



December 21, 2016

Representative Sarah Anderson, Chair
State Government Finance Committee
583 State Office Building
St. Paul, MN 55155

Senator Tom Saxhaug, Chair
State Departments and Veterans Budget Division
2111 Minnesota Senate Building
St. Paul, MN 55155

Representative Sheldon Johnson
259 State Office Building
St. Paul, MN 55155

Senator Roger Chamberlain
3225 Minnesota Senate Building
St. Paul, MN 55155

Representative Tim Sanders, Chair
House Government Operations Committee
553 State Office Building
St. Paul, MN 55155

Senator Patricia Torres Ray, Chair
Senate State and Local Government Committee
3225 Minnesota Senate Building
St. Paul, MN 55155

Representative Michael Nelson
351 State Office Building
St. Paul, MN 55155

Senator Dan Hall
3111 Minnesota Senate Building
St. Paul, MN 55155

RE: Minnesota Local Government Pay Equity Compliance Report

Dear Senators and Representatives:

Minnesota Statute (M.S.) 471.999 directs Minnesota Management and Budget to prepare the attached annual report and submit to the chairs and ranking members of each of the Senate and House committees having responsibility for local government pay equity compliance.

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

Sincerely,

Myron Frans, Commissioner

cc: Eric Nauman, Senate Fiscal Analyst
Bill Marx, House Fiscal Analyst
Kevin Lundeen, Senate Fiscal Analyst
Helen Roberts, House Fiscal Analyst



January 2017

Minnesota Local Government Pay Equity Compliance Report

**Submitted to the Minnesota Legislature by
Minnesota Management and Budget**

400 Centennial Office Building
658 Cedar Street
St. Paul, MN 55155

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Executive Summary

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

The Local Government Pay Equity Act examines local government pay structure for evidence of gender inequity. The act applies to about 1,500 local governments in Minnesota, and affects a total of about 220,000 local government employees.

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 commitment on the part of local governments and to the ongoing assistance and monitoring by the MMB Pay Equity Unit.

In January 2016, 483 local governments were required to submit reports to MMB. As of December 14, 2016, a total of 477 (99%) of the jurisdictions were in compliance, six remained out of compliance.

About This Report

Minnesota Management and Budget staff prepared the 2017 Annual Minnesota Local Government Pay Equity Report as part of routine work assignments. This report is based on local jurisdiction pay equity reports due to MMB in 2016.

Please contact us if you need this report in alternate formats such as large print, Braille or audiotape.

Questions? Contact us John Pollard at 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.”

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 says jurisdictions must be periodically evaluated and be in compliance. The law requires MMB to determine whether local governments have achieved pay equity, based on implementation reports submitted by local governments.

Jurisdictions are on a three-year reporting cycle with approximately 500 jurisdictions reporting every year. 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 ongoing requirement to report prevents regression into inequitable compensation practices and reduces sex-based wage disparities in public employment throughout Minnesota.

Ensuring Compliance

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 assists local governments through extensive training, consulting, and analyzing their pay equity reports.

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

MMB has periodically offered training sessions and delivered presentations at various conferences. MMB has also developed instructional material 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. As part of our continuous improvement efforts, we have made several enhancements to the program since that time.

Section Two

Tests for Compliance

A. Pay Inequity

A complete description of the tests for compliance and the specific actions MMB recommends to each jurisdictions to achieve compliance can be found in the appendix of this report.

MMB identified inequities 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, the jurisdiction could not account for the disparities by length of service or performance differences.

For example, a female in the position of city clerk-treasurer rating of 275 points, was paid less than a male in a public works/maintenance position with a rating of 213 points. We found inequities in cities primarily between city clerks and maintenance workers.

In schools, we found the greatest potential for inequities in considering the number of years to achieve maximum salary for licensed staff (teachers) in comparison to the non-licensed or support staff.

Examples of Pay Inequity

<i>Position</i>	<i>Hourly Wage "Out of Compliance"</i>	<i>Hourly Wage "In Compliance"</i>	<i>Difference</i>
Clerk-Treasurer	\$20.00	\$24.07	\$4.07
Clerk-Treasurer	\$14.47	\$15.57	\$1.10
Clerk-Treasurer	\$21.77	\$22.77	\$1.00
Library Technician	\$15.45	\$18.69	\$3.24
Liquor Store Manager	\$15.15	\$16.91	\$ 1.76

B. Summary of Tests Failed After Initial Analysis

The following is a summary of 483 reports submitted by jurisdictions for the reporting year 2016. 85 or 18% of the reports were initially found out of compliance. Below is a breakdown of each test:

