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February 7, 2022

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

Senator Jim Carlson, Ranking Minority Member State Government Finance and Policy and Elections Committee 2207 Minnesota Senate Building St. Paul, MN 55155 Representative Michael Nelson, Chair State Government Finance and Elections Committee 585 State Office Building St. Paul, MN 55155

Representative Jim Nash, Minority Lead State Government Finance and Elections Committee 349 State Office Building St. Paul, MN 55155

Dear Members of the Minnesota Legislature:

Minnesota Management and Budget (MMB) is responsible for the enforcement of the Local Government Pay Equity Act (Minnesota Statutes 471.991 - 471.999 and Minnesota Rules Chapter 3920).

Please see attached Minnesota Local Government Pay Equity Compliance Report. 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.

For any questions, please contact Kevin McHenry at kevin.c.mchenry@state.mn.us

Sincerely

Jim Schowalter Commissioner



January 2022

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 (<u>Minnesota Statutes 471.991 - 471.999</u> and <u>Minnesota Rules Chapter</u> 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 increased 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 Coordinator.

In January 2021, a total of 541 local governments were required to submit reports to MMB. As of December 17, 2021, a total of 536 (99%) of the jurisdictions were in compliance, five jurisdictions remained out of compliance.

As a result of the COVID-19 pandemic many local governments experienced changes in staffing, roles and responsibilities. In 2021, there was an increase in the number of jurisdictions that requested a longer grace period to achieve compliance. MMB acknowledges and appreciates the hard work of all the local jurisdictions to ensure pay equity compliance under these trying conditions.



About This Report

Minnesota Management and Budget staff prepared the 2021 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 2021.

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

Questions? Contact Kevin McHenry at Kevin.C.McHenry@state.mn.us.



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 Minnesota Management and Budget (MMB) to determine whether local governments have achieved pay equity, based on implementation reports submitted by local governments.

Jurisdictions report pay equity data on three-year reporting cycle with more than 550 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 LGPEA.

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 government jurisdictions 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

Pay Inequity

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

Inequities exist when females are paid less than males even though their job evaluation ratings indicated that the females should be paid at least equal to the males, and when the jurisdiction cannot account for the disparities by length of service or performance differences.

For example, when a female in the position of city clerk-treasurer rating of 275 points, is paid less than a male in a public works/maintenance position with a rating of 213 points, there is an inequity between city clerks and maintenance workers.

In schools, we tend to find the greatest potential for inequities when 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

Position	Job Points	Class Type	Hourly Wage "Out of Compliance"	Hourly Wage "In Compliance"	Difference
Clerk-Treasurer	275	Female	\$16.00	\$17.34	\$1.34
Public Works/	213	Male	\$17.34		
Maintenance	213	iviale	Ş17.54		

Position	Job Points	Class Type	Min Monthly Salary	Max Monthly Salary	Years to Max Salary
Plant Maintenance	260	Male	\$3,007.00	\$4,750.00	11
Teacher	282	Female	\$3,270.83	\$5,468.75	30



Summary of Tests Failed After Initial Analysis

The following is a summary of 535 reports submitted by jurisdictions for the reporting year 2021. 169 or 31% of the reports were initially found out of compliance. Below is a breakdown of each test:

Test	Number of Jurisdictions Failing
Completeness and Accuracy Test	98
Statistical Analysis Test	31
Alternative Analysis Test	13
Salary Range Test	21
Exceptional Service Pay Test	5
Two or more tests	1
Total	169



Section Three Summary of Compliance Status of Local Governments

2021 Summary of Compliance Status by Jurisdictional Type as of December 17, 2021-Pay Equity Database for Local Governments

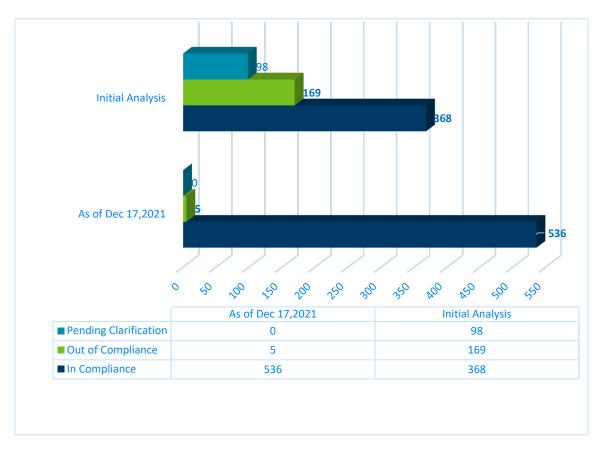
Jurisdiction Type	In Compliance	Out of Compliance	Total	% In Compliance
Cities	234	3	237	98%
Counties	28	0	28	100%
Schools	121	0	121	100%
Soil & Water Conservation Districts	27	1	28	96%
Other Districts	55	0	55	100%
Housing and Redevelopment Authorities	27	0	27	100%
Townships	21	1	22	95%
Utilities	15	0	15	100%
Health Care Facilities	8	0	8	100%
TOTAL	536	5	541	99%



Compliance Status of 2021 Reports

In January 2021, there were 541 local governments required to submit a report to MMB. The following chart depicts progress-to-date.

