



December 29, 2017

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

Senator Mary Kiffmeyer, Chair
State Government Finance Committee
3103 Minnesota Senate Building
St. Paul, MN 55155

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

Senator Jim Carlson
State Government Finance Committee
2207 Minnesota Senate Building
St. Paul, MN 55155

Representative Tim O'Driscoll
Government Operation and Elections Policy
559 State Office Building
St. Paul, MN 55155

Senator Dan Hall, Chair
Local Government Committee
3111 Senate Office Building
St. Paul, MN 55155

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

Senator Patricia Torres Ray
2225 Senate Office 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 or john.pollard@state.mn.us

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 2018

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 (LGPEA) examines local government pay structures for evidence of gender inequity. The act applies to about 1,700 local governments in Minnesota, and affects a total of about 220,000 local government employees. These totals have changed as additional local governments began reporting.

Overall, local governments have achieved a high level of compliance - both in meeting reporting requirements and implementing pay equity under the LGPEA 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 2017, 507 local governments were required to submit reports to MMB. As of December 15, 2017, a total of 503 (99.2%) of the jurisdictions were in compliance, four remained out of compliance.

About This Report

Minnesota Management and Budget staff prepared the 2018 Annual Minnesota Local Government Pay Equity Report as part of routine work assignments. This report is based on local jurisdiction pay equity reports provided to MMB in 2017.

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

Questions? Contact 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 LGPEA 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 LGPEA requires jurisdictions to 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 more than 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 1,700 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	\$16.00	\$17.34	\$1.34
Clerk-Treasurer	\$22.66	\$23.12	\$0.46
Office Manager	\$27.53	\$28.64	\$1.11
Museum Director	\$18.36	\$18.67	\$0.31
Liquor Store Manager	\$16.78	\$17.34	\$0.56

B. Summary of Tests Failed After Initial Analysis

The following is a summary of 507 reports submitted by jurisdictions for the reporting year 2017. 116 or 35% 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	74
Statistical Analysis Test	6
Alternative Analysis Test	16
Salary Range Test	12
Exceptional Service Pay Test	8
Two or more tests	0
Total	116

Section Three

Summary of Compliance Status of Local Governments

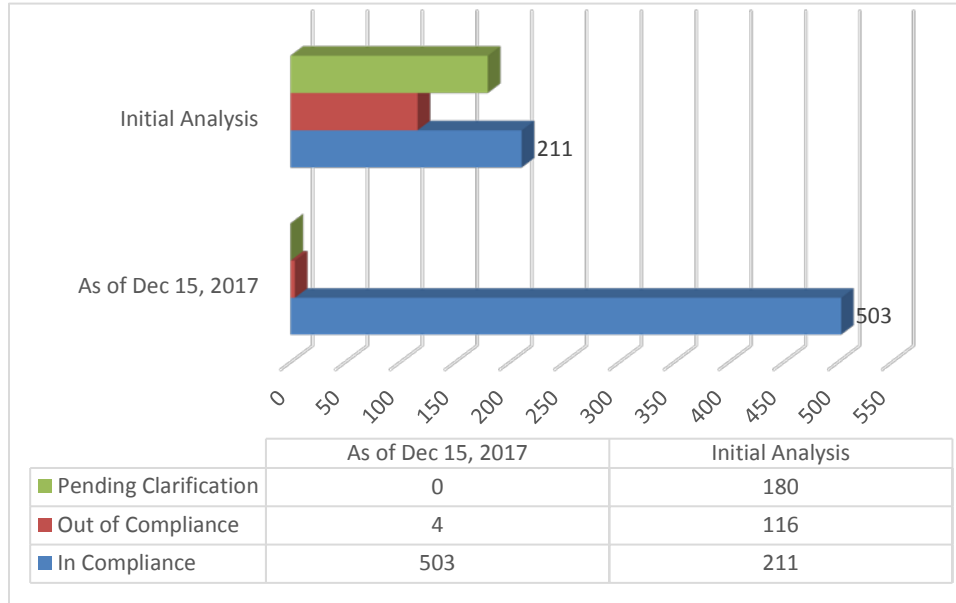
A. 2018 Summary of Compliance Status by Jurisdictional Type December 15, 2017 - Pay Equity Database for Local Governments

<i>Jurisdiction Type</i>	<i>In Compliance</i>	<i>Out of Compliance</i>	<i>Total</i>	<i>% In Compliance</i>
Cities	235	2	237	99%
Counties	34	0	34	100%
Schools	105	1	106	99%
Soil & Water Conservation Districts	28	0	28	100%
Other Districts	31	1	32	97%
Housing and Redevelopment Authorities	20	0	20	100%
Townships	24	0	24	100%
Utilities	14	0	14	100%
Health Care Facilities	12	0	12	100%
TOTAL	503	4	507	99%

B. Compliance Status of 2017 Reports

In January 2017, there were 507 local governments required to submit a report to MMB. The following chart depicts progress-to-date.

