

Legislative Salary Council

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March 29, 2019

Representative Melissa Hortman
Speaker of the House

Senator Jeremy Miller
President of the Senate

Representative Ryan Winkler
House Majority Leader

Senator Paul Gazelka
Senate Majority Leader

Representative Kurt Daudt
House Minority Leader

Senator Tom Bakk
Senate Minority Leader

Representative Michael Nelson
Chair, State Government Finance Division

Senator Mary Kiffmeyer
Chair, State Government Finance and Policy
and Elections Committee

Representative Lyndon Carlson
Chair, Ways and Means Committee

Senator Julie Rosen
Chair, Finance Committee

Governor Tim Walz

Chief Justice Lorie S. Gildea

Dear Governor Walz, Chief Justice Gildea, Representatives and Senators,

Prescribed salaries

I am writing to you on behalf of the Legislative Salary Council. The Minnesota Constitution, Article IV, section 9, and Minnesota Statutes 2016, section 15A.0825 establishes the Legislative Salary Council (Council) whose responsibility is to prescribe the salaries of Minnesota state legislators by March 31st of each odd-numbered year. The Council is required to take other legislative compensation into account, but its authority is limited to prescribing the salary component of legislative compensation. The Council has no authority over other forms of legislative compensation, which include: per diems, insurance, retirement, and expense reimbursement. The Council has held three meetings and considered other legislative compensation, the budget forecast, and an extensive amount of other data and analysis, as reflected in the attached report. Please consider this transmittal letter as part of our report.

Based on our consideration of these materials and our extended discussion, the Legislative Salary Council prescribes that salaries of Minnesota senators and representatives be set at \$46,500, effective July 1, 2019.

Rationale

The 2019 Legislative Salary Council had the benefit of retaining the identical membership as the 2017 Council. During its deliberations, members concluded that the 2017 determination to increase legislator salaries to \$45,000 was appropriate, and a fair and reasonable determination made under the Constitution and Minnesota Statutes 15A.0825.

The focus then turned to the question of whether to provide an adjustment effective July 1, 2019. The Council considered numerous points of information in making its determination including, but not limited to the following:

- Inflation, as measured by CPI-U, increased by 1.91% from December 2017 to December 2018.
- Social security benefits increased 2.0% and 2.8% effective December 2017 and December 2018.
- Private sector pay increased 2.6% and 3.0% effective December 2017 and December 2018.
- The five non-urban Metropolitan County (7 county Metro Area sans Ramsey and Hennepin counties) commissioner salaries increased 2.8% since the Salary Council's last determination.
- State employee collective bargaining agreements provided 2.0% and 2.25% across the board increases effective July 1, 2017 and July 1, 2018, respectively.
- The Salary Council makes a single salary determination effective July of the odd-numbered year. Many of the salary comparisons that the Council considered consisted of two adjustments over a two-year period. The adjustment made by this Council needs to take into account two years in order to keep Legislator salaries whole in real economic terms.
- There was some concern that the February budget forecast indicated a slow-down in the economy, and if inflation for state programs was included, there would be no surplus. In fact, the FY 2022-2023 estimate reflects a negative \$11 million structural balance. Finally, the costs to the Legislature for implementing the 2017 Salary Council's salary determination are not yet reflected in the 2020-21 biennial budget or in the budget forecast.

Budget Forecast

As required by statute, the Council considered Minnesota's financial status in making our decision. The February 2019 forecast prepared by Minnesota Management and Budget reports a projected surplus of \$563 million for the FY 18-19 biennium. Planning estimates for the 2020-21 biennium show projected revenues exceeding current law expenditures by \$1.052 billion.

Other legislative compensation

The Council considered other forms of legislative compensation in determining the level of salary to prescribe for legislators. There were no significant changes in these forms of compensation since our 2017 report. A discussion of these items is included in our current report.

Per diem

The Legislative Salary Council had continuing discussion regarding the payment of per diems by the Minnesota Senate and the House of Representatives. The Council consistently contends that members need to be made whole for their costs of coming to St. Paul for five months in odd-numbered years and four months in even-numbered years to carry out the people's business. However, payments of flat dollar amounts (which inexplicably differ between the House and Senate) do not reflect members' actual expenses that are incurred. This point is highlighted by the IRS, which treats these payments as income for members who live within 50 miles of the Capitol, and by the State of Minnesota which pays retirement on per diem, thus recognizing per diems as compensation. Legislative Salary Council members strongly believe that for most legislators, per

diems are a non-transparent form of additional salary. Many Council members have indicated they would support an increase in salary if per diem were eliminated.

As a result, the Council continues to encourage the Minnesota Senate and the House of Representatives to consider eliminating per diems and replacing them with reimbursement for actual expenses. The Council is sympathetic to the challenges of the paperwork involved, but most Council members, with experience in both the public and private sectors, recognize this as a standard business practice.

The Council's 2017 report provides an in-depth examination of the issue of per diem. Our appendix includes an updated report on expenditures for per diem by the House and Senate.

A minority report is included with our submission, reflecting the perspective that per diem is outside the purview of the Legislative Salary Council, and as such there should not be any recommendations to modify or eliminate it. The author of the minority report was clear that he separately supported the salary determination.

Conclusion

Our report provides more detail regarding our process, the data and reports that we considered, and the testimony that we received in the course of our work.

I want to thank staff who presented invaluable information to the Council from the House of Representatives, the Department of Administration, Minnesota Management and Budget, and the Legislative Reference Library. We also appreciate the staff support we received from the Office of the Attorney General and the Legislative Coordinating Commission.

I have included a list of the members of the Council. Each of the members worked diligently and thoughtfully as we executed our responsibility to prescribe legislative salaries. We are honored to serve on Legislative Salary Council and carry out this duty adopted by Minnesota's citizens through the Constitutional amendment.

Respectfully submitted,

Deborah Olson, Chair
Legislative Salary Council

**Members of the Legislative Salary Council
2019**

Member	Term Expires	Appointed By	Congressional District
Joseph Boyle	January 15, 2023	Governor	Eighth District
Diana Burlison	January 15, 2023	Chief Justice	Sixth District
William Donohue	January 15, 2023	Chief Justice	Fourth District
Gregory Fox	January 15, 2023	Chief Justice	Eighth District
Patrice Hannan	January 15, 2021	Governor	Fifth District
James Joy	January 15, 2021	Chief Justice	Seventh District
Charles McElroy	January 15, 2021	Chief Justice	Fifth District
David Metzen	January 15, 2023	Governor	Second District
Gloria Myre	January 15, 2023	Chief Justice	Second District
Deborah Olson	January 15, 2021	Chief Justice	Third District
Sherrie Pugh	January 15, 2021	Governor	Third District
Thomas Stinson	January 15, 2023	Governor	Fourth District
Randy Twistol	January 15, 2021	Governor	Seventh District
Marsha VanDenburgh	January 15, 2023	Governor	Sixth District
Kenneth Wilmes	January 15, 2021	Chief Justice	First District
Laura Witty	January 15, 2021	Governor	First District



Report of the Legislative Salary Council

March 29, 2019

This report is submitted by the Legislative Salary Council, established under the Minnesota Constitution, Article IV, section 9, and Minnesota Statutes 2016, section 15A.0825.

Prescribed salaries

As provided in the Minnesota Constitution, Article IV, section 9, and Minnesota Statutes 2018, section 15A.0825, the Legislative Salary Council (Council) prescribes the salaries of legislators at \$46,500, effective July 1, 2019.

Background

The citizens of Minnesota voted on November 8, 2016 to amend their Constitution by establishing a Legislative Salary Council to prescribe salaries of Minnesota's legislators. The duties and other terms are specified in State Statute, section 15A.0825.

The Chief Justice of the Supreme Court and the Governor appointed members to fill their respective vacancies in early 2019. A list of the members is included in the Appendix.

The Council met three times between March 1 and March 31, 2019, the deadline for the Council to submit its determination. The Council voted on its prescribed salary for Minnesota's 67 senators and 134 representatives at its meeting on March 15, 2019 and completed its work at its meeting on March 29, 2019 when it voted to adopt the letter of transmittal and this report.

Process

All sixteen members of the 2019 Council served on the Council appointed in 2017. The Council was organized by electing Ms. Deborah Olson to serve as Chair, and Dr. David Metzen as Vice-Chair. It heard a presentation by the Information Policy Analysis Division of the Department of Administration on the State's Open Meeting Law and Data Practices Act, and adopted data practices policies recommended by the Department.

The Council requested and received substantial data regarding compensation of legislators. The Council received background on compensation policies for members, and data reflecting rates, costs, payments and expenditures of the various components of legislative compensation.

The statute establishing the Council proscribes members of the legislature from communicating with Council members. To improve Council members' understanding of compensation issues, former legislators were invited to speak to the Council. Their presentations were very informative and instructive. A list of those former members is included in the Appendix.

As required by statute, the Council considered the financial status of the State, as indicated in the State's budget forecast. The State Budget Director provided an in-depth explanation of the budget based on the February 2019 forecast.

The Council considered other data: National Conference of State Legislatures' data on salary and compensation for legislatures in other states, and salaries of county board members.

The Council continues to consider per diem payments primarily as a form of salary. The issue of per diem is discussed separately in this report.

Comparable salaries

The Council reviewed other comparable positions and salaries. The jobs of legislators are unique, especially in their time demands. The Council clearly heard that legislators work more than full time when they are in regular session, with committee hearings being held from early morning until well into the evening. Although committee hearings are not generally scheduled on Fridays, other meetings are conducted. Members attend meetings in their districts, and engage with constituents on weekends as well.

Regular session varies: In odd-numbers years, session begins on the first Monday after the first Tuesday in January, and adjourns the third week of May. This longer session is when the legislature enacts the biennial budget, funding state government for two years.

In even-numbered years, the Legislature typically convenes (based on agreement between legislative leaders) the end of January or early February, and then adjourns the third week of May.