<i>Test</i>	<i>Number of Jurisdictions Failing</i>
Completeness and Accuracy Test	49
Statistical Analysis Test	10
Alternative Analysis Test	14
Salary Range Test	6
Exceptional Service Pay Test	5
Two or more tests	1
Total	85

Section Three

Summary of Compliance Status of Local Governments

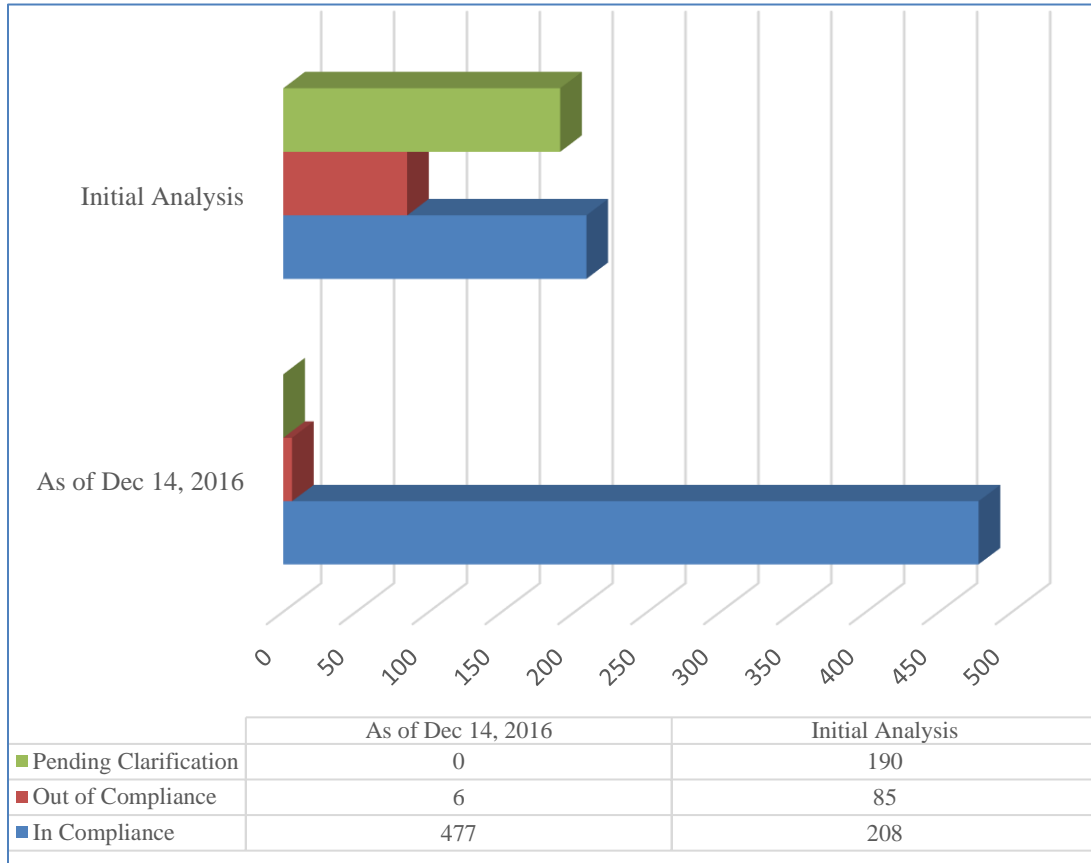
A. 2017 Summary of Compliance Status by Jurisdictional Type December 14, 2016 - Pay Equity Database for Local Governments

<i>Jurisdiction Type</i>	<i>In Compliance</i>	<i>Out of Compliance</i>	<i>Total</i>	<i>% In Compliance</i>
Cities	203	3	206	99%
Counties	24	1	25	96%
Schools	99	2	101	98%
Soil & Water Conservation Districts	24	0	24	100%
Other Districts	41	0	41	100%
Housing and Redevelopment Authorities	26	0	26	100%
Townships	37	0	37	100%
Utilities	15	0	15	100%
Health Care Facilities	8	0	8	100%
TOTAL	477	6	483	99%

B. Compliance Status of 2016 Reports

In January 2016, 483 local governments were required to submit a report to MMB. The following chart depicts progress-to-date.

Status of Reports as of December 14, 2016



Section Four

Jurisdictions Not in Compliance

A. Jurisdictions Not in Compliance – First Notice of Non-Compliance

The jurisdictions listed below have all received a “first notice of non-compliance” but at this time no penalties have been assessed. Some of the jurisdictions on this list have recently submitted second reports yet to be reviewed. Any jurisdiction on this list could receive a penalty notice at a later time if they fail to submit a new report that passes all compliance tests.