Status of Reports as of December 15, 2017



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			
Moose Lake	CA	**	0.1%
Wells	CA	**	0.1%
Other			
Spirit Mountain Recreation Area	CA	**	0.1%
School Districts			
ISD No. 51-Foley	SR	**	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

**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 20 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 2017.

Section Five

Jurisdictions in Compliance

Cities

Ada	Cyrus	Hollandale
Adams	Darwin	Howard Lake
Albert Lea	Dassel	Hoyt Lakes
Alden	Dayton	Hugo
Apple Valley	Deer River	Hutchinson
Arden Hills	Delano	International Falls
Arlington	Dovray	Iona
Ashby	Duluth	Ironton
Avoca	Dumont	Ivanhoe
Avon	Dundas	Kasson
Babbitt	Dundee	Keewatin
Backus	Eagle Bend	Kennedy
Barnesville	Echo	Kettle River
Barnum	Eitzen	Kiester
Beaver Creek	Elizabeth	Kimball
Bellingham	Elmore	Lake Bronson
Bingham Lake	Ely	Lake Crystal
Blooming Prairie	Erskine	Lake Elmo
Braham	Evansville	Lake Park
Brainerd	Eveleth	Lake Shore
Breezy Point	Excelsior	Lake St. Croix Beach
Brook Park	Falcon Heights	Lake Wilson
Brooklyn Center	Faribault	Lakeville
Brooklyn Park	Farmington	Landfall Village
Brooten	Fertile	Lauderdale
Browerville	Flensburg	Le Sueur
Browns Valley	Frazee	Lexington
Brownsville	Freeborn	Lilydale
Buffalo	Garfield	Lindstrom
Buffalo Lake	Garrison	Little Canada
Byron	Garvin	Long Lake
Cambridge	Ghent	Longville
Cannon Falls	Gibbon	Loretto
Carlton	Glencoe	Lucan
Centerville	Glyndon	Lyle
Ceylon	Golden Valley	Magnolia
Chisago City	Grand Marais	Mahtomedi
Clara City	Hackensack	Mapleton
Clarkfield	Ham Lake	Marble
Clarks Grove	Hampton	Marine on St. Croix
Climax	Hanley Falls	Mayer
Clinton	Hanover	Mazeppa
Cohasset	Hardwick	McGrath
Cokato	Harmony	Mentor
Coleraine	Hayfield	Milan
Cook	Henderson	Millerville
Cottonwood	Hendricks	Millville
Courtland	Henning	Minneota
Cromwell	Henriette	Minnetonka Beach
Cuyuna	Hewitt	Montevideo
	Hitterdal	Monticello

Cities-Continued

Montrose
Moorhead
Mora
Morris
Morristown
Morton
Mountain Iron
Murdock
Nerstrand
New Auburn
New Germany
New Prague
New Richland
New York Mills
Nielsville
Nisswa
North St. Paul
Norwood-Young America
Oak Park Heights
Oakdale
Ogilvie
Onamia
Oronoco
Orr
Ortonville
Oslo
Parkers Prairie
Paynesville
Pennock
Pine Island
Prior Lake
Randall
Redwood Falls
Revere
Rockford
Rogers
Rollingstone
Rose Creek
Rush City
Sanborn
Sandstone
Sartell
Sauk Rapids
Seaforth
Shafer
Shakopee
Sherburn
Spring Grove
Spring Park
St Mary's Point
St. Joseph

St. Leo
St. Louis Park
St. Martin
St. Michael
Staples
Stockton
Sturgeon Lake
Taconite
Tamarack
Thief River Falls
Tower
Trimont
Twin Lakes
Vadnais Heights
Victoria
Villard
Virginia
Wabasha
Wabasso
Wahkon
Walker
Wanda
Watkins
Waubun
Willernie
Willmar
Willow River
Winger
Woodbury
Wrenshall
Wykoff
Zumbrota

