87	8	34	129
Soil & Water	22	0	9	31
Conservation				
Districts				
(SWCDs)				
Other Districts	34	3	17	54
Housing and	22	2	4	28
Redevelopment				
Authorities				
(HRAs)				
Townships	19	1	0	20
Utilities	14	0	1	15
Health Care Fac.	13	2	0	15
TOTAL	402	31	120*	553

^{*}The State Pay Equity Coordinator retired in 2012. Minnesota Management & Budget is currently in the process of filling the vacancy. Therefore, a compliance determination is still pending for 120 local jurisdictions.

Compliance Status of 2012 Reports

In January 2012, 553 local governments were required to submit a report to MMB. As of December 24, 2012, a total of 402 (73%) of the jurisdictions were in compliance, 31 (6%) remain out of compliance and 120* (22%) are in a decision pending status.

Compliance Status of Reports as of December 24, 2012



^{*}The State Pay Equity Coordinator retired in 2012. Minnesota Management & Budget is currently in the process of filling the vacancy. Therefore, a compliance determination is still pending for 120 local jurisdictions.

Inequities Identified in Pay Equity Reports

For the past several reporting years, MMB has examined the inequities found in jurisdictions that were not in compliance to determine how the wage gap between comparable male and female job classes changed after pay equity wage increases were given. This report includes examples of inequities that were found and corrected in some of the jurisdictions that were found out of compliance.

Inequities were identified in instances where females were paid less than males even though their job evaluation ratings indicated that the females should be paid at least equal to the males. In addition, disparities could not be accounted for by length of service or performance differences. For example, a female in the position of city clerk, rating of 275 points, was paid less than a male in a maintenance position with a rating of 213 points. The dollar amounts of such inequities were calculated and appear below.

Typical inequities in cities were found primarily between city clerks and maintenance workers. In schools, female classes of secretaries, food service workers and teacher aides were paid less than male classes such as custodians.

The examples below show that wages for females were adjusted an average of \$2.49 per hour or 16%. Before the inequities were corrected, the average pay for females in the examples was \$15.89 per hour. After adjustments were made, the average pay for females was \$18.37 per hour. Prior to the adjustments, females were paid 82% of what males were paid, but after the adjustments, the wage gap narrowed and females were paid 93% of what males were paid.

Examples of Inequities Identified in Pay Equity Reports

Position	Hourly Wage "Before"	Hourly Wage "After"	Difference
		00.00	0.40
Admin. Asst.	14.44	22.86	8.42
Bartender	7.82	9.00	1.18
Child Care Teacher	11.07	13.62	2.55
City Clerk/Treas.	19.26	19.76	.50
City Clerk/Treas.	15.34	21.16	5.82
Cook Helpers	12.05	13.54	1.49
Health Asst.	15.47	16.23	.76
Lead Cook	16.63	16.97	.34
Library Director	19.67	22.86	3.19
Media Assistant	15.13	16.23	1.10
Program Head	17.72	18.86	1.14
School Age Child Care	18.84	20.86	2.02
Secretary Elem	23.14	26.98	3.84
Averages	\$15.89	\$18.37	\$2.49

Section Four

Jurisdictions Not in Compliance

A. Jurisdictions Not in Compliance

Based on status reports generated from the Minnesota Pay Equity Database on December 24, 2012, the jurisdictions listed below were out of compliance. This means the report was submitted after the deadline date or required information was missing or inaccurate. Some of the jurisdictions listed below received a "first notice of non-compliance", but at this time no penalties have been assessed.

Jurisdictions

Cities

Arco

Bigfork

Bovey

Clearwater

Deerwood

Delavan

Foreston

Gilman

Omman

Goodridge

Hadley

Harris

Holland

Spring Valley

Taylors Falls

County

Houston County

Other

Brown-Nicollet-Cottonwood Clean Carnelian Marine St. Croix Water. Southern Plains Education Coop

School Districts

ISD No. 242 Alden-Conger

ISD No. 314 Braham

ISD No. 330 Heron Lake-Okaben

ISD No. 345 New London-Spicer

ISD No. 363 So. Koochiching/Rai

ISD No. 403 Ivanhoe

ISD No. 707 Nett Lake

ISD No. 771 Chokio-Alberta

HCF

Avera Marshal Regional Med.Ctr Chippewa Co. Montevideo Hosp.