Presentations by former legislators indicated consistent themes on serving in the Minnesota Legislature:

- The longer a member serves, the more they are involved in hearings and meetings that require them to be at the Capitol;
- Members serving from Greater Minnesota are especially impacted in terms of absence from family life and ability to maintain their professional life;
- Members from Greater Minnesota also incur additional costs that are not reimbursable (e.g., arranging for snow removal that another member of the household is unable to do).

Other themes were similar to those presented to the 2017 Council.

County commissioners

The Council again examined the salaries of county commissioners, who hold elective office, and serve in parallel functions, but at the county level. As with legislators, there is also a variation in the time demands for county commissioners. Some counties consider their commissioners to be full-time, while others clearly serve in more time-limited capacity.

A sampling of current commissioner salaries shows:

Sampling of county commissioner salaries			
County	Annual salary		County
Hennepin	\$110,796		Olmsted
Ramsey	\$92,423		St. Louis
Anoka	\$67,488		Stearns
Dakota	\$77,450		Scott
Carver	\$62,064		Washington

Other State Legislatures

The National Conference of State Legislatures publishes survey data on compensation paid to legislators across the country. A report for 2018 is included in the Appendix. A review of that data indicates a wide variance in salary, per diem rates, and the number of days legislatures are in session.

This permits comparisons with similar assumptions with other states:

Comparison of salaries and per diem with other selected Legislatures		
State	Salary	Per diem
Minnesota	\$45,000	Senate: \$86 House: \$66
Iowa	\$25,000	\$168
Wisconsin	\$50,950	Senate: Up to \$115 Assembly: Up to \$157
North Dakota	--	\$177
South Dakota	\$6,000	\$144
Washington	\$48,731	\$120

Rationale

The 2019 Legislative Salary Council had the benefit of retaining the identical membership as the 2017 Council. During its deliberations, members generally concluded that the 2017 determination to increase legislator salaries to \$45,000 was appropriate, and a fair and reasonable determination made under the Constitution and Minnesota Statutes 15A.0825.

The focus then turned to the question of whether to provide an adjustment effective July 1, 2019. The Council considered numerous points of information in making its determination. These include, but are not limited to the following:

- Inflation, as measured by CPI-U, increased by 1.91% from December 2017 to December 2018.
- State employee collective bargaining agreements provided 2.0% and 2.25% across the board increases effective July 1, 2017 and July 1, 2018, respectively.
- Social security benefits increased 2.0% and 2.8% effective December 2017 and December 2018.
- Private sector pay increased 2.6% and 3.0% effective December 2017 and December 2018.
- The five non-urban Metropolitan County (7 county Metro Area sans Ramsey and Hennepin counties) commissioner salaries increased 2.8% since the Salary Council's last determination.
- The Salary Council makes a single salary determination effective July of the odd-numbered year. Many of the salary comparisons that the Council considered consisted of two adjustments over a two-year period. The adjustment made by this Council needs to take into account two years in order to keep Legislator salaries whole in real economic terms.
- There was some concern that the February budget forecast indicated a slow-down in the economy, and if inflation for state programs was included, there would be no surplus. In fact, the FY 2022-2023 estimate reflects a negative \$11 million structural balance. Finally, the costs to the Legislature for implementing the 2017 Salary Council's salary determination are not yet reflected in the 2020-21 biennial budget or in the budget forecast.

The Council is concerned that the 2017-2018 Legislature did not appropriate money to the House and Senate operating budgets to pay for these increases. Article IV, section 9 of the Minnesota Constitution requires the Legislative Salary Council to prescribe salaries of Minnesota legislators. The Legislature, following generally accepted accounting principles, should appropriate the funds necessary to pay for these lawfully determined salaries.

As it did in 2017, the Council considered what it had heard and the materials it had reviewed during their meetings. This information included:

- Presentations and comments by former legislators.
- National survey data published by the National Conference of State Legislatures.
- All of the elements of legislators' compensation, with a particular focus on those components that are treated as income.
- The budget forecast issued by Minnesota Management and Budget.
- Salaries of county commissioners and other government employees.

The Council considered data indicating that the demographic makeup of the legislature includes fewer young and middle-aged members. The Council believes that Minnesota is best served if the Legislature is diverse. The Council heard consistent themes in discussions with former legislators, that while salary and compensation is not generally an issue when citizens initially

decide to run for public office, salaries become an issue in deciding whether to continue serving in elective office.

The Council understands that it is setting the salary not just for those presently serving in the Legislature, but also for those who may desire to serve in the future. Unless Minnesota's Legislature has a reasonable salary level, we will not be able to attract and retain legislators with the best skills and experience to represent us.

As required in the Council's statute, Minnesota Management and Budget, the state agency tasked with preparing the state budget forecast, reported that the agency anticipates a surplus of \$563 million for the FY 18-19 biennium, and a surplus of \$1.052 billion for the FY 20-21 biennium. The Council's salary determination is estimated as having a cost of \$348,000 per year, approximately 0.5% of the \$64.5 million FY 19 base budget of the House of Representatives and the Senate.

The Council's extended discussions resulted in a salary determination that was adopted on a vote of 11 to 3, with two members absent.

Per diem

The second significant point of discussion was the continuing payment of per diems by the Senate and the House of Representatives. The Legislative Salary Council consistently contends that members need to be made whole for their costs of coming to St. Paul for five months each odd-numbered year and four months each even-numbered year to carry out the people's business. However, payments of flat dollar amounts do not reflect members' actual expenses that are incurred. That these flat dollar amounts are significantly and inexplicably different between the House and the Senate (\$66 vs. \$86) supports the concern that these amounts have little to do with expenses. This point is highlighted by the IRS, which treats these payments as income for members who live within 50 miles of the Capitol, and by the State of Minnesota which pays retirement on per diem, thus recognizing per diem as compensation. Legislative Salary Council members strongly believe that for most legislators, per diems are a non-transparent form of additional salary. Many Council members have indicated they would support an increase in salary if per diem were eliminated.

As a result, the majority of the Council continues to encourage the Minnesota Senate and the House of Representatives to consider eliminating per diems and replacing them with reimbursement for actual expenses. The Council is sympathetic to the challenges of the paperwork involved, but most Council members, with experience in both the public and private sectors, recognize this as a standard business practice.

The Council's 2017 report provides an in-depth examination of the issue of per diem. Our appendix includes an updated report on expenditures for per diem by the House and Senate.

Other benefits

Insurance. By law, Minnesota Statutes 43A.24, Subd. 2, legislators participate in the health insurance program provided to all state employees. The insurance program includes health, dental, and life insurance.

Premiums vary based on whether the legislator elects single or family coverage. Other costs, such as co-pays, co-insurance and deductibles depend on which tier of services the member elects. Members participate in the same manner as state employees.

Annual premiums for 2019 are:

Annual insurance premiums			
		Legislator contribution	State contribution
Health	Single coverage	\$390	\$7,407
	Family coverage	\$2,659	\$20,268
Dental	Single coverage	\$162	\$316
	Family coverage	\$630	\$784
Life insurance			\$60

Council members note:

- The State health and dental insurance plan represents a significant benefit paid to legislators.
- Given that legislators typically work full time for the Legislature four or five months a year, but substantially less the remaining part of the year, it would be difficult to obtain other insurance while they serve. Some Council members noted that part-time employment is a challenge for many Minnesotans, who are not offered the opportunity to participate in this comprehensive insurance program.

Retirement. Under state law, members participate in a state retirement program, Minnesota Statutes 2016, section 352D. This is a defined contribution program where the State contributes 6.25%, while the legislator contributes 6.0% (effective July 1, 2019.) Participation is mandatory. The member's salary and per diem payments for regular and special sessions are included when calculating the contributions. The legislator, like other state employees who participate in the State's defined contribution programs, can direct the investment in a variety of investment funds selected by the State Board of Investment.

At any time after employment ends, the legislator may withdraw the value of his or her account, including both employee and employer contributions, in a lump sum, which may be rolled, to continue the tax deferral, into an individual retirement account ("IRA"). A withdrawal forfeits the right to elect a retirement annuity at age 55.

At age 55 or later, provided legislative service has ended, the legislator may elect a distribution in the form of a lump sum or an annuity. The annuity, which is a monthly benefit paid for the life of the legislator, is calculated based on the account balance and the age of the legislator at the annuity starting date. In exchange for a lower monthly amount, the legislator may elect a joint and survivor annuity that pays a survivor benefit to a beneficiary after the death of the legislator. These options are also available if a legislator becomes totally and permanently disabled. Annuities are eligible for post-retirement adjustments (sometimes called "COLAs").

Retirement contributions based on average per diem payments paid in 2016 are:

State retirement contribution (6.25%)		
	House	Senate
Salary: \$45,000	\$2,813	\$2,813
Average per diem		
House: \$6,746	\$422	
Senate: \$8,803		\$550

Expense reimbursements and allowances

Members of the legislature receive other payments for certain expenses they incur to carry-out the duties of their office. They are also reimbursed for expenses they incur for attending approved conferences or trips.

Mileage. Representatives who live more than 50 miles from the Capitol are reimbursed for their mileage from their homes to the Capitol. Representatives are also reimbursed for mileage for travel in their legislative districts, with a maximum of \$850 per month. (There are exceptions for districts with greater than 1,000 square miles.)

During session, senators are reimbursed for their mileage to and from the Capitol no matter how far they live from the Capitol. Senators are also reimbursed for their mileage for constituent and district meetings. Senators must present documentation to receive the constituent and district mileage.

All mileage reimbursement is based on the federal mileage rate.

Lodging. Members who live more than 50 miles from the Capitol may be reimbursed for lodging expenses. All reimbursements must be documented by receipts or lease agreements.

Representatives may be reimbursed for rent, and related lodging expenses such as furniture rental, local telephone, internet access service, basic media service, utilities, renter's insurance, non-refundable fees, and parking. The maximum amount is \$1,800 per month. The House of

Representatives limits the total of these reimbursements to a maximum of \$32,400 over the two-year length of their terms.

