

020067

Report to the Legislature

**Practices and Progress
of the
Local Government Pay Equity Act**

**Minnesota Department of Employee Relations
200 Centennial Office Building
658 Cedar Street
St. Paul, MN 55155-1603**

January 15, 2002

TABLE OF CONTENTS

	Page
Executive Summary.....	3
The Pay Equity Reporting and Review Process	4
1. Completeness and Accuracy Test	
2. Salary Comparison Test	
a. Statistical Analysis Test	
b. Alternative Analysis Test	
3. Salary Range Test	
4. Exceptional Service Pay Test	
Summary of the Pay Equity Advisory Committee Meeting.....	6
1. The Administration's Perspective	
2. Preliminary Report Regarding Compliance/Non Compliance and Inequities	
3. The Committee Identified Strengths and Issues Associated with Pay Equity	
4. Report to be Based Primarily on Advisory Committee's Finding	
Findings and Recommendations of the Executive Branch	8
1. Has the pay equity law achieved its purpose, and consequently should the law be repealed, or is the program still needed?	
2. Are changes needed in the requirements for, and oversight of, the job evaluation component of pay equity?	
3. Should there be a reporting exemption for small jurisdictions with fewer than 10 employees? Should jurisdictions be allowed to report once every five years instead of three if previously found in compliance?	
4. Should the requirements regarding the reporting of longevity and insurance be changed?	
Summary/Conclusion	14
Appendix A – Preliminary Pay Equity Report Summary.....	15
Appendix B – Advisory Committee Comments.....	19
Appendix C – Letters From Advisory Committee Members	21
Appendix D – Advisory Committee Participants	26
Appendix E – Requirement for This Report.....	27

EXECUTIVE SUMMARY

In 1984, the Minnesota legislature passed the Local Government Pay Equity Act (LGPEA). This law requires all political subdivisions, including cities, counties, and school districts, to eliminate sex-based wage inequities in compensation and report to the Department of Employee Relations.

The 2001 legislature passed a provision that directs DOER to "...examine the practices and progress of the local government pay equity act..."¹ and to submit a report to the legislature in January 2002. DOER convened an advisory committee of approximately 40 stakeholders to review the Act and its progress. The advisory committee was comprised of local government staff, elected officials, and associations, as well as union representatives, advocates, and members of the legislature, the governor's office, and DOER. The half-day meeting held in September, 2001, was facilitated by the Management Analysis Division of the Department of Administration.

The advisory committee was asked to examine the strengths and issues and comment on the current system of reporting and enforcement. Addressing wage discrimination against women and a fair and manageable method of implementation were the identified major strengths. Concerns regarding how local officials conduct job evaluations; small jurisdictions seeming to have more difficulty in achieving compliance than large jurisdictions; and confusion regarding pay beyond base pay (longevity, performance and insurance) were the cited main issues.

Following the meeting, members of the Ventura Administration met to determine if statutory or other changes should be initiated. In making the final recommendations, staff reviewed comments from the advisory committee as well as background materials and compliance statistics.

As a result of the review, administration staff came to two distinct conclusions. First, the LGPEA should be retained. During each compliance cycle as many as 30% of the jurisdictions are out of compliance. Those in compliance in one cycle may be out of compliance during the next due to continuous changes in wage and personnel. Moreover, some jurisdictions lack the will to remain in compliance absent any requirement. While some jurisdictions do not fully support the continuation of the LGPEA, many others do not share this view, and some would like the law strengthened. Considering that strong support for the program as it is currently administered and enforced still exists, and because the goals have not been fully or permanently achieved, the requirement is still valid.

The second conclusion was that there were valid concerns regarding job evaluations, assistance to small jurisdictions and confusion about longevity pay and insurance. These issues can be effectively addressed through increased training and assistance from DOER. To this end, DOER staff is preparing a training program, within current staff and appropriation levels, to address these issues. This program will be available to all jurisdictions and other interested parties during 2002.

Any questions about this report can be directed to the Pay Equity Coordinator at 651-296-2653.

¹ First Special Session, Laws of 2001, Chapter 10, Article 2, Section 92

THE PAY EQUITY REPORTING AND REVIEW PROCESS

DOER administers the LGPEA based on Minnesota Statutes 471.991 to .999 and Minnesota rules Chapter 3920. Each political subdivision is required to submit a report to DOER once every three years. DOER, in turn, analyzes the information and prepares a report summarizing about 500 jurisdictions and submits it to the legislature each January.

DOER staff works with jurisdictions to make reporting as easy as possible. DOER provided free software that allows self-testing for compliance. The software produces a print out of the jurisdiction's information that can be used as half of the report. In addition, DOER staff has a standing offer to conduct preliminary evaluations whenever a jurisdiction requests one.

DOER staff also strives to keep the cost of reporting manageable as an "in house" function at the local level. Most jurisdictions utilize existing staff to prepare the report as part of their usual job duties. Reports are short, usually two pages long. However, the report may be longer if a jurisdiction has numerous job classes. Some jurisdictions choose to hire consultants to prepare the pay equity report and/or assist with other human resource matters and so incur some administrative costs. Typically, there is a cost to "restore" a jurisdiction out of compliance. As required by law, DOER has estimated these costs and over the past two years, the estimated average cost to reach compliance was approximately 0.7% of payroll. But then that cost represents the purpose of the law.

The reporting requirements for jurisdictions include basic compensation information specifically: job class titles, the number of male and female employees, the job ratings (points), the salaries, how many steps in the salary ranges, and whether employees receive longevity or performance pay. The report also includes approval by the local governing body, identification of the job evaluation system used, and a statement regarding health insurance and the total annual payroll.