Counties

Aitkin County
Beltrami County
Brown County
Chippewa County
Cottonwood County
Crow Wing County
Douglas County
Fillmore County
Isanti County
Itasca County
Kanabec County
Lake of the Woods County
Lincoln County
Lyon County
Mahnommen County
Marshall County
McLeod County
Meeker County
Morrison County

Counties-Continued

Mower County
Murray County
Nobles County
Ottertail County
Pine County
Pipestone County
Pope County
Renville County
Sherburne County
Sibley County
St. Louis County
Stearns County
Steele County
Todd County
Wilkin County

Health Care Facilities

Cook County Hospital District
Countryside Public Health Services
Glacial Ridge Hospital District
Inter-County Nursing Service
Itasca Nursing Home d.b.a Grand Village
Mercy Hospital and Health Care Center
Parkview Manor Nursing Home
Pelican Valley Health Center
Perham Health
Quin Community Health Services
Renville County Hospital and Clinics
Sunnyside Care Center

Housing Redevelopment Authorities

Aitkin County HRA
Bagley Housing Authority
Benson HRA
Cass Lake HRA
Chippewa County HRA
Clay County HRA
Clearwater County HRA
Ely HRA
Fairmont HRA
Fergus Falls HRA
Grand Rapids HRA
Little Falls HRA
New Richland HRA
Princeton HRA
Red Wing HRA
St. Cloud HRA
St. James HRA
Todd County HRA
Wadena HRA
Waseca HRA

School Districts

ISD No. 111-Watertown
ISD No. 118-Northland
ISD No. 146-Barnesville
ISD No. 152-Moorhead
ISD No. 166-Cook County
ISD No. 177-Windom
ISD No. 182-Crosby-Ironton
ISD No. 191-Burnsville-Eagan-Savage
ISD No. 192-Farmington
ISD No. 194-Lakeville
ISD No. 195-Randolph
ISD No. 196-Rosemount-Apple Valley-Eagan
ISD No. 199-Inver Grove Hgts
ISD No. 1-Aitkin
ISD No. 2134-United South Central
ISD No. 213-Osakis
ISD No. 2143-Waterville-Elysian-Morristown
ISD No. 2144-Chisago Lakes
ISD No. 2174-Pine River-Backus Schools
ISD No. 2184-Luverne
ISD No. 229-Lanesboro
ISD No. 2311-Clearbrook-Gonvick
ISD No. 2364-Belgrade-Brooten-Elrosa
ISD No. 239-Rushford-Peterson
ISD No. 23-Frazee-Vergas Public Schools
ISD No. 252-Cannon Falls
ISD No. 2534-BOLD-Bird Island-Olivia-Lake Lillian
ISD No. 2536-Granada-Huntley-East Chain
ISD No. 255-Pine Island
ISD No. 25-Pine Point
ISD No. 2609-WIN-E-MAC
ISD No. 2683-Greenbush-Middle River
ISD No. 2753-Long Prairie-Grey Eagle
ISD No. 2754-Cedar Mountain
ISD No. 278-Orono
ISD No. 2805-Zumbrota-Mazepa
ISD No. 280-Richfield
ISD No. 284-Wayzata
ISD No. 2856-Stephen-Argyle Central
ISD No. 2884-Red Rock Central
ISD No. 2886-Glenville-Emmons
ISD No. 2888-Clinton-Graceville-Beardsley
ISD No. 2897-Redwood Area School District
ISD No. 2907-Round Lake-Brewster
ISD No. 299-Caledonia
ISD No. 2-Hill City
ISD No. 319-Nashwauk Keewatin
ISD No. 333-Ogilvie
ISD No. 362-Littlefork-Big Falls
ISD No. 378-Dawson-Boyd Schools
ISD No. 38-Red Lake
ISD No. 390-Lake of the Woods
ISD No. 391-Cleveland
ISD No. 424-Lester Prairie
ISD No. 435-Waubun-Ogema-White Earth Community
ISD No. 441-Marshall Co. Central
ISD No. 458-Truman
ISD No. 465-Litchfield
ISD No. 477-Princeton
ISD No. 47-Sauk Rapids
ISD No. 480-Onamia
ISD No. 495-Grand Meadow
ISD No. 497-Lyle
ISD No. 499-LeRoy-Ostrander
ISD No. 514-Ellsworth
ISD No. 518-Worthington
ISD No. 542-Battle Lake
ISD No. 544-Fergus Falls
ISD No. 545-Henning
ISD No. 547-Parkers Prairie
ISD No. 548-Pelican Rapids
ISD No. 61-6026-6026 West Central Education District
ISD No. 621-Mounds View
ISD No. 622-North St. Paul-Maplewood
ISD No. 624-White Bear Lake
ISD No. 635-Milroy
ISD No. 656-Faribault
ISD No. 690-Warroad
ISD No. 698-Floodwood
ISD No. 701-Hibbing
ISD No. 706-Virginia
ISD No. 721-New Prague
ISD No. 739-Kimball
ISD No. 745-Albany
ISD No. 748-Sartell-St. Stephen
ISD No. 775-Kerkhoven-Murdock-Sunburg
ISD No. 777-Benson
ISD No. 786-Bertha-Hewitt
ISD No. 811-Wabasha-Kellogg
ISD No. 815-Prinsburg
ISD No. 818-Verndale
ISD No. 821-Menahga
ISD No. 831-Forest Lake
ISD No. 836-Butterfield-Odin
ISD No. 852-Campbell-Tintah
ISD No. 858-St. Charles
ISD No. 85-Springfield
ISD No. 861-Winona
ISD No. 876-Annandale
ISD No. 877-Buffalo
ISD No. 882-Monticello
ISD No. 883-Rockford
ISD No. 912-Milaca
ISD No. 94-Cloquet
ISD No. 97-Moose Lake

