

February 3, 2025

Senator Tou Xiong Senate State and Local Government Committee 3203 Minnesota Senate Bldg. St. Paul, MN 55155

Senator Andrew Lang Senate State and Local Government Committee 2205 Minnesota Senate Bldg. St. Paul, MN 55155 Representative Ginny Klevorn House State Government Committee 5th Floor, Centennial Office Building St. Paul, MN 55155

Representative Jim Nash House State Government Committee 2nd Floor, Centennial Office Building St. Paul, MN 55155

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 Erik Anderson at erik.anderson@state.mn.us or (651) 201-8030.

Sincerely,

Erin Campbell Commissioner

Erin M. Campbell

Enclosures

cc: Eric Nauman

Emily Adriaens Andrew Erickson Helen Roberts



January 2025

Minnesota Local Government Pay Equity Compliance Report

Submitted to the Minnesota Legislature by Minnesota Management and Budget



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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 3920</u>).

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 2024, 545 local governments were required to submit reports to MMB. As of January 8, 2025, a total of 541 (99%) of the jurisdictions were in compliance. The pay equity coordinator position remained vacant from early August 2024 until late November 2024. Since the position has been filled, the new staff member has been actively working with jurisdictions to ensure compliance. Many jurisdictions experienced staff turnover during this period and were not aware of the requirement to report until recently.



About This Report

Minnesota Management and Budget staff prepared the 2024 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 2024.

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

Contact Dori Leland at 651-335-4085 with questions.



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 a 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 Minnesota Rules Chapter 3920 (1992).

B. Assistance to Local Governments

In 1989, MMB established a full-time pay equity coordinator position. The pay equity 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	Ş17.5 4		

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 545 reports submitted by jurisdictions for the reporting year 2024. The data show 194, or 36%, 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	160
Statistical Analysis Test	6
Alternative Analysis Test	13
Salary Range Test	12
Exceptional Service Pay Test	2
Two or more tests	1
Total	194



Section Three Summary of Compliance Status of Local Governments

2024 Summary of Compliance Status by Jurisdictional Type as of January 8, 2025—Pay Equity Database for Local Governments

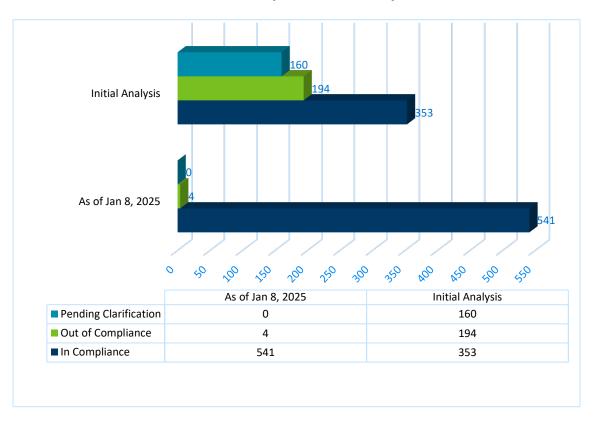
Jurisdiction Type	In Compliance	Out of Compliance	Total	% In Compliance
Cities	242	2	244	99%
Counties	26	0	26	100%
Schools	124	1	125	99%
Soil & Water Conservation Districts	28	0	28	100%
Other Districts	53	1	54	98%
Housing and Redevelopment Authorities	27	0	27	100%
Townships	18	0	18	100%
Utilities	16	0	16	100%
Health Care Facilities	7	0	7	100%
TOTAL	541	4	545	99%



Compliance Status of 2024 Reports

In January 2024, there were 545 local governments required to submit a report to MMB. The following chart depicts progress-to-date.

Status of Reports as of January 8, 2025





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 date 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			
Goodridge	CA	N/A	N/A
Holland	CA	N/A	N/A
School Districts			
ISD No. 482 - Little Falls	CA	N/A	N/A
Other			
Duluth Entertainment & Convention Center Authority	CA	N/A	N/A

PLEASE NOTE: The cities of Goodridge and Holland are actively working on their reports and will make submissions by the end of January 2025. ISD No. 482 – Little Falls will submit its report after it receives approval from its board meeting on February 10, 2025. Duluth Entertainment and Convention Center Authority is training new staff to complete the report and will submit it in February.

Jurisdictions Not in Compliance - Second Notice of Non-Compliance

Currently 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 2024.

^{*}The abbreviations for the tests for compliance and the specific actions MMB recommended to each jurisdiction can be found in Appendix – Compliance Tests, page 18.