Senators may be reimbursed for rent, utilities, and furniture rental. The maximum reimbursement is \$1,800 per month.

Communications. Members may receive reimbursement for communications expenses. Representatives may request a communications expense allowance of up to \$125 per month for internet service, an additional phone line, optional telephone services, wireless services, or other communication services needed to maintain frequent and reliable communication with constituents, house staff, and other government officials.

Senators may receive reimbursement for communications expenses up to \$200 per month for such items as telephone, fax, cell phone pager, and Internet services.

For both senators and representatives, if receipts are provided, these will be treated as an expense. If there is no receipt, it will be treated as income and taxed.

Leadership pay. Under Minnesota Statutes section 3.099, Subdivision 3, the Senate and the House Rules Committees may designate additional pay of up to 140% for leadership positions in each body.

Subd. 3. **Leaders.** The senate Committee on Rules and Administration for the senate and the house of representatives Committee on Rules and Legislative Administration for the house of representatives may each designate for their respective body up to three leadership positions to receive up to 140 percent of the compensation of other members.

Budget forecast

The Council's statute, section 15A.0825, Subdivision 7, requires it to take into account the most recent budget forecast. At its March 15th meeting, the Council heard a presentation on the state budget from Britta Reitan, the State Budget Director.

Director Reitan indicated that, based on the February 2019 forecast, the state was estimating a surplus of \$563 million at the end of the current 2018-19 biennium, and a \$1.052 billion surplus at the conclusion of the 2020-2021 biennial budget period. She reported that the budget was structurally balanced, with reserves to help manage through an economic downturn. She indicated there is risk inherent in the forecast, given that 30 months remain until the end of the 20-21 biennium.

Conclusion

The Council formally adopted its letter of transmittal and report at its final meeting on March 29, 2019. The transmittal letter and report were adopted on a 15-0 vote, with one member absent.

We include a minority report, reflecting the perspective that per diem is outside the purview of the Legislative Salary Council, and as such there should not be any recommendations to modify or eliminate it. The author of the minority report was clear that he separately supported the salary determination. That minority report is included in the Appendix.

An appendix of key documents is attached.

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Appendix A

Constitutional Amendment

CONSTITUTION OF THE STATE OF MINNESOTA

Adopted October 13, 1857

Generally Revised November 5, 1974

Article 1.	Bill of rights.	Article 8.	Impeachment and removal from office.
Article 2.	Name and boundaries.	Article 9.	Amendments to the constitution.
Article 3.	Distribution of the powers of government.	Article 10.	Taxation.
Article 4.	Legislative department.	Article 11.	Appropriations and finances.
Article 5.	Executive department.	Article 12.	Special legislation; local government.
Article 6.	Judiciary.	Article 13.	Miscellaneous subjects.
Article 7.	Elective franchise.	Article 14.	Public highway system.

ARTICLE IV LEGISLATIVE DEPARTMENT

Sec. 9. **Compensation.** The salary of senators and representatives shall be prescribed by a council consisting of the following members: one person who is not a judge from each congressional district appointed by the chief justice of the Supreme Court, and one member from each congressional district appointed by the governor. If Minnesota has an odd number of congressional districts, the governor and the chief justice must each appoint an at-large member in addition to a member from each congressional district. One-half of the members appointed by the governor and one-half of the members appointed by the chief justice must belong to the political party that has the most members in the legislature. One-half of the members appointed by the governor and one-half of the members appointed by the chief justice must belong to the political party that has the second-most members in the legislature. None of the members of the council may be current or former legislators, or the spouse of a current legislator. None of the members of the council may be current or former lobbyists registered under Minnesota law. None of the members of the council may be a current employee of the legislature. None of the members of the council may be a current or former judge. None of the members of the council may be a current or former governor, lieutenant governor, attorney general, secretary of state, or state auditor. None of the members of the council may be a current employee of an entity in the executive or judicial branch. Membership terms, removal, and compensation of members shall be as provided by law. The council must prescribe salaries by March 31 of each odd-numbered year, taking into account any other legislative compensation provided to legislators by the state of Minnesota, with any changes in salary to take effect on July 1 of that year. Any salary increase for legislators authorized in law by the legislature after January 5, 2015, is repealed.

[Amended, November 8, 2016]

Appendix B

Statute

15A.0825 LEGISLATIVE SALARY COUNCIL.

Subdivision 1. **Membership.** (a) The Legislative Salary Council consists of the following members:

(1) one person, who is not a judge, from each congressional district, appointed by the chief justice of the supreme court; and

(2) one person from each congressional district, appointed by the governor.

(b) If Minnesota has an odd number of congressional districts, the governor and the chief justice must each appoint an at-large member, in addition to a member from each congressional district.

(c) One-half of the members appointed by the governor and one-half of the members appointed by the chief justice must belong to the political party that has the most members in the legislature. One-half of the members appointed by the governor and one-half of the members appointed by the chief justice must belong to the political party that has the second most members in the legislature.

(d) None of the members of the council may be:

(1) a current or former legislator, or the spouse of a current legislator;

(2) a current or former lobbyist registered under Minnesota law;

(3) a current employee of the legislature;

(4) a current or former judge; or

(5) a current or former governor, lieutenant governor, attorney general, secretary of state, or state auditor.

Subd. 2. **Initial appointment; convening authority; first meeting.** Appointing authorities must make their initial appointments by January 2, 2017. The governor shall designate one member to convene and chair the first meeting of the council. The first meeting must be before January 15, 2017. At its first meeting, the council must elect a chair from among its members. Members that reside in an even-numbered congressional district serve a first term ending January 15, 2019. Members residing in an odd-numbered congressional district serve a first term ending January 15, 2021.

Subd. 3. **Terms.** (a) Except for initial terms and for the first term following redistricting, a term is four years or until new appointments are made after congressional redistricting as provided in subdivision 4. Members may serve no more than two full terms or portions of two consecutive terms.

(b) If a member ceases to reside in the congressional district that the member resided in at the time of appointment as a result of moving or redistricting, the appointing authority who appointed the member must appoint a replacement who resides in the congressional district to serve the unexpired term.

Subd. 4. **Appointments following redistricting.** Appointing authorities shall make appointments within three months after a congressional redistricting plan is adopted. Members that reside in an even-numbered district shall be appointed to a term of two years following redistricting. Members that reside in an odd-numbered district shall be appointed to a term of four years following redistricting.

Subd. 5. **Removal; vacancies.** Members may be removed only for cause, after notice and a hearing, for missing three consecutive meetings, or as a result of redistricting. The chair of the council or a designee shall inform the appointing authority of a member missing three consecutive meetings. After the second consecutively missed meeting and before the next meeting, the chair or a designee shall notify the member in writing that the member may be removed for missing the next meeting. In the case of a vacancy on the

council, the appointing authority shall appoint a person to fill the vacancy for the remainder of the unexpired term.

Subd. 6. **Compensation.** Members shall be compensated under section 15.059, subdivision 3.

Subd. 7. **Duties.** By March 31 of each odd-numbered year, the council must prescribe salaries for legislators to take effect July 1 of that year. In setting salaries, the council must take into account any other legislative compensation provided to the legislators by the state and the most recent budget forecast. The council must submit a report by March 31 of each odd-numbered year with the prescribed salaries to the governor, the majority and minority leaders of the senate and the house of representatives, the chairs of the committees in the senate and the house of representatives with jurisdiction over the legislature's budget, and the chairs of the committees in the senate and house of representatives with jurisdiction over finance. The report must describe the council's rationale for selecting the prescribed salaries.

Subd. 8. **Chair.** The council shall elect a chair from among its members.

Subd. 9. **Staffing.** The Legislative Coordinating Commission shall provide administrative and support services for the council.

Subd. 10. **No ex parte communications.** Members may not have any communication with a member of the legislature during the period after the first meeting is convened under subdivision 2 and the date the legislator salaries are submitted under subdivision 7.

History: 2014 c 282 s 1; 2017 c 40 art 1 s 3

Appendix C

Council Member Roster

Legislative Salary Council Members

Per [Minnesota Statutes 15A.0825](#), the Legislative Salary Council consists of 16 members: one person, who is not a judge, from each congressional district, appointed by the chief justice of the Supreme Court; and one person from each congressional district, appointed by the governor. One-half of the members appointed by the governor and one-half of the members appointed by the chief justice must belong to the political party that has the most members in the legislature. The remaining half must belong to a political party that has the second most members in the legislature.

Members	Term Expires	Appointed By	Congressional District
Joseph Boyle	January 15, 2023	Governor	Eighth District
Diana Burlison	January 15, 2023	Chief Justice	Sixth District
William Donohue	January 15, 2023	Chief Justice	Fourth District
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Marsha VanDenburgh	January 15, 2023	Governor	Sixth District
Kenneth Wilmes	January 15, 2021	Chief Justice	First District
Laura Witty	January 15, 2021	Governor	First District

Appendix D

Former Members Testifying

Legislative Salary Council
March 18, 2019

Former members of the Minnesota Legislature that provided testimony:

- Michelle Fischbach, former President of the Minnesota Senate
- Clark Johnson, former member of the Minnesota House of Representatives
- Joe Hoppe, former member of the Minnesota House of Representatives

Appendix E

Minority Report

Minority Report

I, Joseph Boyle, believe the recommendation to the legislature to eliminate per diem is beyond the authority of the Legislative Salary Council. I support the Council's salary prescribed in 2017 and the recent increase prescribed as to the year 2019.

However, the Authority of the Legislative Salary Council is solely to prescribe the salary for legislators.

AUTHORITY

Article IV of the Minnesota Constitution, LEGISLATIVE DEPARTMENT, Sec. 9.

Compensation declares:

The salary of senators and representatives shall be prescribed by a council....The council must prescribe salaries by March 31 of each odd-numbered year taking into account any other legislative compensation provided to legislators by the state of Minnesota....