HRA

Morrison County HRA Redwood Falls HRA

Townships

Fair Haven Township

B.Jurisdictions Not in Compliance – Second Notice of Non-Compliance

At this time there are no jurisdictions that have received a second notice of non-compliance with the Local Government Pay Equity Act and a notice that they are subject to a penalty. If there were any jurisdictions in this category, MMB would have specified the reason for non-compliance, recommended actions to achieve compliance and estimated the cost of achieving for compliance for each of these jurisdictions.

Prior to any penalties being assessed, a jurisdiction subject to a penalty would have had several opportunities to avoid such a notice including a first notice of non-compliance and a grace period to make corrections and achieve compliance. In addition, any non-compliant jurisdictions would have been:

- Warned that failure to achieve compliance by the end of the grace period would result
 in a second notice of non-compliance and a penalty notice. Also, that the penalty
 would be the greater of a 5% reduction in state aid or \$100 per day assessed from the
 original deadline for compliance and would continue until compliance was achieved.
- Advised of the reason they were found out of compliance, the results of the tests for compliance and an explanation of the results.
- Encouraged to contact MMB for technical assistance and review of potential salary and other adjustments to see if they would meet compliance requirements.
- Advised to request reconsideration if they wished to explain circumstances and ask for a reversal of MMB's decision, or request an extension of the grace period to achieve compliance.
- Sent a courtesy reminder letter from MMB 30 days prior to the end of their grace period reminding them of the deadline for achieving compliance and submitting a new report.

Any penalized jurisdiction would have had the option to request a suspension of the penalty and/or file a contested case appeal. Penalties may not be imposed while an appeal is pending.

The law allows MMB to consider the following factors when deciding whether to suspend any portion of a penalty: circumstances beyond a jurisdiction's control, severe hardship, non-compliance due to factors unrelated to gender, and steps the jurisdiction has taken to achieve compliance. Jurisdictions also have the option to submit a contested case appeal on the new penalty amounts.

Because penalties continue until compliance is achieved, jurisdictions that do not achieve compliance are subject to additional penalties. No penalties may be imposed until the end of the legislative session in which MMB submits a report listing a jurisdiction as not in compliance. MMB makes compliance decisions on an ongoing basis and updates the legislature annually.

C. Jurisdictions Not in Compliance – Penalties Resolved

A total of 96 penalty cases have been resolved over the past 15 years resulting in \$1,267,851.00 in total restitution paid to approximately 1300 employees for past inequities. A total of \$210,233 has been collected in penalties. The penalties go to the general fund and not to MMB.

Section Five

Jurisdictions in Compliance for 2012 Reporting

Cities

Afton Aitkin Albany Albertville Alexandria Altura Amboy Argyle Austin Balaton Baxter **Bayport** Beardsley Belview Benson Bertha Big Lake

Birchwood Village Bird Island Biscay Biwabik Blue Earth Boyd Brandon Brewster Brownsdale Callaway Calumet Canton Carlos Cass Lake Chandler Chanhassen Chisholm City of Comfrey Claremont

Clarissa

Cloquet

Conger

Danube

Dawson

Emily

Erhard

Clear Lake Corcoran Crookston Crosslake Deephaven **Detroit Lakes** Dodge Center Donnelly Eagle Lake East Bethel East Grand Forks Eden Prairie Elbow Lake **Emmons**

Fairfax Finlayson Foley Forest Lake Franklin Fulda Gary Gaylord Geneva Glenville Gonvick Goodhue Goodview **Grand Rapids** Greenfield Grey Eagle Grygla Hallock Hamburg Hartland Hastings Hayward Heron Lake Hilltop Hoffman