Once the jurisdictions submit their reports to DOER, four basic tests outlined in rules are used to analyze them. These tests are:

1. **Completeness and Accuracy Test:** Determines whether jurisdictions have filed reports on time, included correct data and supplied all required information.²
2. **Salary Comparison Test:** Compares the wages for males and females to determine if there are inequities in compensation and, if so, what adjustments are needed. There are two methods for this test. The statistical test is for larger jurisdictions. The alternative test is for small jurisdictions in which there are too few job classes to make a statistical analysis valid.
 - a. **Statistical Analysis Test:** Compares salary data to determine if female classes are paid consistently below male classes of comparable work value (job points).³

² M.R.3920.0700, Subp. 2

³ M.R. 3920.0500

- b. **Alternative Analysis Test:** 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.⁴
3. **Salary Range Test:** Compares the average number of years it takes for individuals in male and female classes to reach the top of a salary range. This test only applies to jurisdictions that have classes where there is an established number of years to move through salary ranges.⁵
4. **Exceptional Service Pay Test:** 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.⁶

Jurisdictions failing a compliance test receive a notice from DOER. Each non-complying jurisdiction is given a grace period with the opportunity to request reconsideration or to correct the inequities and achieve compliance by a specific date. Upon expiration of the grace period, jurisdictions failing to comply with one or more of the tests a second time are subject to a penalty of \$100 a day or a 5 percent reduction in local government aid from the state, whichever is greater.

⁴ M.R. 3920.0600

⁵ M.R. 3920.0770, Subp. 4

⁶ M.R. 3920.0700, Subp. 5

SUMMARY OF THE PAY EQUITY ADVISORY COMMITTEE MEETING

1. The Administration's Perspective:

Laura Offerdahl, from the Governor's office, welcomed the advisory committee and discussed the concerns raised by some political subdivisions regarding the continued need of the pay equity requirement. The legislative requirement for this report and analysis by DOER grew out of those concerns.

2. DOER Preliminary Report Regarding Compliance/Non-Compliance and Inequities:

Faith Zwemke, DOER's pay equity coordinator, gave a preliminary report on the jurisdictions required to report in 2001.⁷ As of September, 2001, 365 of the 564 reports had been analyzed and of those:

- 73% were in compliance
- 27% were not in compliance
- Range of inequities was: \$10/hr - \$5.65/hr
- Average inequity was: \$1.33/hr

3. The Committee Identified the Strengths and Issues Associated with Pay Equity:

The advisory committee was asked to develop a list of the most important issues associated with pay equity today. To accomplish this task the committee developed a list of all issues, both positive and negative, no matter how "important" or "trivial" they might seem. From that list the group chose the most important strengths and issues.⁸ Small groups were then formed to fully discuss and further articulate each key point. Following are the key points identified by the full committee:

Strengths:

- ◆ Holds the line of pay inequities: The current system is an effective method of eliminating wage discrimination against women.
- ◆ The System is effective: It's workable, reasonably priced, and fair.

Issues:

- ◆ Job Evaluation Methods are not Always Fair: Points are not always assigned consistently. Sometimes staff assigning the points have limited knowledge or understanding of the jobs. Points can be manipulated. Employers do not always write accurate job descriptions or sometimes ignore them, thereby causing the points to be skewed. No independent review or appeal process is required.
- ◆ Large and Small Entities: The different challenges faced by large and small jurisdictions are not adequately taken into consideration. For example, small jurisdictions are more likely to have less human resources staff or expertise.
- ◆ Longevity/Insurance not Accurately Reported: Reporting requirements regarding pay beyond base pay (longevity, performance and health insurance) is confusing. Reporting of longevity pay should be based on "eligibility" for these payments instead of having to "receive" such payments.

⁷ Complete Preliminary Report is in Appendix A

⁸ The committee decided to title the list strengths and "issues" rather than "weaknesses" believing that this seemed more appropriate given that a weakness for one person may be a strength for another.

4. Report to be Based Primarily on Advisory Committee's Finding

The meeting concluded with the understanding that the administration would prepare the report. To do so, administration staff committed to reviewing the comments made by the advisory committee and all the submitted written comments.⁹ Administration staff were to develop recommendations for any necessary statutory or rule changes for the program. A copy of the report was promised to the advisory committee members.

⁹ Complete Membership List is in Appendix C

FINDINGS AND RECOMMENDATIONS

Administration staff reviewed the findings of the advisory committee including letters submitted by advisory committee members, comments received from political subdivisions and other interested parties through other forums. Specific consideration was given to the cost and staffing burdens political sub-divisions face in complying with the pay equity law. From this review four key issues were identified. As staff discussed each issue, it was noted that comments from the advisory committee reflected opposing views and that there was an ongoing need to maintain a balance between those interests. Since the inception of the law, the administration has worked hard to balance the purpose and legislative intent of the law to eliminate sex-based wage disparities against the need for local governments to operate within a fair, flexible and manageable system of reporting and enforcement. Each of the following issues was addressed with the intent to maintain and improve the balance.

1. Has the pay equity law achieved its purpose, and consequently should the law be repealed, or is the program still needed?