Minnesota Statute §15A.0825 LEGISLATIVE SALARY COUNCIL, states:

Duties: By March 31 of each odd-numbered year, the council must prescribe salaries for legislators....In setting salaries, the council must take into account any other legislative compensation provided to the legislators by the state and the most recent budget forecast. The council must submit a report by March 31 of each odd-numbered year with the prescribed salaries....The report must describe the council's rationale for selecting the prescribed salaries.

Thus, the Constitutional Amendment states in part:

The salary of senators and representatives shall be prescribed by a council....taking into account any other legislative compensation provided to legislators by the State of Minnesota.

The enabling legislation states in part:

...the council must prescribe salaries for legislators....In setting salaries, the council must take into account any other legislative compensation....The report must describe the council's rationale for selecting the prescribed salaries.

As our original report of 2017 stated:

Minnesota is not alone in the use of per diem to supplement legislative salaries. A National Conference of State Legislature's survey shows per diem is part of the compensation package in 42 states.

The termination of per diem will eliminate rural legislators' ability to take legal tax deductions, and be paid for incidental expenses incurred due to living and maintaining two residences. The

majority's recommendation to terminate per diem is unauthorized as to the powers of the Salary as established by the voters in the Minnesota Constitution.

Respectfully Submitted:

Joseph M. Boyle
Council Member

Appendix F

MMB February Budget Forecast

BUDGET AND *ECONOMIC FORECAST*

FEBRUARY 2019

Produced by Minnesota Management and Budget



Budget Outlook Weakened

- Projected balance now \$1.052 billion for FY 2020-21
 - Reduced by \$492 million since November
- Revenue projections lower through FY 2023
- Slower growth in Economic outlook

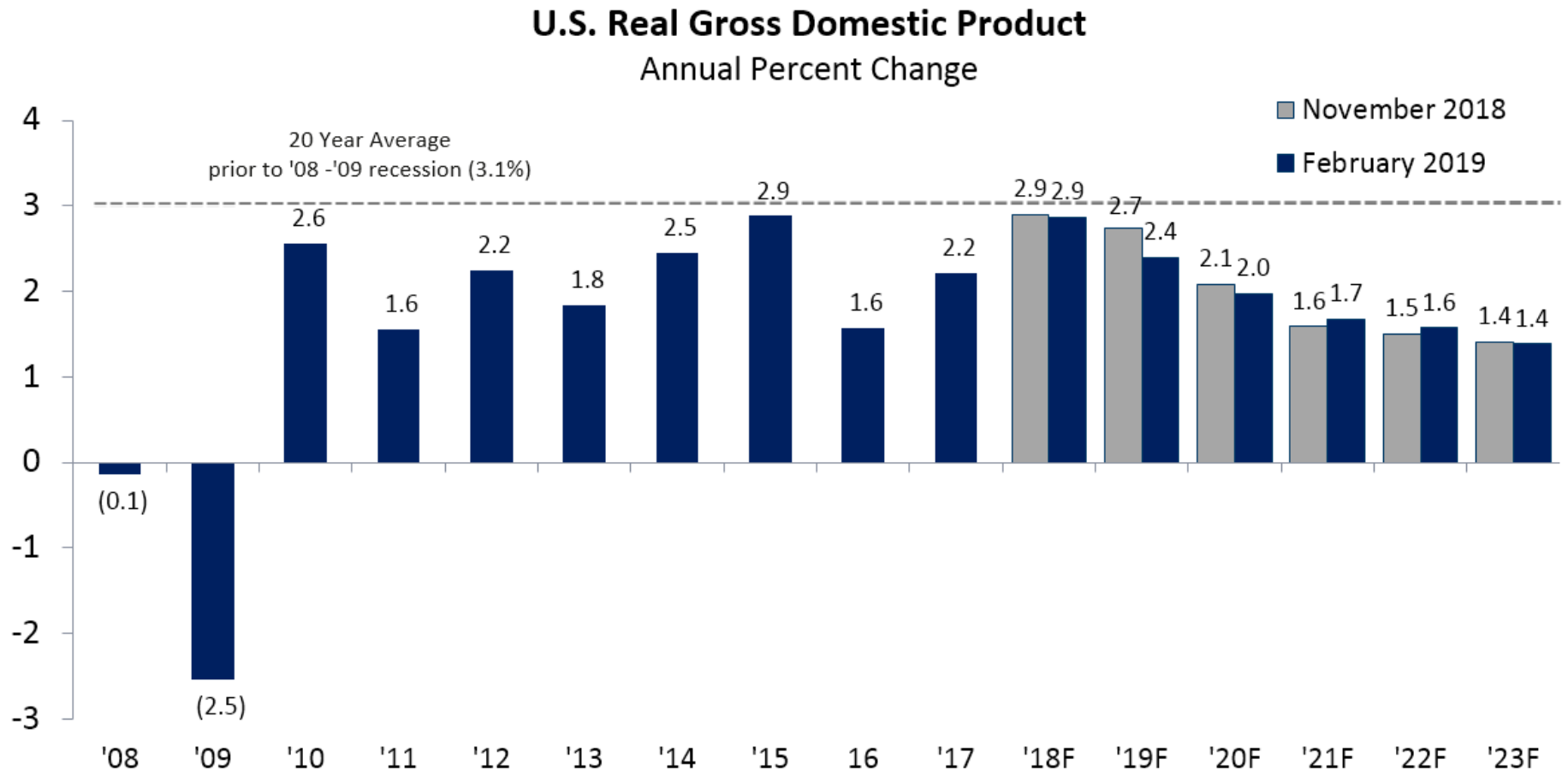
Current Biennium Surplus Reduced

(\$ in millions)	FY 2018-19 Nov. Forecast	FY 2018-19 Feb. Forecast	Forecast Change
Beginning Balance	\$3,333	\$3,333	\$ -
Revenues	45,410	45,212	(198)
Spending	45,549	45,508	(41)
Cash & Budget Reserves	2,425	2,425	-
Stadium Reserve	50	50	-
Budgetary Balance	\$720	\$563	\$(157)

Lower Projected Balance for FY 2020-21

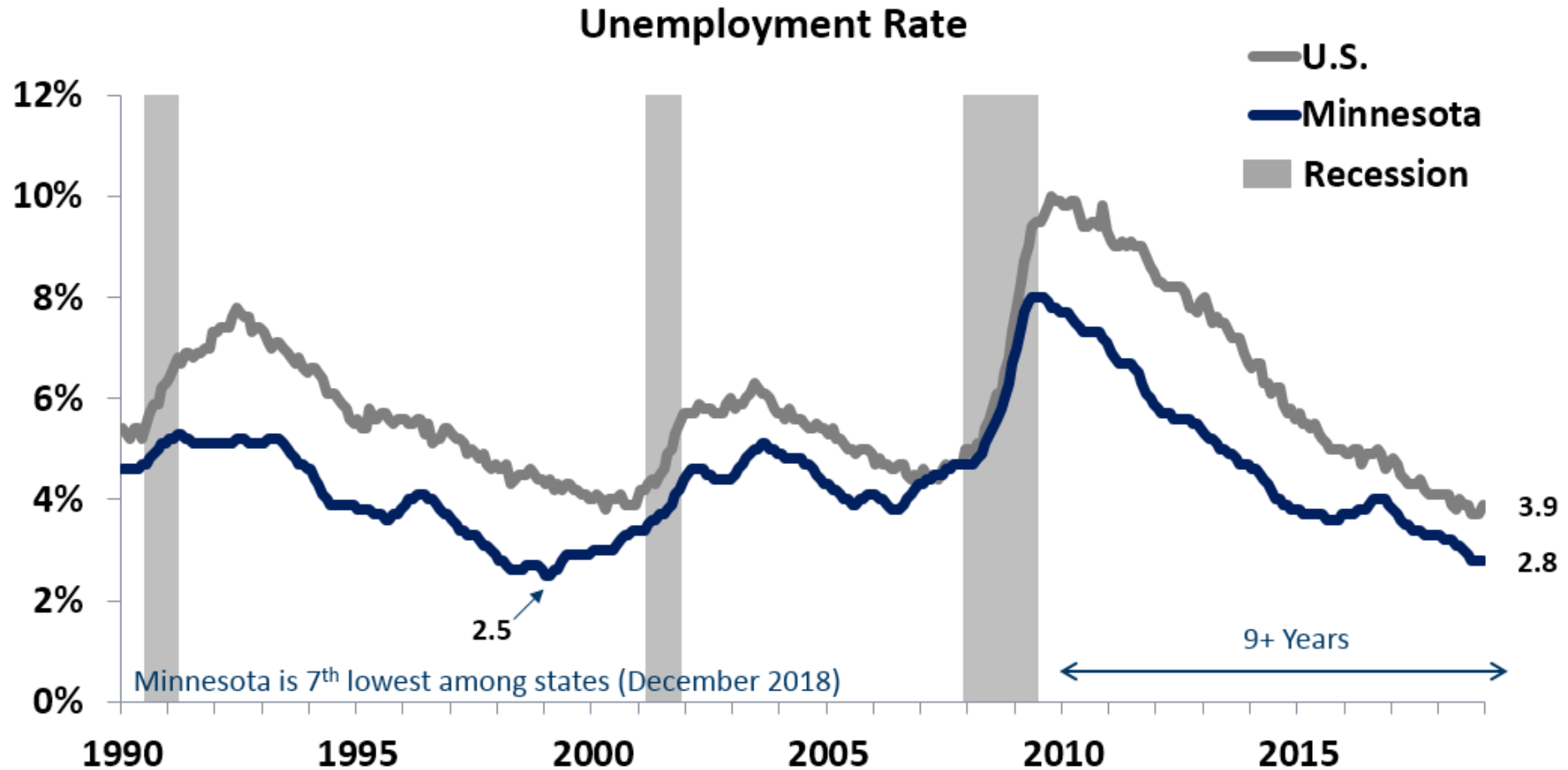
(\$ in millions)	FY 2020-21 Nov. Forecast	FY 2020-21 Feb. Forecast	Forecast Change
Beginning Balance	\$3,194	\$3,037	\$(157)
Revenues	48,327	47,941	(386)
Spending	47,454	47,403	(51)
Cash & Budget Reserves	2,425	2,425	-
Stadium Reserve	98	98	-
Forecast Balance	\$1,544	\$1,052	\$(492)