Hokah

Isanti

Jasper

Jeffers

Jordan

Kandiyohi

Kellogg

La Prairie

Lewisville

Littlefork

Lonsdale

Luverne

Janesville

Lvnd Madelia Madison Madison Lake Mahnomen Maple Grove Maplewood Marietta McGregor Medina Menahga Mendota Heights Middle River Milaca Minneapolis Minnesota Lake Minnetrista Mound Northfield

Silver Lake Nowthen Okabena South Haven Olivia Spring Lake Park Osakis St. Charles Osseo Stacy Otsego Stephen Ottertail Stewartville Palisade Storden Perham Tracy Twin Valley Pierz Ulen Pillager Pipestone Upsala Plummer Vernon Center Plymouth Vesta Proctor Waldorf Ramsey Walters Red Wing Warren Richfield Watertown Roseau Waterville Rothsay Watson Royalton Waverly Rushford Welcome Rushmore White Bear Lake Ruthton Wilmont Shelly Wolf Lake Shorewood Wolverton Worthington

Counties

Mille Lacs County Blue Earth County Pennington County Chisago County Ramsey County Clay County Rice County Dakota County Roseau County Faribault County Stevens County Freeborn County Swift County **Hubbard County** Traverse County Jackson County Washington County Kandiyohi County Watonwan County Kittson County Winona County **Koochiching County**

Health Care Facilities

Le Sueur County

Cook-Orr Health Care District
Douglas County Hospital
Heritage Living Center
Lakewood Health System
Norman-Mahnomen Public Health
Ortonville Area Health Service
Paynesville Area Health Care System
Redwood Area Hospital
Rice County District One Hospital
Sleepy Eye Medical Center
Stevens-Traverse-Grant Public
Swift County Benson Hospital

United Hospital District

Housing and Redevelopment Authorities

Austin HRA
Barnesville HRA
Big Stone County HRA
Carver County CDA
Chisholm HRA
Cloquet HRA
Duluth HRA
East Grand Forks EDHA

East Grand Forks EDHA
International Falls HRA

Luverne HRA Mora HRA

Wyoming

Mountain Lake HRA North Mankato HRA

Northwest Multi-County HRA

Pequot Lakes HRA Red Lake Falls HRA

SE Minnesota Multi-County HRA

Sleepy Eye HRA

Tracy HRA Washington County HRA Willmar HRA Worthington HRA

Independent School Districts

ISD No. 108 - Norwood ISD No. 116 - Pillager ISD No. 12 - Centennial ISD No. 138 - North Branch Area Schools ISD No. 139 - Rush City ISD No. 15 - St. Francis ISD No. 162 - Bagley ISD No. 200 - Hastings ISD No. 207 - Brandon ISD No. 2071 - Lake Crystal-W ISD No. 2125 - Triton ISD No. 2135 - Maple River ISD No. 2137 - Kingsland Publi ISD No. 2149 - Minnewaska ISD No. 2154 - Eveleth-Gilbert ISD No. 2164 - Dilworth- Glyndon-F ISD No. 2165 - Hinckley- Finlayson ISD No. 2167 - Lakeview ISD No. 2168 - NRHEG ISD No. 2169 - Murray County Central ISD No. 2170 - Staples-Motley ISD No. 2171 - Kittson Central ISD No. 22 - Detroit Lakes ISD No. 2215 - Norman County East ISD No. 227 - Chatfield ISD No. 2365 - GFW Gibbon-Fairfax ISD No. 2527 - Norman Co. West ISD No. 2580 - East Central ISD No. 261 - Ashby ISD No. 264 - Herman-Norcross ISD No. 2689 - Pipestone- Jasper ISD No. 270 - Hopkins ISD No. 273 - Edina ISD No. 276 - Minnetonka ISD No. 281 - Robbinsdale ISD No. 283 - St. Louis Park ISD No. 2835 - Janesville- Waldorf-ISD No. 2860 - Blue Earth Area SchoBolluse Earth ISD No. 2889 - Lake Park- Audubon-Lake Park ISD No. 2895 - Jackson County Central ISD No. 2903 - Ortonville ISD No. 294 - Houston ISD No. 300 - LaCrescent- Hokah ISD No. 31 - Bemidji ISD No. 317 - Deer River ISD No. 332 - Mora ISD No. 36 - Kelliher ISD No. 4 - McGregor ISD No. 404 - Lake Benton ISD No. 413 - Marshall ISD No. 414 - Minneota ISD No. 432 - Mahnomen ISD No. 447 - Grygla/Gatzke ISD No. 463 - Eden Valley- Watkin ISD No. 482 - Little Falls ISD No. 484 - Pierz