Background

The goal of pay equity is to eliminate sex-based wage disparities in public employment. In the late 1970s, the Commission on the Economic Status of Women studied women in state government employment and found that jobs held by women had average salaries far lower than jobs held by men. A task force in 1981 examined all salary differences between male and female jobs in state government and in 1982 the legislature mandated that these salary inequities be eliminated for state government employees. While pay equity was being implemented at the state level, the legislature passed the 1984 LGPEA. Pay equity was achieved for state employees in 1986 and is addressed and maintained during bargaining every two years. All local governments were required to report and comply by 1992. Beginning in 1994, a three-year reporting schedule was established with approximately one-third of all jurisdictions reporting each year. Routinely, approximately 30% of jurisdictions reporting each year are out of compliance.

Findings and Recommendations

It is recommended that the pay equity program remain in effect. The department believes that the data shows that the goals of this law have not been achieved and that without these requirements the number of inequities would increase.

- Each year approximately 30% of reporting jurisdictions are out of compliance.
- Wages constantly change. What may have been equity in the past can easily erode without ongoing consideration for pay equity.
- An entity in compliance in one reporting cycle may be out of compliance during the next.
- Continued review of compensation is the only way to eliminate sex-based wage disparities.

The requirement to comply provides much of the incentive to maintain compliance. There is support for the requirements:

- Since the rule was adopted in 1992, advocates, women's groups and some unions have been concerned that the standard for compliance is too low and that inequities can still exist even though a jurisdiction is in compliance. For example, the statistical salary comparison test requires a minimum score of 80%, a threshold based on the "four-fifths rule" found in federal guidelines for affirmative action hiring. Some feel the minimum score should be 100% because some women will remain underpaid with a complying score of 80%.
- Although members of the advisory committee differed on a few issues, no one said that the pay equity law should be repealed and there was clear support for the underlying concept of equitable pay for women.
- The ongoing requirement to maintain compliance with the LGPEA provides a much-needed incentive for jurisdictions to monitor themselves when considering wage adjustments. Without the law some jurisdictions may not maintain equal pay for work of equal value and currently about one-third of jurisdictions are not in compliance each year. A jurisdiction in compliance one review cycle may be out of compliance during the next. Some jurisdictions strive to achieve and maintain no more than the minimum threshold.

2. Are changes needed in the requirements for, and oversight of, the job evaluation component of pay equity?

Background

Employers and employees have consistently expressed strong opposing views on this issue. The pay equity law provides for a high level of local control over job evaluation. Local governments choose the system and make decisions regarding the assignment of a job evaluation rating. Employees and representing unions would like more control over this element. DOER has balanced this conflict to some extent by monitoring changes in ratings

The key to rating a job is to define that job. Once defined points are assigned based on factors such as the difficulty of the job, the skills required, the independence of action and so forth. The points are important because, in general, the more points, the more pay. Job classes dominated by females are compared to job classes of the same or similar points dominated by males. It is expected that both classes would be paid a comparable wage.

For the most part, local governments handle job evaluation as they see fit. DOER has provided the State Job Match system as a free tool for local governments to use to assign points to their jobs. However, DOER has not provided much guidance on how to define and write job descriptions or how to rank jobs internally.

DOER generally accepts job evaluation ratings as submitted by a jurisdiction. If the jurisdiction has not notified DOER of significant changes as required by law, or if the notification lacks sufficient details, DOER will make an inquiry into the nature of the change. Rarely has a jurisdiction failed to provide sufficient evidence to support a change in job evaluation. In these rare instances, in which the evidence did not support a change, DOER required the jurisdiction to correct the job evaluation rating.

Specific comments from advisory committee members reflect the range of opinions on this subject:

- ◆ Fine-tune definitions for job components.
- ◆ Establish a knowledgeable independent review panel. Have accurate job descriptions and have DOER compare jobs across jurisdictional lines
- ◆ Do not have an independent review panel, that would be another mandate and more costly. It would undermine management/employer's rights.
- ◆ Require an internal job evaluation rating appeal process at the local level.
- ◆ Require that all jobs be reevaluated at least every 10 years.

Findings and Recommendations

It is recommended the responsibility for job evaluation remain at the local level and continue to allow for DOER to review the purpose behind changes, thereby balancing these two strongly opposing views.

During the next year DOER will conduct training sessions specifically geared toward helping local jurisdictions understand the basics of job evaluation. Included in the training materials will be a revised State Job Match document. This document, produced by DOER, is provided to jurisdictions free of charge. The revised edition will include additional information and guidance about the rudiments of job evaluation including how to review job content and assign appropriate job evaluation ratings. This should help employers explain ratings to employees and give employees a better understanding of the job evaluation rating of their position.

This strong local power is balanced for employees somewhat through the requirement that local governments notify DOER when significant changes are made to their job evaluation systems. Suggestions from unions that would subject job evaluation ratings to an independent panel for review were met with sharp opposition from local governments who consider this a management right.

DOER believes that broader, more comprehensive job evaluation training is an appropriate course of action for balancing the needs of employers and employees. The training will include more guidance and details about the actual process of job evaluation and how to evaluate the actual content of a job. This will promote greater understanding between employers and employees as to how the job evaluation rating was determined.

3. Should there be a reporting exemption for small jurisdictions with fewer than 10 employees? Also, should jurisdictions previously found in compliance be allowed to report once every five years instead of every three years?

Background

A small jurisdiction is defined as having 10, or fewer, employees. Of the approximately 1,500 jurisdictions required to report, the majority is considered small. There are some generalizations that can be made about small jurisdictions:

- ◆ Typically, small jurisdictions have more male than female employees and rarely is there union representation.
- ◆ At some point since the inception of the pay equity law every small jurisdiction has been in compliance at some time.
- ◆ The preliminary report found that 77% of inequities were from jurisdictions with fewer than 10 employees (See Appendix B).