Section Five **Jurisdictions in Compliance**

Cities

Ada Canton **Emmons** Jordan Afton Carlos Fairfax Kandiyohi Fergus Falls Aitkin Cass Lake Kellogg Albany Center City **Finlayson** Kenyon Albertville Chandler Foley Kinney Alexandria Chanhassen Forest Lake La Prairie Alpha Chisholm Foreston Lake Benton Altura City of Hadley Franklin Lakefield **Amboy** Claremont Fulda Lamberton Arco Clarissa Gary Lancaster Argyle Clearbrook Lewisville Gaylord Audubon Clearwater Gilbert Littlefork Austin Cloquet Gilman Lonsdale **Bagley** Coates Glenville Luverne Comfrey Gonvick Lynd **Balaton** Baudette Goodhue Madelia Conger Goodview Madison Baxter Corcoran **Bayport** Crookston **Grand Meadow** Madison Lake Bellechester Crosby Green Isle Mahnomen **Belview** Crosslake Greenfield Maple Grove Bemidji Danube **Grey Eagle** Maple Lake Benson Dawson Grygla Maplewood Bertha De Graff Hamburg Marietta Big Lake Deephaven Hancock Marshall Deerwood Harris Bigfork McGregor Birchwood Village Delavan Hartland McIntosh Bird Island Meadowlands Dennison Hastings **Detroit Lakes Biscav** Hayward Medina Biwabik **Dodge Center** Heron Lake Menahga Blue Earth Donnelly Hilltop Mendota Heights Bovey Eagle Lake Hoffman Middle River East Bethel Hokah Milaca Boyd **East Grand Forks** Holdingford **Brainerd** Minneapolis Brandon East Gull Lake Isanti Minnesota Lake Eden Prairie Jackson Minnetrista **Brewster** Brownsdale Elbow Lake Janesville Montrose Butterfield Elko New Market Jasper Moose Lake Callaway Elysian **Jeffers** Mound Calumet **Emily Jenkins** Nashwauk



New Munich Newport Northfield Oak Grove Okabena Olivia Osakis Osseo Otsego Ottertail Pequot Lakes Perham Pierz Sauk Centre Pillager Pine River **Pipestone** Plummer Plymouth

Ramsey Red Wing Renville

Proctor

Richfield Robbinsdale Rochester Rockford Rose Creek Roseau Roseville Rothsay Royalton Rushford Rushmore Ruthton Sabin

Scandia Scanlon Shelly Shorewood Silver Lake Slavton South Haven Spring Lake Park

Spring Valley Springfield Spring Grove Spring Valley St. Augusta St. Charles St. Paul Stephen Stewartville Storden **Taylors Falls** Tintah Tonka Bay Tracy

Trosky Twin Valley Tyler Ulen Underwood Upsala Vernon Center

Vesta

Waldorf Walnut Grove Walters Warba Warren Watertown Waterville Watson Waverly Welcome Westbrook White Bear Lake

Williams Wilmont Winnebago Wolf Lake Wolverton Worthington Wyoming Zumbro Falls

School Districts

ISD No. 2910 - Ada Borup Public Schools ISD No. 511 - Adrian

ISD No. 242 - Alden - Conger

ISD No. 261 - Ashby ISD No. 676 - Badger ISD No. 162 - Bagley ISD No. 91 - Barnum ISD No. 31 - Bemidji

ISD No. 727 - Big Lake

ISD No. 2860 - Blue Earth Area Schools

ISD No. 314 - Braham

ISD No 2908 - Brandon Evansville Public Schools

ISD No. 846 - Breckenridge ISD No. 787 - Browerville ISD No. 801 - Browns Valley

ISD No. 2159 - Buffalo Lake -Hector- Stewart

ISD No. 531 - Byron

ISD No. 911 - Cambridge -Isanti

ISD No. 891 - Canby

ISD No. 115 - Cass Lake-Bena Schools

ISD No. 12 - Centennial

ISD No. 227 - Chatfield

ISD No. 771 - Chokio -Alberta ISD No. 592 - Climax -Shelly ISD No. 593 - Crookston