Soil and Water Conservation Districts

Aitkin County SWCD
Anoka Conservation District
Becker SWCD
Big Stone SWCD
Brown SWCD
Carlton County SWCD
Carver County SWCD
Cottonwood SWCD
Dodge County SWCD
Faribault County SWCD
Goodhue SWCD
Grant County SWCD
Itasca County SWCD
Kanabec SWCD
Kandiyohi SWCD
Kittson SWCD
Lac Qui Parle SWCD
Lake County SWCD
Lake Minnetonka SWCD
Lincoln County SWCD
Mower County SWCD
Pine County SWCD
Pope SWCD
Roseau County SWCD
Stearns County SWCD
Stevens SWCD
Washington Conservation District
Yellow Medicine SWCD

Towns

Aitkin Township
Albion Township
Balsam Township
Big Lake Township
Breitung Township
Cannon Falls Township
Chisago Lake Township
Clark Township
Cornish Township
Embarrass Township
Fayal Township
Fish Lake Township
Fleming Township
Greenway Township
Hill Lake Township
Hollywood Township
Irondale Township
Lakeview Township
Nashwauk Township
Rice River Township
Township Maintenance Association
Vasa Township
Watertown Township
White Pine Township

Utilities

Aitkin Public Utilities Commission
Board of Water Commissioners
Chisago Lakes Sewage Treatment Commission
Dover-Eyota-St. Chaires Area Sanitary District
Hutchinson Utilities
Kittson-Marshall Rural Water Users
North Branch Water & Light Municipal Utilities
North Kittson Rural Water System
Pope/Douglas SolidWasteManagement
Shakopee Public Utilities Commission
Southern MN Municipal Power Agency
Spring Valley Public Utilities Commission
Springfield Public Utilities Commission
Truman Public Utilities Commission

Other

Brainerd Lakes Regional Airport
Cloquet Area Fire District
Comfort Lake-Forest Lake Watershed District
East Central Regional Library
Headwaters Regional Development Commission
Lac Qui Parle County Economic Development Authority
Lake Agassiz Regional Library
Lake Agassiz Special Educ Coop #397
Lakes Country Service Cooperative
MAWSECO District No. 938
Middle Snake Tamarac Rivers Watershed District
Minnesota Counties Information Systems
Minnesota Prairie County Alliance
Minnesota Valley Educ District #6027
Minnesota Valley Transit Authority
National Joint Powers Alliance
Northeast Service Cooperative
Northwest Suburbs Cable Communication Commission
Plum Creek Library System
Quad Cities Cable Communication Commission
Red Lake Watershed District
Rock-Nobles Community Corrections
Southwest Regional Development Commission
Stearns-Benton Employment and Training Council
Technology Information Educational Service (TIES)
Todd-Wadena Community Corrections
Tri-County Community Corrections
Upper Minnesota River Watershed District
Upper Minnesota Valley Regional Development Commission
West Hennepin Public Safety Department
West Metro Education Program

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.*