Comments from the advisory committee regarding small versus large jurisdictions included:

- ◆ Exempt small jurisdictions with fewer than 10 employees.
- ◆ Allow jurisdictions with “good record of compliance” to report say every five years instead of three.
- ◆ Provide more DOER staff to speed response on reports and provide more training and consulting especially to smaller jurisdictions.

Findings and Recommendations

Noting the number of inequities found in smaller jurisdictions, it would not be appropriate to exempt them from reporting. It has been a consistent rule that previous compliance does not guarantee continued compliance. Another axiom has been that it is as possible for small jurisdictions to be in compliance as it is for larger jurisdictions. There is no guarantee that “large” jurisdictions will maintain compliance. For example, one large metropolitan county with hundreds of employees had been in compliance for at least the last two reporting cycles but was out of compliance in 2001.

In addition, the pay equity law was enacted to promote equity in public employment across the state. The women in these jurisdictions are often isolated in rural areas and may be the lone female on staff. The pay equity law is especially effective and helpful to women in these circumstances

There is a concern that if the reporting cycle is extended, there is no remedy for inequities until the next reporting cycle. This extension of the cycle would only allow the inequity, experienced by individual women, to continue.

To help maintain the balance between eliminating inequities with making reporting and compliance manageable, DOER extensively revised the State Job Match system. This, combined with additional training should be of tremendous assistance to small jurisdictions in particular who do not have special human resource staff and yet have responsibility for personnel functions.

Several advisory committee members noted that DOER has only one staff person to administer the pay equity program for all 1500 local governments and that review and response to pay equity reports should be faster. There is no recommendation for additional staff. However, two improvements have been implemented to address this problem.

First, the reporting schedule has been revised to even out the number of jurisdictions reporting each year. Instead of approximately 570 jurisdictions reporting in 2002 the cycle has been adjusted so that only 500 jurisdictions will report in each year of the three-year cycle. This will allow staff more time to assist jurisdictions and speed the response time for reports. Second, by better utilization of the internet, the distribution of the software and instructional materials has been improved. This has enabled jurisdictions to download the software and other materials free of charge and at their convenience.

4. Should the requirements regarding the reporting of longevity and insurance be changed?

Background

The current criteria for reporting longevity, performance and Insurance was the result of a compromise in 1992, when the pay equity rule was promulgated. At that time, some wanted detailed reporting on these payments, while others wanted no reporting at all. Comments from the current advisory committee included, eliminating reporting of insurance, clarifying definitions and allowing longevity to be counted if individuals are eligible but not yet receiving any longevity pay.

Statistics related to this issue include:

- ◆ On the average 8 jurisdictions fail the longevity test each year (or 1.35%)
- ◆ 12% or 182 of 1,519 of jurisdictions meet the criteria for reporting insurance:
 - 25% of school districts (89 jurisdictions)
 - 17% of counties (15 jurisdictions)
 - 11% of health care facilities (5 jurisdictions)
 - 10% of cities (62 jurisdictions)
 - 2% of all others (11 jurisdictions)

Findings and Recommendations

Although the current system is somewhat technical, it appears to strike a reasonable balance between employee groups that want more detailed reporting and employers who want longevity reporting relaxed or eliminated. In addition, the data suggests that most problems in this area are likely to be particular to specific situations and best addressed on an individual basis.

Most jurisdictions have found that the test for the frequency of longevity payments to female vs. male employees is manageable. Some jurisdictions have gone to considerable lengths to modify their systems to enable them to pass the tests under the existing rules and changing the requirements would seem to negate their efforts. As the test stands, longevity

payments may only be reported if employees are actually receiving such payments as opposed to just be eligible to receive them at some future time. This requirement prevents jurisdictions from establishing substantially longer service requirements for female classes as opposed to male classes.

In addition, the pay equity rule contains a provision whereby DOER may grant an exception or waiver from any compliance test. Although not done often, in the past, DOER has granted a jurisdiction an exception to the test that evaluates longevity payments due to non-gender factors. This provision provides the needed ability for DOER to address special circumstances on a case-by-case basis and reverse non-compliance determinations if non-gender factors have caused the non-compliance.

A substantial number of jurisdictions have differences in employer contributions toward insurance for male and female employees and must include this in their salaries. Insurance is an ever-increasing piece of compensation packages and should not be left out of the equation.

CONCLUSION

Given that LGPEA has been in Minnesota for nearly 20 years, a review of the practices and progress of the act was valid and insightful. Overall, the current system of reporting and enforcement along with the standard for compliance to address sex-based wage disparities has proved manageable and effective. While there are no statutory or rule changes recommended there is room for improvement.

There is a need to better train employers, employees, unions, advocates, consultants and others about job evaluation. The department, within its existing staff and budget level will provide these training sessions. The focus of the training will be on job evaluation but will include training on the most frequently asked questions regarding reporting and compliance requirements.

In response to the advisory committee's comments regarding assistance to small jurisdictions, no additional staff is recommended. Changes have already been instituted to improve the administration of the program. These changes, including the improved reporting schedule, the more efficient utilization of the internet, and the revised State Job Match system will address many of the concerns expressed by advisory committee members.