<i>Jurisdiction</i>	<i>Test Failed*</i>	<i>Est. Monthly Cost to Achieve Compliance</i>	<i>Cost as % of Payroll</i>
Cities			
Ogema	CA	**	0.1%
Stillwater	ST	\$228	0.1%
Waseca	CA	**	0.1%
County			
Waseca	ST	**	4.0%
School Districts			
ISD No. 2176-Warren-Alvarado-Oslo	SR	**	0.1%
ISD No. 535-Rochester	CA	**	0.1%

*The abbreviations for the tests for compliance used in this section follow. A complete description of each of these tests and the specific actions MMB recommended to each jurisdiction to achieve compliance can be found in Section Six - Appendix of this report.

- CA – completeness and accuracy
- SR – salary range
- ST – statistical salary comparison analysis

**Data to calculate a specific amount was not available to MMB at the time of this report, but based on MMB analysis of average costs, MMB estimates that the cost would not exceed 0.1% of payroll and would probably be less.

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.

C. Jurisdictions Not in Compliance – Penalties Resolved

MMB has resolved a total of 96 penalty cases over the past 19 years resulting in \$1,267,851 in total restitution paid to approximately 1,300 employees for past inequities. The state has collected a total of \$210,233 in penalty fees. The penalty fees go to the general fund and not to MMB. There were no penalties assessed in 2016.

Section Five

Jurisdictions in Compliance

Cities

Adrian
Akeley
Alvarado
Andover
Annandale
Anoka
Appleton
Askov
Atwater
Aurora
Badger
Barrett
Battle Lake
Beaver Bay
Becker
Belgrade
Belle Plaine
Bethel
Big Falls
Blackduck
Blaine
Bloomington
Breckenridge
Bricelyn
Brownton
Buhl
Burnsville
Caledonia
Canby
Carver
Champlin
Chaska
Chatfield
Chokio
Circle Pines
Clements
Cleveland
Clontarf
Cold Spring
Cologne
Columbia Heights
Columbus
Coon Rapids
Cosmos
Cottage Grove
Crystal
Currie
Danvers
Dellwood
Dilworth

Dunnell
Eagan
Eden Valley
Edgerton
Edina
Elgin
Elk River
Ellendale
Ellsworth
Eyota
Fairmont
Fifty Lakes
Floodwood
Fosston
Fountain
Freeport
Fridley
Frost
Glenwood
Good Thunder
Graceville
Granite Falls
Grant
Greenbush
Grove City
Halstad
Hanska
Hawley
Hector
Hendrum
Herman
Hermantown
Hibbing
Hill City
Hills
Hinckley
Hopkins
Houston
Independence
Inver Grove Heights
Isle
Karlstad
Kasota
Kelliher
Kerkhoven
La Crescent
Lafayette
Lake City
Lake Lillian
Lanesboro
Le Center

LeRoy
Lester Prairie
Lewiston
Lino Lakes
Lismore
Litchfield
Little Falls
Long Prairie
Mabel
Mankato
Mantorville
Maple Plain
Mapleview
Maynard
Medford
Melrose
Milroy
Miltona
Minnetonka
Montgomery
Morgan
Motley
Mounds View
Mountain Lake
Nevis
New Brighton
New Hope
New London
New Ulm
Newfolden
Nicollet
North Branch
North Mankato
North Oaks
Northome
Odessa
Oklee
Orono
Ostrander
Owatonna
Park Rapids
Pelican Rapids
Pemberton
Peterson
Pine City
Plainview
Plato
Preston
Princeton
Prinsburg
Ranier

Cities - Continued

Raymond
Red Lake Falls
Remer
Rice
Rice Lake
Richmond
Rock Creek
Rockville
Rosemount
Round Lake
Rushford Village
Russell
Sacred Heart
Savage
Sebeka
Shoreview
Silver Bay
Sleepy Eye
South St. Paul
Spicer
St. Anthony Village
St. Bonifacius
St. Clair
St. Cloud
St. Francis
St. Hilaire
St. James
St. Paul Park
St. Peter
Starbuck
Stewart
Swanville
Truman
Vergas
Verndale
Waconia
Wadena
Waite Park
Wanamingo
Warroad
Wayzata
West Concord
West St. Paul
Wheaton
Windom
Winona
Winsted
Winthrop
Winton
Wood Lake
Zimmerman