Status of Reports as of December 17, 2021





Section Four Jurisdictions Not in Compliance

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.

Jurisdiction	Test Failed*	Est. Monthly Cost to Achieve Compliance	Cost as % of Payroll
Cities			
Beardsley	CA	*	*
Middle River	CA	*	*
Stacy	CA	*	*
Townships			
Fair Haven	CA	*	*
SWCD	CA	*	*
East Polk	CA	*	*

^{*}The abbreviations for the tests for compliance used in this section can be found on page 17. A complete description of each of these tests, and the specific actions MMB recommended to each jurisdiction to achieve compliance can be found in <u>Section Six - Appendix</u> of this report.

CA – Completeness and Accuracy

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.

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 2021.

^{*}Unable to estimate monthly cost to achieve compliance because reports were not submitted.



Section Five Jurisdictions in Compliance

Cities

Afton **Albany** Albertville Alexandria Alpha Altura Amboy Arco Argyle Audubon Austin **Bagley Balaton** Baudette Baxter **Bayport** Bellechester **Belview** Bemidji Benson Bertha Big Lake **Bigfork** Birchwood Village Bird Island **Biscay Biwabik** Bovev Boyd **Brandon Brewster** Brownsdale Butterfield Callaway Market Calumet Canton Elysian **Emily** Carlos

Cass Lake

Center City

Chandler Chanhassen Chisholm City of Aitkin City of Hadley Claremont Clarissa Clear Lake Clearbrook Clearwater Cloquet Coates Comfrey Conger Corcoran Crookston Crosby Crosslake Danube Dawson De Graff Deephaven Deerwood Delavan **Detroit Lakes Dodge Center** Donnelly Eagle Lake East Bethel East Grand **Forks** East Gull Lake Eden Prairie Elbow Lake Elko New

Emmons

Erhard

Fairfax Fergus Falls **Finlayson** Foley Forest Lake Foreston Franklin Fulda Gary Gaylord Geneva Gilbert Gilman Glenville Gonvick Goodhue Goodridge Goodview **Grand Meadow** Green Isle Greenfield **Grey Eagle** Grygla Hallock Hamburg Hancock Harris Hartland Hastings Hayward Heron Lake Hilltop Hoffman Hokah

Holdingford

Holland

Jackson

Jasper

Janesville

Isanti

Jeffers Jenkins Jordan Kandiyohi Kellogg Kenyon Kinney La Prairie Lake Benton Lakefield Lakeland Lamberton Lancaster Lewisville Littlefork Lonsdale Luverne Lynd Madelia Madison Madison Lake Mahnomen Maple Grove Maple Lake Maplewood Marietta Marshall McGregor McIntosh Medina Menahga Mendota Heights Milaca Minneapolis Minnesota Lake Minnetrista Mound Nashwauk

Northfield Oak Grove Okabena Olivia Osakis Osseo Otsego Ottertail Palisade Pequot Lakes Perham Pierz Pillager Pine River Pipestone Plummer Plymouth Proctor Ramsev **Red Wing** Renville Richfield Robbinsdale Rochester Roseau Roseville Rothsay Royalton Rushford Rushmore Ruthton Sauk Centre Scandia Scanlon Shelly Shorewood Silver Lake Slayton South Haven

Spring Lake Park Spring Valley Stephen Stewartville Storden **Taylors Falls** Tonka Bay Tracy Twin Valley **Two Harbors** Tvler Ulen Underwood Upsala Vernon Center Vesta Waldrof Walnut Grove Walters Warren Watertown Waterville Watson Waverly Welcome Westbrook White Bear Lake Williams Wilmont Winnebago Wolf Lake Wolverton Worthington Wyoming Zumbro Falls

Newport



School Districts

ISD No. 2908 Brandon-Evansville Public Schools

ISD No. 108 - Norwood

ISD No. 115 - Cass Lake-Bena Schools

ISD No. 116 - Pillager ISD No. 12 - Centennial

ISD No. 129 - Montevideo

ISD No. 138 - North Branch Area Schools

ISD No. 139 - Rush City ISD No. 15 - St. Francis ISD No. 162 - Bagley ISD No. 200 - Hastings ISD No. 203 - Hayfield