The existing rule contains a broadly worded waiver provision called "reconsideration."¹⁰ This provision gives DOER the flexibility to work with jurisdictions on a case by case basis when special circumstances or hardships exist. Approximately 5% -10% of jurisdictions (usually fewer than 20 total) found out of compliance each year ask for reconsideration. Typically, this provision is used to give an extension of the grace period for achieving compliance, but has been used to grant extensions to jurisdictions that cannot meet requirements due to unique circumstances. This provides the needed relief to jurisdictions that may have difficulty with longevity or insurance reporting or any other compliance requirement. There is concern that further changes to the requirements for reporting longevity and insurance could disrupt the delicate balance that exists between those who want the current standard to remain and those who want it relaxed. Rather than proposing a controversial change, a more flexible use of the existing rule appears to be the most effective tool to address specific problems experienced by a few jurisdictions.

As in the past, DOER will continue to assist local governments with the LGPEA on an ongoing and daily basis.

¹⁰ M.R. 3920.0900

APPENDIX A – PRELIMINARY PAY EQUITY REPORT SUMMARY

A summary report was presented to the Advisory committee during the September 2001 meeting. This report consisted of a preliminary tally of complying and non-complying jurisdictions and list of inequities.

- Preliminary summary of jurisdictions required to report in 2001 (as of September 2001)**

564 - required to report in 2001
 365 - reviewed to date
 199 - not yet reviewed

- Compliance/non-compliance status of the 365 jurisdictions reviewed**

267 - in compliance (73%)
 98 - out of compliance (27%)

- Inequities in 2001 Reports**

The following charts discuss and illustrate the inequities found in the 365 reporting jurisdictions.

Alternative Analysis Test Part One Results:

This list details jurisdictions with inequities due to females with a higher evaluation rating (more points) earning less than male classes with lower ratings.

#	Jurisdiction		Job Class	Pts	Hourly Pay	Hourly Inequity	Female Pay Should Be
1	City 1	MF	Public Works Bartender	152 173	10.75 9.12	1.63	10.75
2	HRA 50	MF F	Custodian (15years) Admin. Asst. Activity Coord.	518 559 559	9.57 7.68 5.59	.45 (85%) 2.54 (85%)	8.13 8.13
3	City 3	MF	Water/Wastewater OP Clerk/Treas.	171 275	13.00 11.36	1.64	13.00
4	City 4	MF	Water/Wastewater OP Liquor Store Manager	171 291	13.00 8.65	4.35	13.00
5	City 12	M F	PT Public Works 11yrs.) Bartender (2 years)	110 150	6.50 5.59	.26 (90%)	5.85
6	City 38	MF	Police Officer Dep. Clerk/Treas.	236 275	16.43 16.21	.22	16.43
7	City 7	MF	Custodian Bartender	111 150	8.00 7.00	1.00	8.00
8	City 8	MF	Maint. Public Works Deputy Clerk	152 170	10.00 8.93	1.07	10.00
9	City 44	MF	Public Works Deputy Clerk	190 195	11.00 10.00	1.00	11.00
10	HRA 45	MF	Maintenance Bookkeeper/Asst. Sec.	137 141	9.63 9.23	.40	9.63
11	Util. 46	MF	Line Worker Bookkeeper/Sec.	225 281	13.92 13.82	.10	13.92

12	HRA 19	MF	Custodian Janitor Sr. Bookkeeper	130 135	11.00 8.60	2.40	11.00
13	HRA 20	MF	Maintenance Housing Admin.	64 65	12.50 12.25	.25	12.50
14	HRA 21	MF F F	Resident Caretaker Housing Manager Housing Manager Office Sec.	46 64 64 51	11.81 11.50 11.12 11.12	.31 .69 .69	11.81 11.81 11.81
15	City 30	MF	Maintenance City Clerk	181 185	11.68 10.00	1.68	11.68
16	City 31	MF F	Maintenance Clerk/Treas. Librarian	149 275 275	12.50 10.82 6.85	1.68 5.65	12.50 12.50
38	City	MF	Police Officer Dep. Clerk/Treas.	236 275	16.43 16.21	.22	16.43
39	City 11	MF	Street Maint. Helper Librarian	213 213	15.20 11.70	3.50	15.20

Alternative Analysis Test Part Two Results:

Jurisdictions on this list failed the Alternative Analysis test because the pay for a female class, or classes rated lower than all male classes, was not as proportional to points as was the pay for other classes.