Near-Term U.S. Outlook Weakened Since November



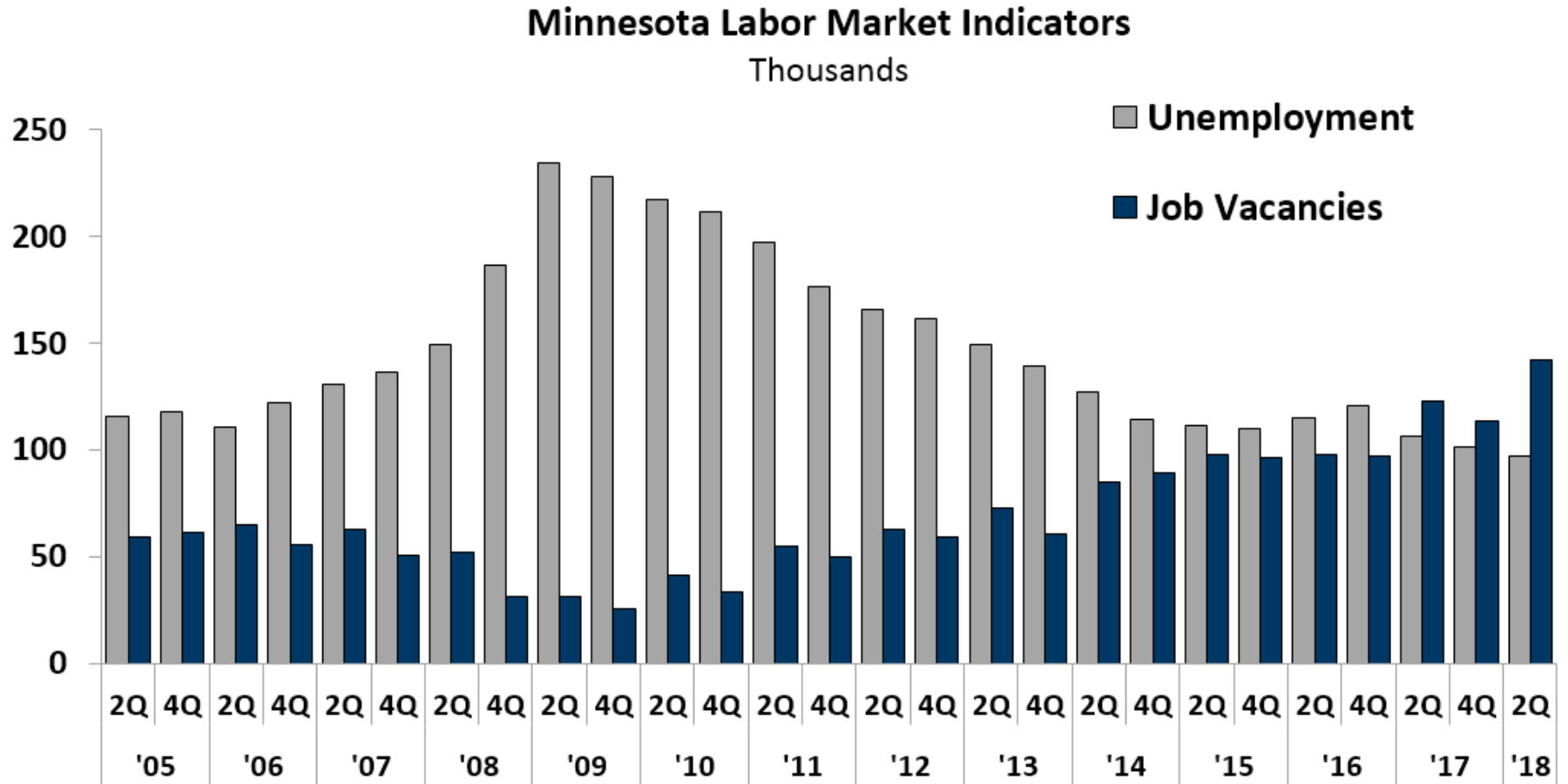
Source: U.S. Bureau of Economic Analysis (BEA), IHS Economics (IHS)

State Unemployment Rate Remains Below U.S.



Source: MN Department of Employment and Economic Development (DEED)

Low Unemployment, High Demand for Workers in Minnesota



Source: MN Department of Employment and Economic Development (DEED)

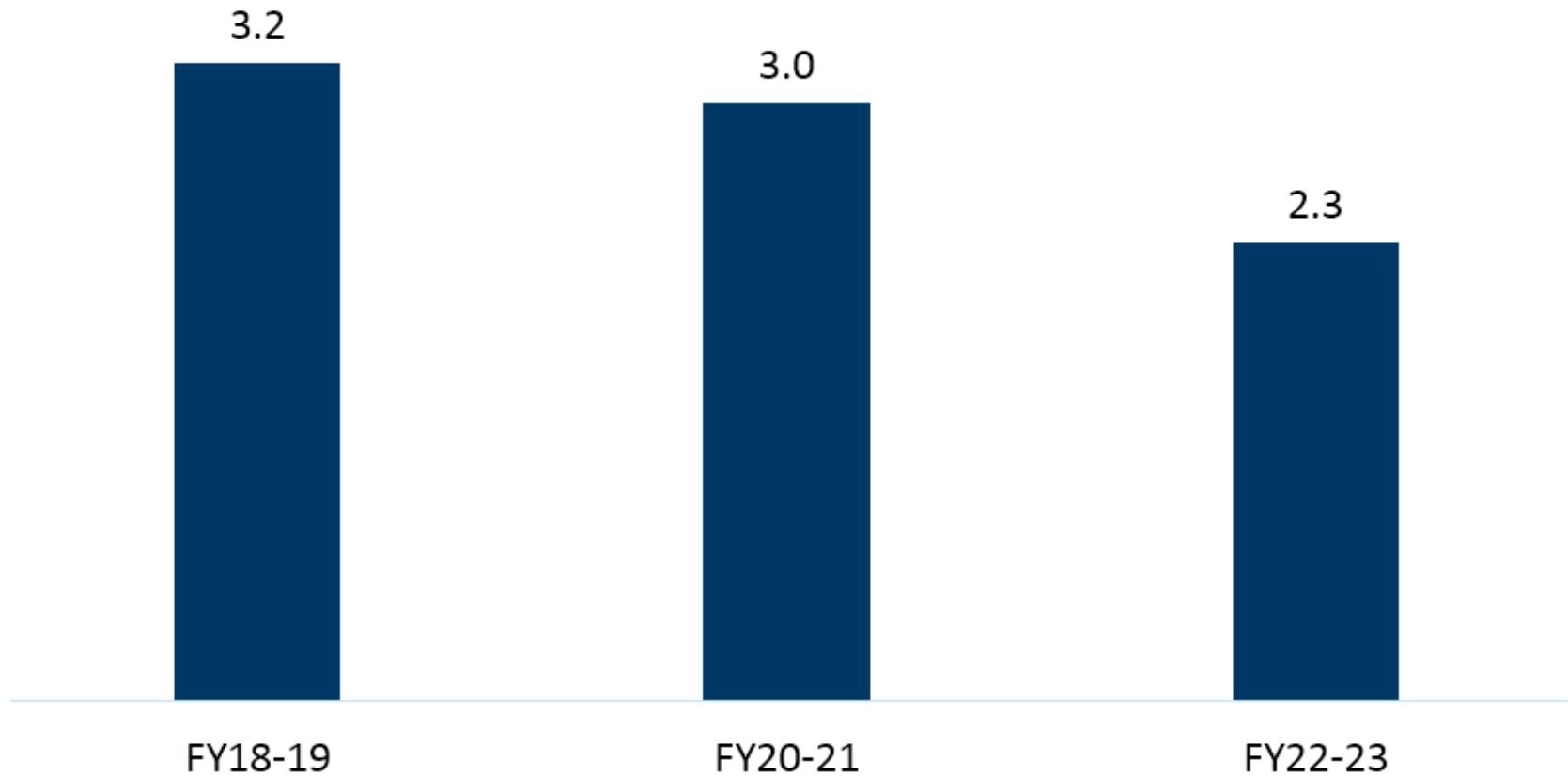
Revenue Forecast Lowered

(\$ in millions)	FY 2018-19		FY 2020-21	
	Feb. 2018 Forecast	Forecast Change	Feb. 18 Forecast	Forecast Change
Individual Income Tax	\$23,731	\$(403)	\$25,705	\$(571)
General Sales Tax	11,124	(19)	11,857	(165)
Corporate Franchise Tax	2,833	130	2,912	262
All Other Revenue	7,524	94	7,467	88
Total Revenues	\$45,212	\$(198)	\$47,941	\$(386)

Forecast Revenue Growth Slows

Biennial Growth in Total Revenues

Annualized percent growth



Forecast Risks

- Taxpayer response to federal tax law changes
- Slowing labor force growth
- Trade policy uncertainty
- Geo-political events
- 28 months remain until the end of FY 2020-21