ISD No. 204 - Kasson- Mantorville

ISD No. 2071 - Lake Crystal-Welcome Memorial

Schools

ISD No. 2135 - Maple River

ISD No. 2137 - Kingsland Public Schools ISD No. 2149 - Minnewaska Area Schools ISD No. 2159 - Buffalo Lake- Hector ISD No. 2164 - Dilworth- Glyndon-Felton

ISD No. 2165 - Hinckley- Finlayson

ISD No. 2167 - Lakeview ISD No. 2168 - NRHEG

ISD No. 2169 - Murray County Central

ISD No. 2171 - Kittson Central ISD No. 22 - Detroit Lakes

ISD No. 2215 - Norman County East

ISD No. 227 - Chatfield ISD No. 2342 - West Central ISD No. 2358 - Tri County ISD No. 2365 - GFW Schools ISD No. 242 - Alden-Conger

ISD No. 2527 - Norman County West

ISD No. 2580 - East Central ISD No. 261 - Ashby

ISD No. 264 - Herman-Norcross

ISD No. 2689 - Pipestone- Jasper ISD No. 270 - Hopkins

ISD No. 273 - Edina ISD No. 276 - Minnetonka ISD No. 281 - Robbinsdale

ISD No. 2835 - Janesville- Waldorf-Pemberton

ISD No. 2854 - Ada-Borup Public Schools

ISD No. 2860 - Blue Earth Area Schools

ISD No. 2889 - Lake Park- Audubon ISD No. 2890 - Renville County West

ISD No. 2895 - Jackson County Central Schools

ISD No. 2899 - Plainview- Elgin-Millville

ISD No. 2903 - Ortonville ISD No. 294 - Houston ISD No. 306 - Laporte ISD No. 31 - Bemidji ISD No. 317 - Deer River

ISD No. 330 - Heron Lake- Okabena

ISD No. 345 - New London- Spicer

ISD No. 347 - Willmar ISD No. 356 - Lancaster ISD No. 36 - Kelliher

ISD No. 363 - So. Koochiching/Rainy River

ISD No. 4 - McGregor ISD No. 402 - Hendricks ISD No. 403 - Ivanhoe ISD No. 404 - Lake Benton ISD No. 413 - Marshall ISD No. 414 - Minneota ISD No. 423 - Hutchinson ISD No. 432 - Mahnomen

ISD No. 447 - Grygla/Gatzke

ISD No. 463 - Eden Valley Watkins

ISD No. 482- Little Falls ISD No. 484 - Pierz ISD No. 486 - Swanville ISD No. 508 - St. Peter ISD No. 511 - Adrian ISD No. 531 - Byron ISD No. 534 - Stewartville ISD No. 553 - New York M

ISD No. 553 - New York Mills ISD No. 561 - Goodridge ISD No. 564 - Thief River Falls

ISD No. 578 - Pine City ISD No. 592 - Climax-Shelly ISD No. 593 - Crookston ISD No. 599 - Fertile-Beltrami ISD No. 6 - South St. Paul

ISD No. 600 - Fisher ISD No. 601 - Fosston ISD No. 630 - Red Lake Falls ISD No. 659 - Northfield



ISD No. 671 - Hills- Beaver Creek

ISD No. 676 - Badger

ISD No. 700 - Hermantown

ISD No. 707 - Nett Lake

ISD No. 709 - Duluth

ISD No. 712 - Mountain Iron-Buhl

ISD No. 717 - Jordan

ISD No. 719 - Prior Lake- Savage

ISD No. 727 - Big Lake

ISD No. 728 - Elk River

ISD No. 742 - St. Cloud

ISD No. 761 - Owatonna

ISD No. 763 - Medford

ISD No. 77 - Mankato

ISD No. 771 - Chokio-Alberta

ISD No. 801 - Browns Valley

ISD No. 803 - Wheaton

ISD No. 820 - Sebeka

ISD No. 829 - Waseca

ISD No. 834 - Stillwater

ISD No. 837 - Madelia

ISD No. 840 - St. James

ISD No. 846 - Breckenridge

ISD No. 850 - Rothsay

ISD No. 891 - Canby

ISD No. 91 - Barnum

ISD No. 911 - Cambridge-Isanti

ISD No. 914 - Ulen-Hitterdal

ISD No. 99 - Esko

St. Louis Park Public Schools

Southwest Metro Intermediate District 288



Soil Water and Conservation Districts

Benton County SWCD Blue Earth County SWCD Clay SWCD Clearwater SWCD Crow Wing SWCD