ISD No. 511 - Adrian

ISD No. 531 - Byron

ISD No. 553 - New York Mills ISD No. 578 - Pine City ISD No. 592 - Climax-Shelly ISD No. 593 - Crookston ISD No. 599 - Fertile-Beltrami ISD No. 6 - South St. Paul ISD No. 600 - Fisher ISD No. 601 - Fosston ISD No. 628 - Plummer ISD No. 630 - Red Lake Falls ISD No. 659 - Northfield ISD No. 671 - Hills- Beaver Creek ISD No. 676 - Badger ISD No. 682 - Roseau ISD No. 700 - Hermantown ISD No. 709 - Duluth ISD No. 712 - Mountain Iron- Buhl ISD No. 727 - Big Lake ISD No. 728 - Elk River ISD No. 761 - Owatonna ISD No. 77 - Mankato ISD No. 787 - Browerville ISD No. 801 - Browns Valley ISD No. 820 - Sebeka ISD No. 834 - Stillwater ISD No. 837 - Madelia ISD No. 846 - Breckenridge ISD No. 850 - Rothsay ISD No. 99 - Esko

Others

Arrowhead Library System Arrowhead Regional Development Bemidji Regional Interdistrict Council Clear Lake/Clearwater Sewer Authority **Dakota Communications Center** Duluth Entertainment & Convention Center East Central Regional Development East Central Solid Waste Commission Great River Regional Library Heron Lake Watershed District Human Services of Faribault and M Kitchigami Regional Library Lac Qui Parle-Yellow Bank Watershed District Metronet Metropolitan Airports Commission Metropolitan Sports Facilities Commission Mid-Minnesota Development Commission Minnehaha Creek Watershed District Nine Mile Creek Watershed District North Country Library Cooperative Northern Lights Library Network Northwest Hennepin Human Services Northwest Regional Development Commission NW Regional Inter-District Council

Okabena-Ocheda Watershed District
Pelican River Watershed District
Pine to Prairie Cooperative Center
Pipestone County Economic Development Authority
Prairieland Joint County Compost
Prior Lake - Spring Lake Watershed District
Public Safety Department of Amboy
Ramsey-Washington Metro Watershed District
Redwood-Cottonwood Rivers Cont
Two Rivers Watershed District

Soil and Water Conservation Districts

Beltrami SWCD Benton County SWCD Blue Earth County SWCD Clearwater SWCD Douglas SWCD **Hubbard County SWCD** Lyon County SWCD Martin SWCD Mille Lacs SWCD Nicollet SWCD Nobles SWCD Pipestone County SWCD Red Lake County SWCD Redwood County SWCD Root River SWCD Sherburne SWCD Sibley County SWCD Steele County SWCD Todd SWCD West Ottertail SWCD Wilkin SWCD Winona County SWCD

Towns

Franklin Township Ideal Township Joint Powers Board Krain Township LaGrande Township Laketown Township Linwood Township Maple Lake Township Marysville Township Middleville Township Northern Township Oaklawn Township Pokegama Township Rockford Township Shingobee Township Silver Creek Township Stanford Township White Township York Township

Utilities

Alexandria Light & Power
Austin Utilities
Bagley Public Utilities Commission
Bovey-Coleraine Water & Waste Water Commission
Farwell Kensington Sanitary District
Grand Rapids Public Utilities Commission
Madelia Municipal Light & Power
Marshall & Polk Rural Water System
Moorhead Public Service Department
Moose Lake Water and Light Comm
Owatonna Public Utilities
Sauk Centre Public Utilities
Utilities Plus
Wells Public Utilities Department