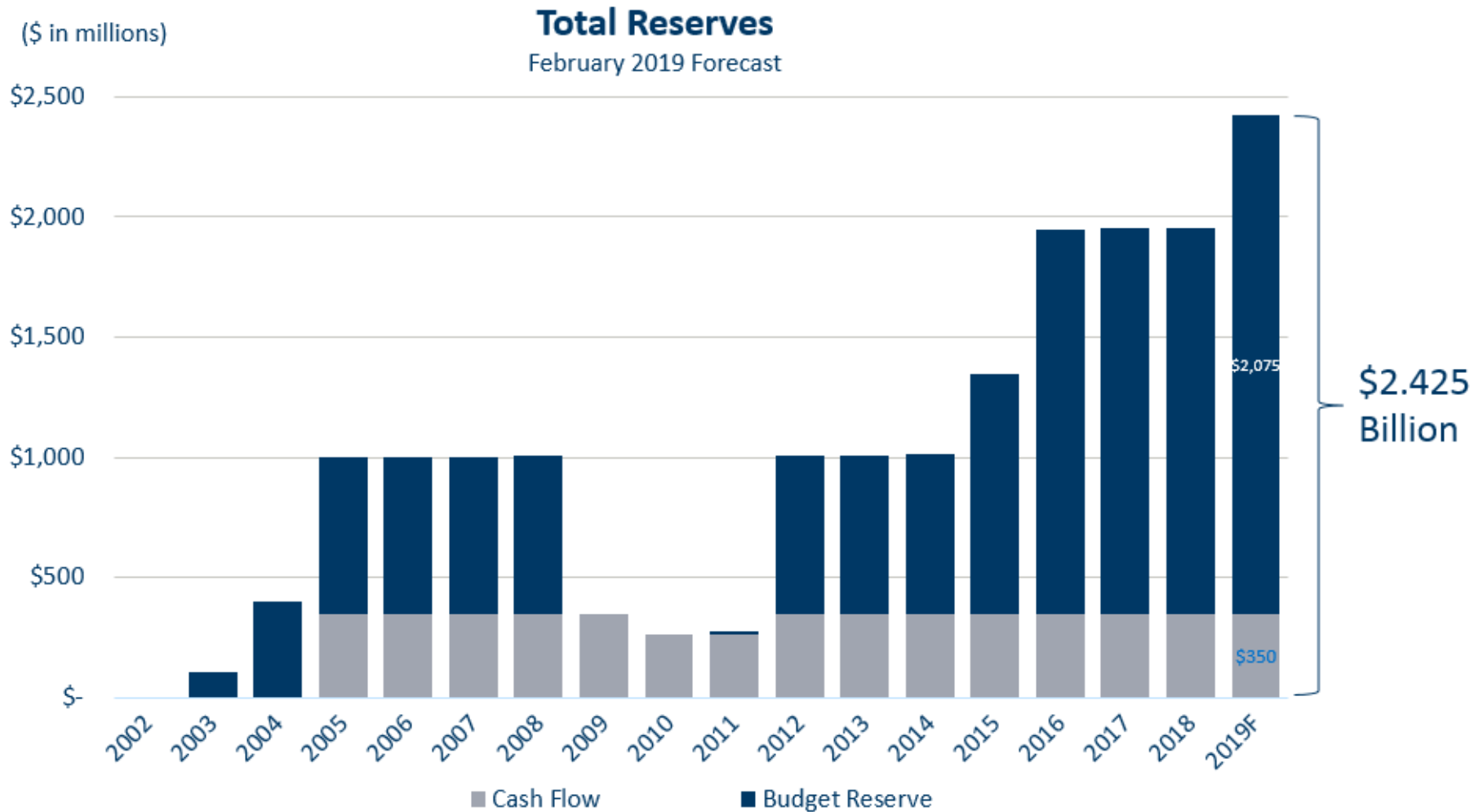
Lower Spending Partially Offsets Reduced Revenue

(\$ in millions)	FY 2020-21 Nov. Forecast	FY 2020-21 Feb. Forecast	Forecast Change
E-12 Education	\$19,601	\$19,553	\$(48)
Property Tax Aids & Credits	3,710	3,739	29
Health & Human Services	14,905	14,875	(30)
Debt Service	1,199	1,199	-
Other	8,040	8,037	(2)
Total Spending	\$47,454	\$47,403	\$(51)

Planning Estimates

(\$ in millions)	FY 2020-21	FY 2022-23	Biennial Growth	Annualized % Growth
Forecast Revenues	\$47,941	\$50,192	\$2,251	2.3%
Projected Spending	47,403	50,203	2,800	2.9%
Structural Balance	\$538	\$(11)		
<i>Estimated Inflation</i>	<i>\$1,097</i>	<i>\$2,694</i>		