#	Jurisdiction		Job Classes	Male Points	Female Points	Hourly Inequity	Female Pay Should Be
1	Twtnshp 28	M	Land Use Admin.	200	11.75		
		F	Deputy Clerk	123	8.90	.50 (80%)	9.40
2	Util. 47	M	Working Foreman	233	17.19		
		F	Data Entry Operator	121	10.62	.55 (65%)	11.17
3	Util. 48	M	Operator Repairman	181	18.70		
		F	Admin. Asst.	151	15.51	.78 (87%)	16.29
4	City 29	M	Maintenance (15 yrs.)	291	11.54		
		F	Clerk/Treas. (2 yrs.)	275	5.90	.67 (57%)	6.67
		F	Liq. Store Mgr. (10 yrs.)	222	6.70	1.72 (73%)	8.42
5	SWCD 35	M	Conservationist	485	16.60		
		F	Clerk	275	13.18	.26 (81%)	13.44
6	City 51	M	Water/Wastewater Op.	178	15.68		
		F	Clerk Sec.	127	13.46	.80 (91%)	14.26
7	Twtnshp 6	M	Maint. Grounds	149	15.95		
		F	Typist/file clerk/rec.	98	9.70	.66 (65%)	10.36
8	City 5	M	Police Officer (10 yrs)	239	14.70		
		F	City Clerk (25 years)	195	12.75	1.95	14.70
9	City 2	M	Public Works	152	10.25		
		F	Janitor	111	7.95	1.30 (86%)	9.25
10	City 13	M	City Maint. (3 years)	239	15.85		
		F	City Clerk/Treas. (9 yrs.)	232	11.75	3.62 (97%)	15.37
11	City 9	M	Public Works Sup.	142	16.66		
		F	Bartender	98	8.25	.41 (52%)	8.66
12	SWCD 49	M	District Technician	314	19.17		
		F	District Secretary	173	9.32	2.56 (62%)	11.88
13	City 10	M	Maintenance	213	11.15		
		F	Liq. Retail Clerk	153	5.50	1.75 (65%)	7.25
14	SWCD 14	M	Water Res. Specialist	671	25.94		
		F	Dist. Technician	453	15.55	1.82 (67%)	17.37
		F	Dist. Clerk	439	14.13	2.73 (65%)	16.86
15	SWCD 15	M	Technician	2333	11.29		
		F	Secretary (29 years)	2000	10.88	.41	11.29
16	SWCD 16	M	Manager	367	15.26		
		F	Secretary	147	11.05	.40 (75%)	11.45
17	Twtnshp 17	M	Maintenance	218	18.26		
		F	Secretary	171	15.11	1.51 (91%)	16.62
18	SWCD 18	M	Dist. Technician	215	13.88		
		F	Dist. Secretary	212	10.93	1.56 (90%)	12.49
19	HRA	M	Maintenance	64	12.50		
		F	Secretary	55	7.50	1.87 (75%)	9.37
20	HRA 21	M	Maint./Caretaker	244	11.25		
		F	Clerk Typist II	199	9.82	.41 (91%)	10.23
		F	Clerk Typist I	174	8.97	.36 (83%)	9.33

Statistical Analysis Test Results:

Jurisdictions on this list failed the Statistical Analysis test. The pay for female classes fell below the average pay for male classes with at least 20% more frequency. Average pay is defined as "predicted pay" in the statistical analysis test.

#	Jurisdiction		Job Class	Pts	Hourly Pay	Hourly Inequity	Female Pay Should Be
1	City 24	M	Predicted Pay	66	20.36		
		F	Dep. Clerk	66	17.02	3.34	20.36
2	City 25	M	Predicted Pay	61	18.09		
		F	Admin. Sec.	61	16.29	1.80	18.09
		F	Police Sec.	61	16.29	1.80	18.09
3	ISD 32	M	Predicted Pay	560	31.61		
		F	Cir. Director	560	30.74	.87	31.61
4	ISD 33	M	Predicted Pay	245	19.65		
		F	Food Ser. Sup	245	18.68	.97	19.65
5	ISD 37	M	Predicted Pay	3400	38.05		
		F	Data Processing Coord.	3400	37.77	.28	38.05
6	Other 39	M	Predicted Pay	235	16.24		
		F	Bookbinder	235	16.19	.05	16.24
7	Other 40	M	Predicted Pay	343	27.10		
		F	Network Admin.	343	26.13	.97	27.10
8	Other 41	M	Predicted Pay	255	20.16		
		F	Sr. Secretary	255	18.22	1.94	20.16
9	Other 42	M	Predicted Pay	244	19.40		
		F	Payroll Clerk	244	18.22	1.18	19.40
10	ISD 23		Underpayment Ratio is 77.8%			Improve underpayment ratio to 80% or more	Increase one Female Class \$87/mo.

Salary Range Test Results:

Jurisdictions on this list failed the Salary Range test. On average it took female classes more than 20% more time to reach the maximum of the salary ranges than did male classes.

#	Jurisdiction	Test		Job Class	Inequity	Remedy
1	ISD (22)	SR	M	Average 4.5 yrs. to max.	Gap 2.5 yrs	Reduce gap to 1.5 years or less
			F	Average 7.0 yrs. to max.		
2	ISD (26)	SR	M	Average 4 yrs. to max.	Gap 2 yrs.	Reduce gap to 1 year or less
			F	Average 6 yrs. to max		
3	ISD (34)	SR	M	Average 3 yrs. to max.	Gap 2.1 yrs.	Reduce gap to 1.35 years or less.
			F	Average 5.1 yrs. to max		
4	ISD (43)	SR	M	Average 4.44 yrs. max.	Gap 1.34 yrs.	Reduce gap to 1.11 years or less.
			F	Average 5.78 yrs. max.		

APPENDIX B – COMMITTEE COMMENTS

Following is a complete list of pay equity strengths and issues identified by the advisory committee meeting held on September 12, 2001.

List of Pay Equity Strengths

- Most jurisdictions know and will comply with the rules. Has level of acceptance.
- Sets up system to eliminate a lot of sex discrimination that has taken place.
- Systems put in place have helped and are cheap.
- It gives the ability to compare jobs.
- Helps show employees that local system is fair.
- Succeeded in getting many local governments that had not done so, to put job descriptions in place, to do job evaluation and to set up a compensation system.
- Opportunity to get into compliance without getting penalized.
- Flexibility in bargaining.
- DOER's ability/willingness to do preliminary reviews.
- There has been a positive spin-off effect in the private market.

List of Pay Equity Issues

Job Evaluation

- Most of it works well, but definitions for the four job evaluation components are too fuzzy.
- Subjective/comparing unlike jobs (police vs. treasurer/clerk).
- Single incumbent classes can be gamed.
- There should be some form of independent review of job descriptions/evaluations (various areas). No official appeal process for job evaluation disputes in the law.
- Consultants are knowledgeable about only certain types of jobs. May not be familiar with what a person actually does.
- No remedy in the law when inappropriate points are assigned.