Counties

Anoka County
Becker County
Benton County
Big Stone County
Carver County
Cass County
Clearwater County
Cook County
Dodge County
Goodhue County
Grant County
Hennepin County
Lac Qui Parle County
Lake County
Martin County
Nicollet County
Norman County
Olmsted County
Polk County
Redwood County
Rock County
Scott County
Wadena County
Yellow Medicine County

Health Care Facilities

Appleton Area Health Services
Granite Falls Municipal Hospital & Manor
Hennepin County Medical Center
Johnson Memorial Health Services
Northern Itasca Hospital District
Northfield Hospital & Clinic
Rivers Edge Hospital & Clinic
So. Country Health Alliance

Housing Redevelopment Authorities

Blue Earth HRA
Brainerd HRA
Breckenridge HRA
Cass County HRA
Cook HRA
Cottonwood HRA
Crookston Housing & EDA
Crosby HRA
Dakota County CDA
Detroit Lakes HRA
Eveleth HRA
Litchfield HRA
Madison HRA
Marshall Public Housing Commission
Montevideo HRA
Moorhead PHA
Mower County HRA
Pine City HRA
Pipestone HRA
St. Peter HRA
Swift County HRA
Thief River Falls HRA
Virginia HRA
Walker HRA
Windom HRA
Winona HRA

School Districts

Intermediate School District 916-Northeast Metro
ISD No. 11-Anoka-Hennepin
ISD No. 100-Wrenshall
ISD No. 110-Waconia Public Schools
ISD No. 112-Eastern Carver Co
ISD No. 113-Walker-Hackensack-Akeley
ISD No. 13-Columbia Heights
ISD No. 14-Fridley
ISD No. 150-Hawley
ISD No. 16-Spring Lake Park
ISD No. 173-Mountain Lake
ISD No. 181-Brainerd
ISD No. 186-Pequot Lakes
ISD No. 197-West St. Paul
ISD No. 1A-Minneapolis
ISD No. 206-Alexandria
ISD No. 2142-St. Louis Co.
ISD No. 2155-Wadena-Deer Creek
ISD No. 2172-Kenyon-Wanamingo
ISD No. 2180-MacCray
ISD No. 2190-Yellow Medicine East
ISD No. 2198-Fillmore Central
ISD No. 2310-Sibley East Schools
ISD No. 238-Mabel-Canton
ISD No. 2396-Atwater-Cosmos-GroveCity
ISD No. 2397-LeSueur-Henderson
ISD No. 241-Albert Lea
ISD No. 2448-Martin County West
ISD No. 253-Goodhue
ISD No. 256-Red Wing
ISD No. 2687-Howard Lake-Waverly-Winsted
ISD No. 271-Bloomington
ISD No. 2711-Mesabi East
ISD No. 272-Eden Prairie
ISD No. 2752-Fairmont Area
ISD No. 2759-Eagle Valley Public Schools
ISD No. 2769-Morris
ISD No. 277-Westonka
ISD No. 279-Osseo
ISD No. 282-St. Anthony-New Brighton
ISD No. 2853-Lac Qui Parle Valley School
ISD No. 2859-Glencoe-Silver Lake
ISD No. 286-Brooklyn Center
ISD No. 2898-Westbrook-Walnut Grove
ISD No. 2902-Russell-Tyler-Ruthton
ISD No. 2904-Tracy Area Public Schools
ISD No. 2905-Tri-City United
ISD No. 2906-Red Lake County Central
ISD No. 297-Spring Grove
ISD No. 308-Nevis
ISD No. 309-Park Rapids
ISD No. 316-Greenway
ISD No. 318-Grand Rapids
ISD No. 32-Blackduck
ISD No. 361-International Falls
ISD No. 381-Lake Superior