State Finances Remain Sound



BUDGET AND *ECONOMIC FORECAST*

FEBRUARY 2019

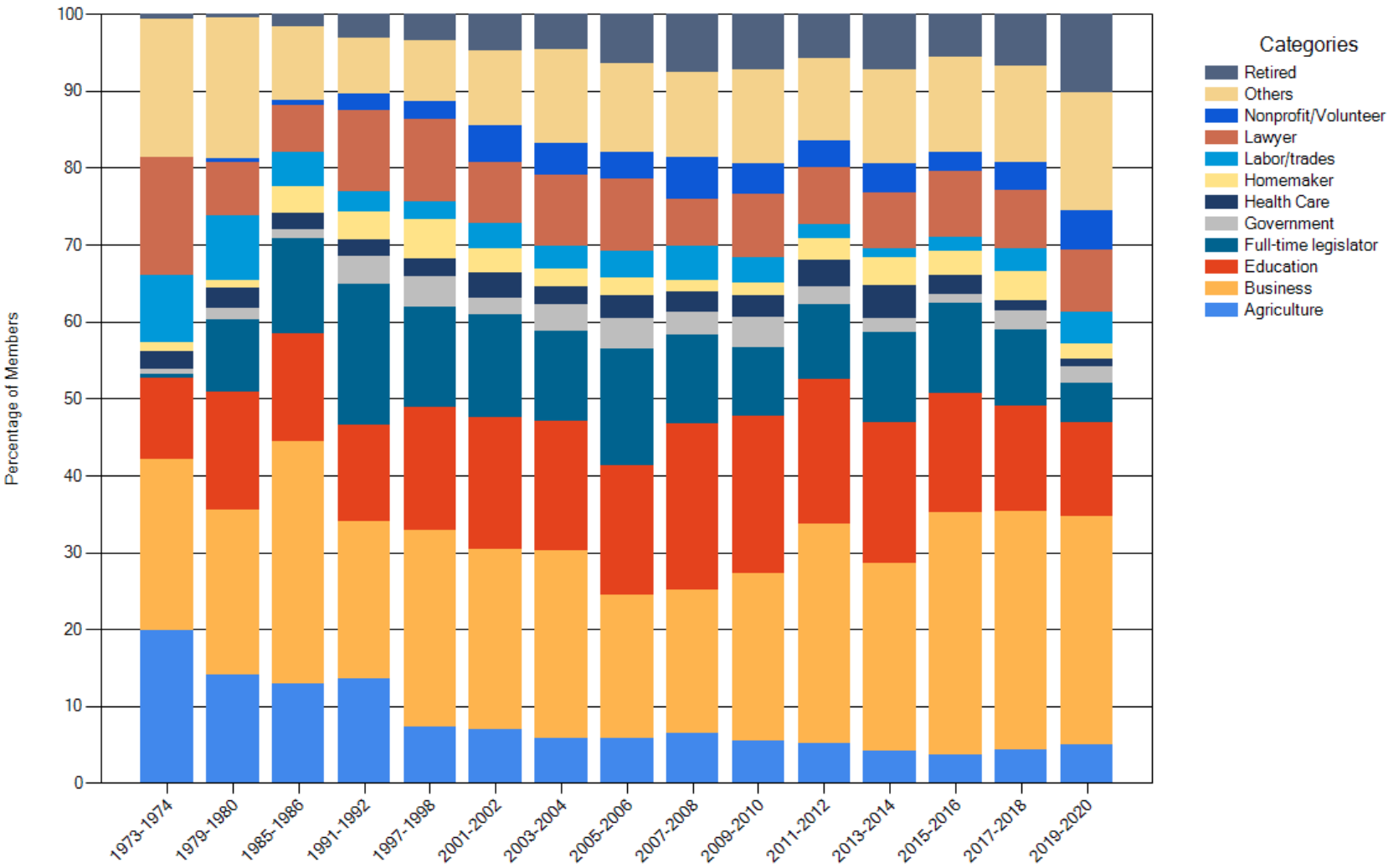
mn.gov/mmb



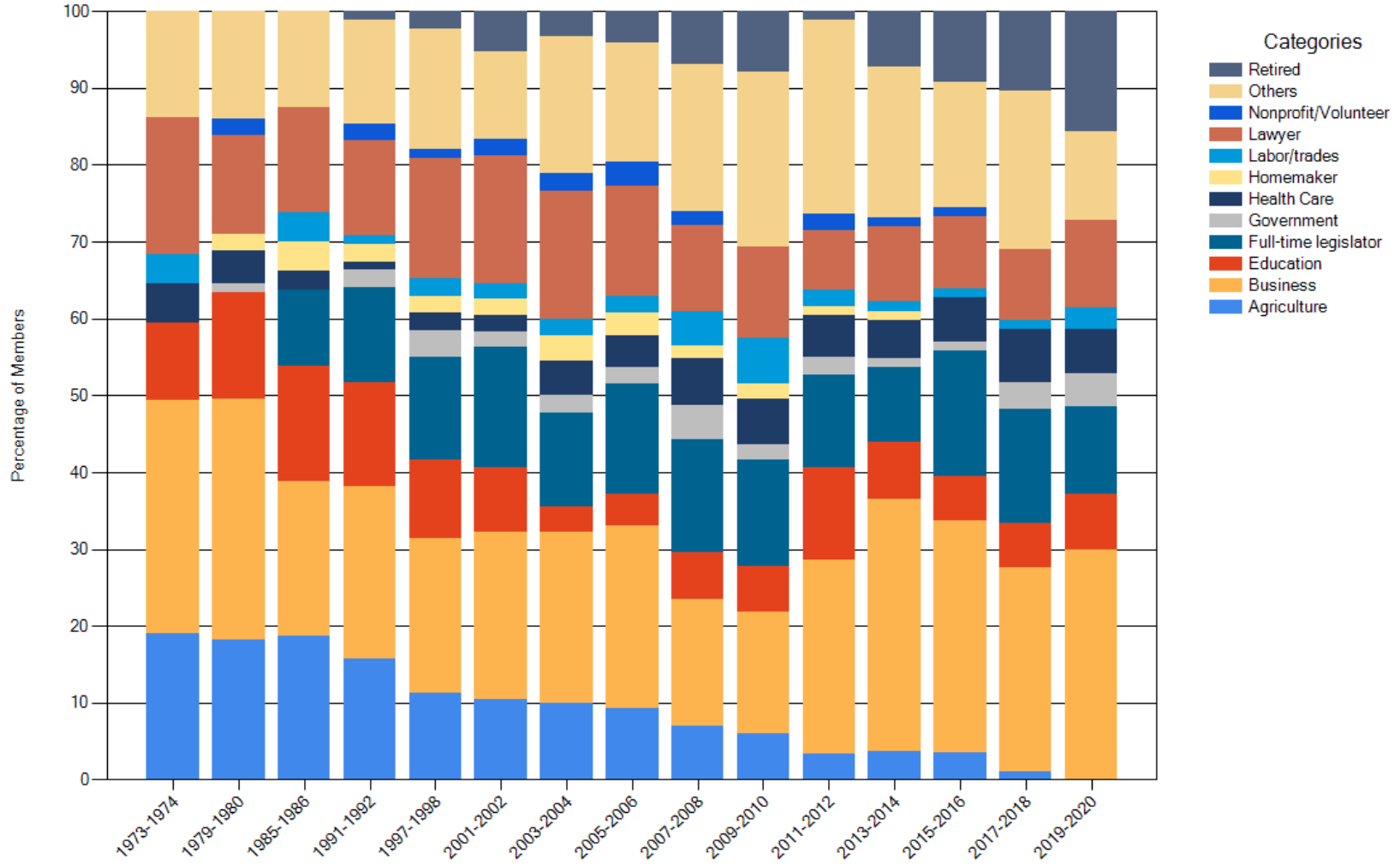
Appendix G

Legislative Member Demographics

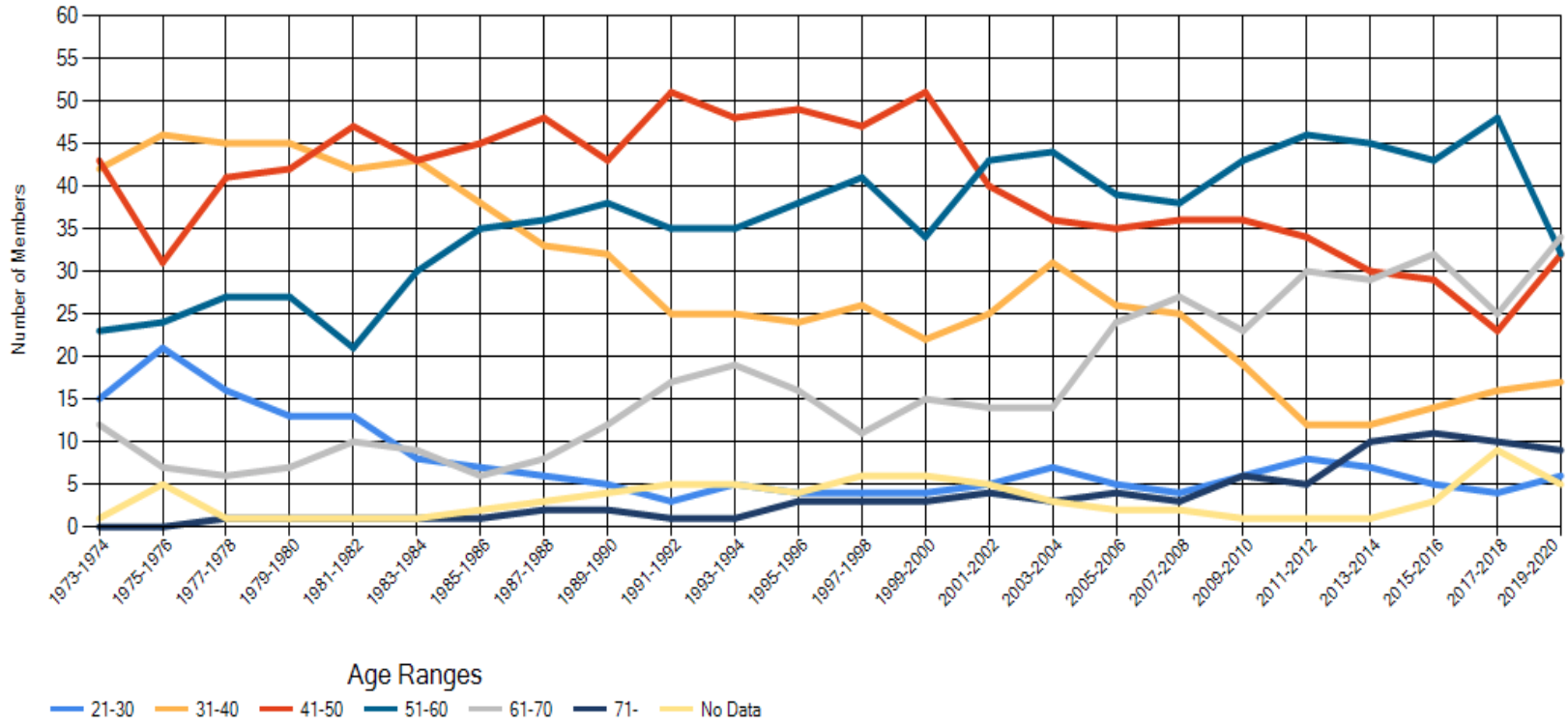
House Members Occupational Categories



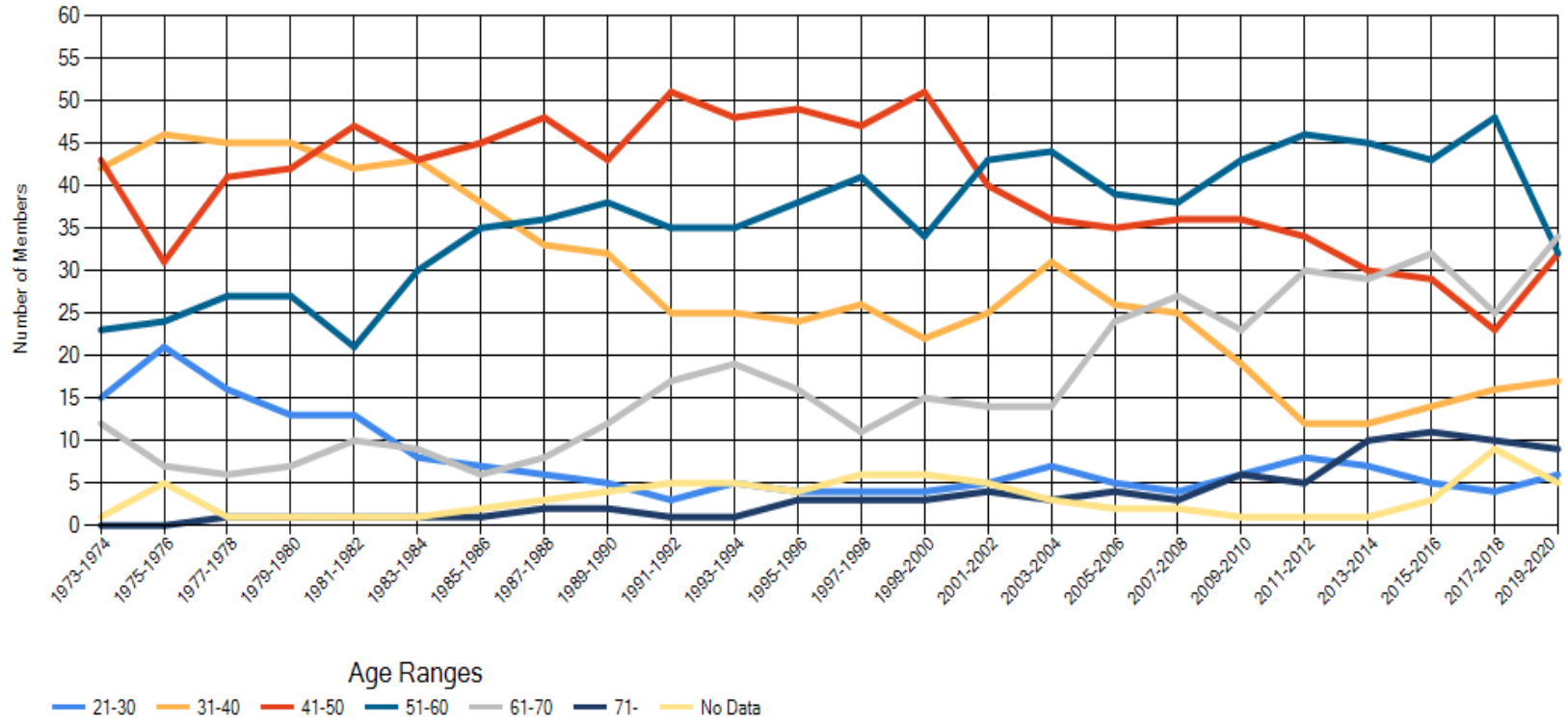
Senate Members Occupational Categories



House Member Age Ranges



Senate Member Age Ranges



Appendix H
Legislator Per Diem and Expenses
2013-2018

Legislator Per Diems and Expenses (2013-2018)