ISD No. 317 - Deer River ISD No. 22 - Detroit Lakes

ISD No. 2164 - Dilworth -Glyndon -Felton

ISD No. 709 - Duluth

ISD No. 2580 - East Central

ISD No. 463 - Eden Valley Watkins

ISD No 581 - Edgerton ISD No. 273 - Edina ISD No. 728 - Elk River

ISD No. 99 - Esko

ISD No. 599 - Fertile - Beltrami

ISD No. 600 - Fisher ISD No. 601- Fosston



ISD No. 505 - Fulda

ISD No. 2365 - GFW Schools

ISD No. 561 – Goodridge

ISD No 447 – Grygla/Gatzke

SD No. - 200 Hastings

ISD No. - 203 Hayfield

ISD No. - 402 Hendricks

ISD No. 264 - Herman - Norcross

ISD No. 700 - Hermantown

ISD No. 330 - Heron Lake - Okabena

ISD No. 671 - Hills -Beaver Creak

ISD No. 2165 - Hinckley - Finlayson

ISD No. 270 - Hopkins

ISD No. 294 - Houston

ISD No. 423 - Hutchinson

ISD No. 403 - Ivanhoe

ISD No. 2895 - Jackson County Central Schools

ISD No. 2835 - Janesville- Waldorf-Pemberton

ISD No. 717 - Jordan

ISD No. 36 - Kelliher

ISD No. 2137 - Kingsland Public Schools

ISD No. 2171 - Kittson Central

ISD No. 300- LaCrescent-Hokah

ISD No. 404 - Lake Benton

ISD No. 2071 - Lake Crystal Welcome Memorial

School

ISD No. 2167 – Lakeview

ISD No. 356 - Lancaster

ISD No. 306 - Laporte

ISD No. 837 - Madelia

ISD No. 432 - Mahnomen

ISD No. 77 - Mankato

ISD No. 2135 - Maple River

ISD No. 413 – Marshall

ISD No. 763 - Medford

ISD No. 4 - McGregor

ISD No. 414 - Minneota

ISD No. 276 - Minnetonka

ISD No. 2149 - Minnewaska Area Schools

ISD No. 129 - Montevideo

ISD 332 - Mora Public Schools

ISD No. 712 - Mountain Iron - Buhl

ISD No. 707 - Nett Lake

ISD No. 345 - New London - Spicer

ISD No. 553 - New York Mills

ISD No. 2215 - Norman County East

ISD No. 138 - North Branch Area Schools

ISD No. 659 - Northfield

ISD No.6076 - Northland Learning Center

ISD No. 108 - Norwood

ISD No. 2168 - NRHEG

ISD No. 761 - Owatonna

ISD No. 2903 - Ortonville

ISD No. 484 - Pierz

ISD No. 116 - Pillager

ISD No. 578 - Pine City

ISD No. 2689 - Pipestone Area Schools

ISD No. 2899 - Plainview - Elgin- Millville

ISD No. 719 - Prior Lake- Savage

ISD No. 630 - Red Lake Falls

ISD No. 2890 - Renville County West

ISD No. 281 - Robbinsdale

ISD No. 682 - Roseau

ISD No. 850 - Rothsay

ISD No. 139 - Rush City

ISD No 287 - School for Unique Learners

ISD No. 820 - Sebeka

ISD No. 363 - So. Koochiching/Rainy River

ISD No. 6 - South St. Paul

ISD No. 288 - Southwest Metro

ISD No. 742 - St. Cloud

ISD No. 15 - St. Francis

ISD No. 840 - St. James

ISD No. 2170 - Staples-Motley

St. Louis Park Public Schools

ISD No. 508 - St. Peter

ISD No. 534 - Stewartville

ISD No. 834 - Stillwater



ISD No. 486 - Swanville

ISD No. 564 - Thief River Falls

ISD No. 2358 - Tri County

ISD No. 2125 - Triton

ISD No. 914 - Ulen - Hitterdal

ISD No. 113 - Walker -Hackensack- Akeley

ISD No. 829 - Waseca

ISD No. 803 - Wheaton

ISD No. 347 - Willmar

Soil Water and Conservation Districts

Benton County SWCD

Blue Earth County SWCD

Clay SWCD

Clearwater SWCD

Crow Wing SWCD

Dakota County SWCD

Douglas SWCD

East Polk SWCD

Freeborn SWCD

Hubbard County SWCD

Mahnomen County SWCD

Martin SWCD

McLeod SWCD

Mille Lacs SWCD

Nicollet SWCD

Nobles SWCD

Pipestone County SWCD

Prairieland SWCD

Red Lake County SWCD

Rice SWCD

Root River SWCD

Sherburne SWCD

Sibley County SWCD

Steele County SWCD

Swift County SWCD

West Ottertail WWCD

Wilkin SWCD

Winona County SWCD

Townships

Franklin Township

Ideal Township

Joint Powers Board Cascade/Rochester

Township

Karin Township

LaGrand Township

Laketown Township

Linwood Township

Maple Lake Township

Marysville Township

Middleville Township

Northern Township

Oaklawn Township

Pokegama Township

Rockford Township

Silver Creek Township

Solway Township

Stanford 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 Moorhead Public Service Owatonna Public Utilities Ramsey-Washington Metro Watershed District Sauk Centre Public Utilities Sauk River Watershed District Western Lake Superior Sanitary District Wells Public Utilities Department

Counties

Blue Earth County
Carlton County
Clay County
Dakota County
Faribault County
Freeborn County
Houston County
Hubbard County
Jackson County
Kandiyohi 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

Housing & Redevelopment Authorities

Austin HRA Barnesville HRA Bemidji HRA

Big Stone Country HRA
Carver County CDA
Chisholm HRA
Cloquet HRA
Duluth HRA

International Falls HRA

Koochiching County Housing & Redevelopment

Authority Luverne HRA

Hibbing HRA

Minneapolis Public Housing

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 911

Des Moines Valley Health and Human Services

East Central Regional Development

Commission

East Central Solid Waste Commission

Excelsior Fire District

Forest Lake Cable Commission Great River Regional Library Heron Lake Watershed District

Horizon Public Health

Human Services of Faribault and Martin

Counties

Kitchigami Regional Library

L.O.G.I.S.

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

Moose Lake Water and Light Commission

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

Prior Lake - Spring Lake Watershed District



Ramsey/Washington Co. Suburban Cable Commission

Ramsey-Washington Metro Watershed District
Rice/Steele Consolidated PSAP
Redwood-Cottonwood Rivers Control Area
Region Nine Development Commission
Region V Computer Service
Resource Training and Solutions
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
Southwest Transit Commission
St. Paul Public Housing Agency
Viking Library System

Washington County CDA



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 T-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.

<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.

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 for which there is 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.