School Districts-Continued

ISD No. 415-Lynd
ISD No. 466-Dassel-Cokato
ISD No. 473-Isle
ISD No. 485-Royalton
ISD No. 487-Upsala
ISD No. 492-Austin
ISD No. 500-Southland
ISD No. 507-Nicollet
ISD No. 533-Dover-Eyota
ISD No. 549-Perham
ISD No. 550-Underwood
ISD No. 577-Willow River
ISD No. 595-East Grand Forks
ISD No. 623-Roseville
ISD No. 625-St. Paul
ISD No. 640-Wabasso
ISD No. 695-Chisholm
ISD No. 696-Ely
ISD No. 704-Proctor
ISD No. 716-Belle Plaine
ISD No. 720-Shakopee
ISD No. 726-Becker
ISD No. 738-Holdingford
ISD No. 740-Melrose
ISD No. 741-Paynesville
ISD No. 743-Sauk Centre
ISD No. 750-Rocori
ISD No. 756-Blooming Prairie
ISD No. 75-St. Clair
ISD No. 768-Hancock
ISD No. 813-Lake City
ISD No. 81-Comfrey
ISD No. 832-Mahtomedi
ISD No. 833-South Washington County Schools
ISD No. 84-Sleepy Eye
ISD No. 857-Lewiston-Altura
ISD No. 879-Delano
ISD No. 881-Maple Lake
ISD No. 885-St. Michael-Albertville
ISD No. 88-New Ulm
ISD No. 917-Rosemount
ISD No. 93-Carlton
ISD No. 95-Cromwell-Wright

Soil and Water Conservation Districts

Chippewa County SWCD
Chisago SWCD
East Otter Tail SWCD
Fillmore SWCD
Isanti SWCD
Koochiching SWCD
Lake of the Woods SWCD
LeSueur County SWCD
Marshall County SWCD
Meeker SWCD
Morrison SWCD
Norman County SWCD
North St. Louis SWCD
Pennington SWCD
Ramsey Conservation District
Renville County SWCD
Scott County SWCD
So. St. Louis SWCD
Traverse SWCD
Wabasha County SWCD
Wadena SWCD
Waseca SWCD
West Polk SWCD
Wright SWCD

Townships

Alexandria Township
Arbo Township
Baldwin Township
Balkan Township
Beaver Creek Township
Belgrade Township
Biwabik Township
Blackberry Township
Camden Township
Clearwater Township
Cokato Township
Corinna Township
Franconia Township
Great Scott Township
Harris Township
Isanti Township
Lafayette Township
Livonia Township
Mankato Township
May Township
Millwood Township
Monticello Township
Mountain Lake Township
New Haven Township

Townships - Continued

Paynesville Township
Perch Lake Township
Pike Bay Township
Pine City Township
Princeton Township
Scandia Valley Township
Silver Creek Township
Stillwater Township
Sverdrup Township
Thomson Township
Victor Township
Waconia Township
White Bear Township

Utilities

Alexandria Lake Area Sanitary District
Babbitt Public Utilities Commission
Blue Earth Light & Water
Delano Municipal Utilities
Glencoe Light & Power Commission
Hibbing Public Utilities
Kenyon Municipal Utilities
Lakefield Public Utilities
Marshall Municipal Utilities
New Ulm Public Utilities
Otter Tail Water Management District
Princeton Public Utilities
Proctor Public Utilities Commission
Sleepy Eye Public Utilities
Westbrook Public Utilities

Other

Anoka-Champlin Fire Department
Area Special Education Cooperative
Arrowhead Region Computing Consortium
Arrowhead Regional Corrections
Benton/Stearns Education District #6383
Centennial Lakes Police Department
Central Minnesota Community Corrections
Central MN Educ. Research & Development Council
Duluth Airport Authority
Fergus Falls Area Special Ed Coop No. 935
Freshwater Education District #6004
International Falls Recreation Commission
Jackson County Library
Metro ECSU
Metropolitan Council
Metropolitan Library Service Agency (MELSA)
Midwest Special Ed Interdistrict Coop
Minneapolis Municipal Building Commission
Minneapolis Parks & Recreation Board
Minnesota Valley Cooperative Center
Mississippi Headwaters Board
Mississippi Watershed Management Organization
Northwest Regional Library
Northwest Service Cooperative
Pioneerland Library System
Region 5 Development Commission
Region I Information Management Services
Rice Creek Watershed District
SAMMIE
Seaway Port Authority/Duluth
Southwest & West Central Service Cooperative
Southwest Health & Human Services
St. Cloud Area Planning Organization
St. Cloud Metropolitan Transit Commission
St. Paul Port Authority
Three Rivers Park District
Tri-City Public Safety
Waseca-LeSueur Regional Library
West Metro Fire-Rescue District
Wright Technical Center District
Yellow Medicine River Watershed District

Section Six

Appendix – Compliance Tests

Below is a summary of the tests that we conduct to determine compliance. The “recommended action” is a brief overview of the general advice MMB gives to jurisdictions that did not pass a particular test. MMB creates individualized reports for each jurisdiction which identifies specific problems and requirements to pass the compliance test(s). (See [Minnesota Rules Chapter 3920](#) for details on each test.)

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.*

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.*

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.*

Salary range test (SR) - compares the average number of years it takes for 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.*

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.*