Senate Members - Average Payments

Per Diems								Insurance & Retirement			Reimbursed Expenses				
Year Paid	Maximum Per Diem	Session Per Diem	Interim Per Diem	Special Session	Per Diem Total	Total Amount Paid in Per Diem	Number of Regular Session Days	Single: 95% by state	Family: 85% by state	Retirement by state 6%	Lodging	Mileage	Other Travel	District Travel	Other Expenses
2013	\$86	\$10,976	\$868	\$69	\$11,913	\$798,142	62	\$5,734	\$15,096	\$1,868	\$5,227	\$2,798	\$264	N/A	\$1,293
2014	\$86	\$6,670	\$1,234	\$0	\$7,904	\$529,562	44	\$5,985	\$15,759	\$1,868	\$5,730	\$2,431	\$257	N/A	\$2,113
2015	\$86	\$10,965	\$1,034	\$96	\$12,095	\$810,340	65	\$5,985	\$15,759	\$1,868	\$6,315	\$2,699	\$609	N/A	\$2,008
2016	\$86	\$6,361	\$1,318	\$0	\$7,679	\$514,505	42	\$6,430	\$16,922	\$1,868	\$6,456	\$1,880	\$258	N/A	\$1,966
2017	\$86	\$11,751	\$479	\$0	\$12,230	\$819,373	62	\$6,992	\$18,396	\$2,284	\$7,187	\$1,861	\$237	N/A	\$1,709
2018	\$86	\$5,854	\$2,420	\$0	\$8,274	\$554,379	40	\$7,191	\$18,920	\$2,700	\$7,269	\$2,149	\$248	N/A	\$1,764

House Members - Average Payments

Per Diems								Insurance & Retirement			Reimbursed Expenses				
Year Paid	Maximum Per Diem	Session Per Diem	Interim Per Diem	Special Session	Per Diem Total	Total Amount Paid in Per Diem	Number of Regular Session Days	Single: 95% by State	Family: 85% by state	Retirement by state 6%	Lodging	Mileage	Other Travel	District Travel	Other Expenses
2013	\$66	\$7,325	\$490	\$65	\$7,880	\$1,103,255	62	\$5,734	\$15,096	\$1,868	\$3,628	\$1,576	\$135	\$709	\$702
2014	\$66	\$4,768	\$644	\$0	\$5,413	\$725,280	44	\$5,985	\$15,759	\$1,868	\$3,212	\$1,257	\$73	\$824	\$764
2015	\$66	\$7,297	\$503	\$25	\$7,826	\$1,142,567	65	\$5,985	\$15,759	\$1,868	\$4,111	\$1,576	\$148	\$642	\$1,067
2016	\$66	\$4,524	\$571	\$0	\$5,096	\$682,820	41	\$6,430	\$16,922	\$1,868	\$3,247	\$1,125	\$26	\$593	\$1,085
2017	\$66	\$8,239	\$455	\$118	\$8,813	\$1,180,895	62	\$6,992	\$19,132	\$2,612	\$12,589	\$1,503	\$145	\$549	\$914
2018	\$66	\$5,253	\$558	\$0	\$5,812	\$778,780	40	\$7,191	\$19,678	\$2,747	\$9,740	\$1,254	\$68	\$705	\$1,263

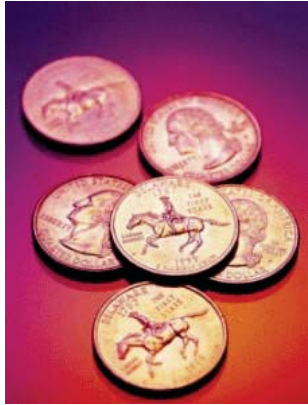
Appendix I

NCSL 2018 Legislator Compensation Data



2018 Legislator Compensation Information

4/16/2018



Annually, NCSL collects legislative salary and per diem information from all 50 states. This information is presented in the table below.

Every other year, NCSL conducts a broader survey on legislative compensation, including information on mileage reimbursement, office supplies and benefits. In 2018, NCSL decided to wait to collect this information until the majority of states were out of session. The results of this survey will be available by the fall of 2018. For the most up to date look at the type of information available from these surveys, please see NCSL's [2016 Legislator Compensation](#) page.

LEGISLATIVE SALARIES AND PER DIEM

STATE	BASE SALARY	PER DIEM
Alabama	\$46,257	Alabama legislators no longer receive a set per diem rate while in session. Legislators are reimbursed for in-state travel expenses which include mileage and per diem in accordance with rates and procedures applicable to state employees. All out-of-district reimbursable travel must be for official business and in the interests of the state or in the performance of official duties, as approved by the applicable presiding officer.
Alaska	\$50,400	\$275/day. Tied to the federal rate.
Arizona	\$24,000	\$35/d for legislators who live in Maricopa County; \$60/d for legislators who live outside of Maricopa County.
Arkansas	\$40,188	\$155 for legislators who live more than 50 miles from the Capitol; \$59 for legislators who live less than 50 miles from the Capitol.
California	\$107,241	\$192/d for each day in session.
Colorado	\$30,000	85 percent of federal per diem for members living outside Denver; \$45/d for members who live 50 or fewer miles from the capitol (V). Set by the legislature.
Connecticut	\$28,000	No per diem is paid.
Delaware	\$45,291	No per diem is paid.
Florida	\$29,697	\$152/d based on the number of days in Tallahassee (V).

STATE	BASE SALARY	PER DIEM
Georgia	\$17,342	\$173/d (U). Set by the Legislative Services Committee.
Hawaii	\$62,604	\$225/d
Idaho	\$17,358	\$129/d for members establishing a second residence in Boise; \$49/d if no second residence is established and up to \$25/d travel (V). Set by the compensation commission.
Illinois	\$67,836	\$111/session day.
Indiana	\$25,945	\$173/d (U)
Iowa	\$25,000	\$168/d
Kansas	\$88.66/day (C)	\$144/d
Kentucky	\$188.22/day (C)	158/d
Louisiana	\$22,800	\$164/d
Maine	\$10,131	\$38/d lodging (or mileage and tolls up to \$38/d in lieu of housing). \$32/d meals. Set by statute.
Maryland	\$50,330	\$47/d meals. \$106/d lodging.
Massachusetts	\$62,548	No per diem is paid.
Michigan	\$71,685	\$10,800/y expense allowance for session and interim (V). Set by the compensation commission.
Minnesota	\$45,000	\$86/d for senators; \$66/d for representatives.
Mississippi	\$23,500	\$144/day
Missouri	\$35,915	\$115.20/day
Montana	\$90.64/day (L)	\$114/d
Nebraska	\$12,000	\$144/d for members residing 50 miles or more from the capitol; \$51/d for members residing inside the 50-mile radius.
Nevada	\$150.71/day for legislators elected in 2016, \$146.29/day for midterm legislators	\$142/d.
New Hampshire	\$200/2-y term.	No per diem is paid.

STATE	BASE SALARY	PER DIEM
New Jersey	\$49,000	No per diem is paid.
New Mexico	None	\$161/day
New York	\$79,500	\$174/d (including overnight) or \$59/d (no overnight).
North Carolina	\$13,951	\$104/d (U). Set by statute.
North Dakota	\$177/day (C)	Up to \$1,682/m lodging (V).
Ohio	\$60,584	No per diem is paid.
Oklahoma	\$38,400	\$154/d
Oregon	\$24,216	\$144/d
Pennsylvania	\$87,180	\$183/d
Rhode Island	\$15,630	No per diem is paid.
South Carolina	\$10,400	\$202.03 (L)
South Dakota	\$6,000/session	\$144/d (L) (U).
Tennessee	\$22,667	\$229/d
Texas	\$7,200	\$190/d (U). Set by ethics commission.
Utah	\$273/day (C)	Up to \$100 plus tax/d (C) lodging; up to \$42/date meals (V). Tied to in-state lodging and meal reimbursement rates.
Vermont	723.27/week	\$125/d lodging (including overnight) or \$69/d (no overnight).
Virginia	\$18,000/y Senate; \$17,640/y House.	\$203/d
Washington	\$47,776/y; increases to \$48,731/y eff. 9/1/2018.	\$120/d.
West Virginia	\$20,000	\$131/d (U). Set by compensation commission.
Wisconsin	\$50,950	Senate - up to \$115/d (\$57.50/d Senators living in Dane County). Assembly - up to \$157/d (including overnight) or up to \$78.50/d (no overnight). The maximum number of days per year that per diem can be claimed is 90 days.

STATE**BASE SALARY****PER DIEM**

Wyoming	\$150/day	\$109/d (V). Set by legislature.
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Source: National Conference of State Legislatures, 2018

(C) = Calendar Day, (L) = Legislative Day

(V) = Vouchered, (U) = Unvouchered

John Mahoney is a policy specialist in the NCSL Center for Legislative Strengthening.

Appendix J

Salary Comparisons

Salary increase comparisons
Legislative Salary Council
3/21/2019

State of Minnesota % change	7/1/2017	7/1/2018
Constitutional officers	0.00%	0.00%
Minnesota judges	2.50%	2.50%
Agency heads	0.00%	0.00%
State employees ¹	2.00%	2.25%

Legislator salaries (NCSL)	2016	2018	% change
Iowa	\$25,000	\$25,000	0
Wisconsin	\$50,950	\$50,950	0
North Dakota	172/day	\$177/day	2.9%
South Dakota	\$6,000	\$6,000	0
Minnesota	\$31,140	\$45,000	44.5%

County commissioner salaries	2016	2018	% change
Anoka	\$64,000	\$67,488	5.5%
Carver	\$62,064	NA	NA
Dakota	\$75,000	\$77,450	3.3%
Hennepin	\$108,000	\$110,796	2.6%
Ramsey	\$90,000	\$92,423	2.7%
Scott	\$59,930	\$62,627	4.5%
Washington	\$52,713	\$52,713	0.0%
5 County average ²	\$62,741	\$64,468	2.8%

	FY 18 (July 2017- June 2018)	FY 19 (July 2018- Dec 2019) 6 months	Dec 2017- Dec 2018
Inflation			
Inflation(CPI-U)	2.70%	-0.31%	1.91%

	December 1, 2017	December 1, 2018
Social Security	2.00%	2.80%
Private sector ³	2.60%	3.00%

Notes

- 1 State employees received across the board increases in these amounts.
 In addition, employees not at the top of their salary ranges are eligible for merit increases
 These annual increases generally vary from 2.75% to 3.5%, depending on the contract.
 About 50% if state employees are eligible for these increases.
- 2 Does not include Hennepin and Ramsey counties.
- 3 Bureau of Labor Statistics: Economic News Release: Employment Cost Index Sum