Pay Equity Law Not Strong Enough

- Female classes only have to be paid 80% of male jobs rather than 100%.
- Lack of consideration of size of class. Can get into compliance by increasing pay for a class with only one female while leaving class with many females underpaid.
- All female workforces have no one to be compared with. Lot of quasi-government jobs pay equity doesn't reach those jobs.
- Female job is rated higher than male job but only has to be paid as much as male, not more. Proportionality doesn't work upward. DOER's report shows examples on page two.
- In the childcare area, parents pay the fees and therefore parents pick up the cost, not government.
- Some have contracted out childcare out to avoid pay equity requirements.
- Many childcare employees are part-time and aren't included in pay equity.

Large and Small Jurisdictions

- Often pay equity works better in large jurisdictions because in a small workforce one change in class dominance can put system out of whack.
- For small classes/groups, it's hard to come up with good data/numbers.

- Definition of temporary employees problematic for large jurisdictions that hire hundreds of seasonal workers.

Pay Beyond Base Pay – Longevity, Performance, Health Insurance

- Glitch in definition of longevity pay. Some question as to whether or not employees have to be receiving longevity pay in order to have that count towards the test. Just being eligible should count.
- Performance pay has the same issue as longevity pay. Receipt vs. eligibility.
- Health insurance is a concern as to how it fits in pay equity.

Other Issues

- Little understanding among employees about pay equity system. They expect things that the pay equity can't deliver.
- Misconception on part of employees that pay equity is complete equity.
- State doesn't have enough staff – Can take as long as 12-18 months to get reports back. Reasonable length of time would be more like three months.
- State Job Match needs to be updated.
- Unions, in the bargaining process, don't care what the points are; pay is negotiated outside of the points system; creates a negotiations vs. points issue.
- Pay equity doesn't interface well with collective bargaining.
- Seems to be lack of relationship with private sector marketplace.
- Some local units of government (boards, councils) don't understand pay equity.

APPENDIX C – LETTERS FROM ADVISORY COMMITTEE MEMBERS

Minnesota Pay Equity Coalition
550 Rice Street
St Paul, Minnesota 55103

October 10, 2001

Faith Zwemke
Pay Equity Coordinator
Minnesota Department of Employee Relations
200 Centennial Office Building
St. Paul, MN 55155

Dear Faith,

Thank you for inviting our coalition to participate in the recent Pay Equity Advisory Committee. As in the past, we have been glad that the department involves all parties in making sure the law is implemented fairly and efficiently. We were especially pleased about two things that everyone at the Advisory Committee meeting agreed on the law's purpose-to reduce sex bias in pay-setting in the public sector-and similarly, that everyone agreed the law continues to achieve that purpose.

Your data clearly show that the law and strong, consistent enforcement are still needed. We know that a significant percentage of jurisdictions including, occasionally, large metropolitan jurisdictions with access to many local personnel and compensation experts-tend to slip out of compliance. Your efforts have been essential and successful in bringing them all back into compliance with a minimum of cost and disruption. We are quite sure that without your department's good enforcement, these issues would be before the courts in multiple cases in Minnesota.

Finally, we want to express concern that in some cases the law does not go far enough. Among the examples you provided in your report, we noted a female library assistant whose job was rated much higher than a male maintenance worker. Her pay was brought up to the level of his job, but in the current process we cannot ensure an "equitable relationship." That is, based on job responsibilities, her pay should have been much higher, but the current process does not address this. Another problem has to do with the accuracy of the evaluation process. We are aware of more than a few cases where jurisdictions have under-rated jobs done primarily by women, and the current law does not provide a remedy for this except in the most extreme cases.

We hope that the department will continue monitoring this process statewide, assertively maintaining the pay equity infrastructure needed to ensure basic fairness in the public service. Thanks again for your agency's good work.

Sincerely, Jan Feye-Stukas; Bonnie Watkins; DeDe Wolfson

From: Jill Kielblock [jkielblock@afscme14.org]
Sent: Friday, October 05, 2001 11:47 AM
To: Faith.Zwemke@state.mn.us; Laura.Offerdahl@state.mn.us;
Jill.Pettis@state.mn.us
Subject: Pay Equity Rules

Good Morning Faith, Laura, and Jill

After the Advisory Committee meeting on September 12th, I typed up my notes and forwarded them to the Directors of Council 14, 65, and 96 for their comment and review. Based on their review, I have been asked to forward three (3) additional areas of concern.

The first is the lack of some sort of certification of evaluation systems. The concern is that the statute and rules list guidelines but since selection of the system is a management function there should be some further guidelines to say outline more specifically what is an acceptable evaluation system including possibly creating a list of systems that have been reviewed by DOER and certified as meeting the requirements of the rules.

The second is the lack of a requirement to do an overall review on a periodic basis. There are some employers who did the initial review and have not looked at their overall structure since. Some positions may have been studied and reclassified but it is more piecemeal in nature than on a routine basis. A new look at the overall structure would seem to be appropriate at least every 3rd report.

The third concern is the position that some employers have taken that if they are found to be out of compliance or reclassify positions and it results in an increase in "value" they can simply implement pay equity adjustments to either come into compliance or as a result of reclassification without negotiations with the Union especially if it is during the term of a contract. Since PELRA lists wages as a mandatory subject of bargaining, it seems to the Unions that the employer should have to bargain pay equity adjustments. This apparent conflict needs to be clarified and resolved.

Thanks for your attention to these matters. I look forward to receiving the report from the Sept. 12th meeting and would be happy to provide any further input that is needed.