Dakota County SWCD Douglas SWCD Freeborn SWCD

Hubbard County SWCD
MAHNOMEN COUNTY SWCD

Martin SWCD McLeod SWCD Mille Lacs SWCD Nicollet SWCD Nobles SWCD

Pipestone County SWCD Red Lake County SWCD

Rice SWCD

Root River SWCD

Sherburne SWCD

Sibley County SWCD

Steele County SWCD Swift County SWCD

West Ottertail SWCD

Wilkin SWCD

Winona County SWCD

Townships

Franklin Township Ideal Township

Joint Powers Board Cascade/Rochester Township

Krain Township LaGrand Township Laketown Township Linwood Township

Maple Lake Township

Marysville Township

Middleville Township

Northern Township

Oaklawn Township

Pokegama Township

Rockford Township

Shingobee Township

Gilmanton

Silver Creek Township Solway Township South Bend Township Stanford Township White Township York Township

Utilities

Alexandria Light & Power

Austin Utilities

Bagley Public Utilities Commission

Bovey-Coleraine Water & Wastewater Commission

Elk River Municipal Utilities

Farwell Kensington Sanitary District

Grand Rapids Public Utilities Commission

Madelia Municipal Light & Power

Marshall & Polk Rural Water System

Blue Earth County

Carlton County

Moorhead Public Service

Moose Lake Water and Light Commission

Owatonna Public Utilities

Sauk Centre Public Utilities

Wells Public Utilities

Western Lake Superior Sanitary District

Counties

Chisago County
Clay County



Dakota County
Faribault County
Freeborn County
Houston County
Jackson County
Kandiyohi County
Kittson County
Koochiching County
Le Sueur County
Mille Lacs County
Pennington County
Ramsey County

Red Lake County
Rice County
Roseau County
Stevens County
Swift County
Traverse County
Wabasha County
Washington County
Watonwan County
Winona County
Wright County

Health Care Facilities

CCM Health Cook-Orr Health Care District Douglas County Hospital Heritage Living Center Lakewood Health System Ortonville Area Health Service Sleepy Eye Medical Center Swift County Benson Hospital

Housing & Redevelopment Authorities

Austin HRA Barnesville HRA Bemidji HRA Big Stone County HRA

Carver County CDA
Chisholm HRA
Cloquet HRA
Duluth HRA
Hibbing HRA

International Falls HRA

Koochiching County Housing & Redevelopment

Authority Luverne HRA

Minneapolis Public Housing Authority

Mora HRA

Morrison County HRA Mountain Lake HRA North Mankato HRA

Northwest Multi-County HRA

Pequot Lakes HRA Pine River HRA Red Lake Falls HRA Redwood Falls HRA

SE Minnesota Multi-County HRA

Sleepy Eye HRA Tracy HRA Warren HRA Worthington HRA



Other

Arrowhead Library System

Arrowhead Regional Development Commission

Bemidji Regional Interdistrict Council

Carnelian Marine St. Croix Watershed District

Clear Lake/Clearwater Sewer Authority

Dakota Communications Center

Des Moines Valley Health and Human Services

Duluth Entertainment & Convention Center Authority

East Central Regional Development Commission

East Central Solid Waste Commission

Forest Lake Cable Commission

Great River Regional Library

Horizon Public Health

Human Services of Faribault and Martin Counties

Intermediate District 287

Kitchigami Regional Library

Lac Qui Parle-Yellow Bank Watershed District

Marshall-Lyon County Library

Metro Mosquito Control District

Metronet

Metropolitan Airports Commission

Mid-Minnesota Development Commission

Minnehaha Creek Watershed District

Minnesota Sports Facilities Authority

Minnesota State High School League

Nine Mile Creek Watershed District

Northern Lights Library Network (NLLN)

Northwest Regional Development Commission

Northwest Regional Inter-District Council No. 382-

Okabena-Ocheda Watershed District

Pelican River Watershed District

Pine to Prairie Cooperative Center

Prairieland Solid Waste Management - Joint County

Prior Lake - Spring Lake Watershed District

Ramsey-Washington Metro Watershed District

Ramsey/Washington Co. Suburban Cable Commission

Redwood-Cottonwood Rivers Control Area

Region Nine Development Commission

Region V Computer Service

Resource Training and Solutions

Rice/Steele Consolidated PSAP

River Bend Education District #6049

Sauk River Watershed District

Scott County Community Development Agency (CDA)

South Central Service Cooperative

South Lake Minnetonka Police Department

South Washington Watershed District

Southeast Service Cooperative

Southern Plains Education Cooperative

Southwest Transit Commission

St. Paul Public Housing Agency

Traverse des Sioux Library System

Two Rivers Watershed District

Viking Library System

Washington County CDA



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.)

<u>Alternative Analysis T-Test (ALT)</u> - 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.

<u>Completeness and Accuracy Test (CA)</u> - 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.

<u>Exceptional Service Pay Test (ESP)</u> - 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.

<u>Salary Range Test (SR)</u> - 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.

<u>Statistical Analysis Test (ST)</u> - 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.