Jill Kielblock
Business Representative
AFSCME Council 14
651-287-0579

League of Minnesota Cities
promoting excellence
Fax: (651) 281-1299 - TDD (651) 281-1290; Web Site: <http://www.lmnc.org>

League of Minnesota Cities

November 5, 2001

Ms. Laura Offerdahl
130 State Capitol
St. Paul, MN 55155

Dear Ms. Offerdahl:

Thank you for the opportunity to provide written comments on the pay equity law and its implementation and for the opportunity to attend the September 12" meeting discussing the pay equity law.

Before attending the September 12th meeting, we polled city officials responsible for human resource management. This letter is an attempt to summarize their responses. We have also enclosed with this letter a list of suggestions regarding some of the technical problems/issues with the state's interpretation of the law that were brought forward by our member cities.

The Big Picture: Some city officials have posed the following questions with regard to the pay equity law: "What was the goal of the pay equity law when it was passed and how will we know when we have accomplished it?" The law itself states that the goal is "to eliminate sex-based wage disparities in public employment in this state." If that is the goal, what measure will be used to determine that it has been accomplished?

Issues with the Labor Market: In recent years, some cities have been unable to find enough qualified job applicants to fill all of their Jobs and have to pay what the market dictates. Sometimes this works in favor of female-dominated jobs and sometimes in favor of male-dominated jobs. These city officials say that the market probably always will be the real driver of how employees are paid, not the pay equity law.

Independent Review: At the meeting held by the State to discuss possible changes to the pay equity law, it was suggested that employees need an independent, third party review of job classification decisions. Classifying jobs has always been an inherent management right. The state's collective bargaining law, the Minnesota Public Employer Labor Relations Act (MnPELRA), states: "Matters of inherent managerial policy include, but are not limited to, such areas of discretion or policy as the functions and programs of the employer, its overall budget, utilization of technology, the organizational structure, selection of personnel, and direction and the number of personnel " (MN Statutes 179A.07, subd. 1). It is difficult to understand how an independent third party could change a job classification decision without taking this inherent management right away from the employer. Any attempt by the state to taking this inherent management right away from the employer. Any attempt by the state to add an independent review provision to the pay equity law would, we believe, meet with strong opposition from the League of Minnesota Cities and its members as it strikes at the heart of local control and management rights:

Professionalization of HR/compensation practices: Some members believe that an important side benefit of the pay equity law was to "professionalize" the human resources and compensation practices of Minnesota cities. Now that this has been accomplished, these representatives say that pay equity reporting should be reduced or eliminated. (See the enclosed list for some suggestions put forward by individuals with this viewpoint.)

Needs of Large vs. Small Jurisdictions: In general, large jurisdictions with full-time human resources professionals are in a much better position to comply with the pay equity law than are smaller jurisdictions. Perhaps the rules and regulations should be rewritten to reflect this difference and to allow the state's local government pay equity coordinator to spend time helping the cities that need the help.

Although the vast majority of responses from cities had to do with changes and revisions to the pay equity law, there were some responses expressing support of the pay equity law and belief in its mission. These officials do not believe that the law should be thrown out merely because there are some "glitches" in how it is applied.

I hope that the information we have passed on is useful in your review of the state's pay equity law. Please feel free to contact either Remi Stone of our Intergovernmental Relations staff or myself if we can provide any further information. You can reach either of us by calling the League's main telephone number at 651-281-1200. Thank you again for the opportunity to provide input on the pay equity law.

Sincerely,

Laura Kushner
Human Resources Director

Cc: Julien C. Carter, Commissioner, Dept. of Employee Relations

AN EQUAL OPPORTUNITY/AFFIRMATIVE ACTION EMPLOYER

League of Minnesota Cities
Pay Equity Law
Suggestions from Member City Officials

10/26/01

Suggestions to Reduce the Reporting Burden

- ◆ Reward cities who have accomplished compliance for two consecutive reporting periods (six years) by reducing or eliminating their reporting requirements. Perhaps these cities could be required to report only once every five years. Or, perhaps the reporting could be eliminated entirely for these cities. This would reduce the burden on the state's local government pay equity coordinator.
- Eliminate the requirement that cities explain every change on their reports since the last reporting period. Job classifications change all the time based on additional duties and responsibilities being added or shifted and positions being eliminated. If organizations are doing a good job of maintaining their compensation plan, they will be re-evaluating Jobs on an ongoing basis and changes are to be expected.
- Eliminating this requirement would reduce the burden on the state's local government pay equity coordinator and on the reporting city.

Longevity Pay Interpretation: The state should not penalize a city which requires both males and females to work a specified number of years in order to receive longevity pay. The state's position has been that mere eligibility for longevity pay is not sufficient to meet pay equity requirements for female job classes. Currently, a city is found out of compliance if a female has not yet been in her position long enough to receive longevity pay, even though the female will in fact receive longevity pay when she is eligible based on years of service. This requirement makes it appear that the state favors preferential treatment for females; that females should not have to fulfill the years of service requirements that males have to fulfill. The state should change this interpretation of the law so that eligibility for longevity pay is sufficient, so long as males and females in the job class are treated the same.

Health Insurance: The state's current interpretation of the pay equity law seems to imply that employees who work in part-time jobs are being unfairly compensated if the city does not pay the same dollar amount towards their health insurance premium as employees who work in full-time jobs. The state's interpretation seems to indicate that full vs. part-time status is not a legitimate way to differentiate the city's employer contribution for benefits. However, there is no law that prohibits this approach.

Appendix D – Advisory Committee Participants

Pay Equity Advisory Committee

First	Last	Organization	Attended Yes/No
Bonnie	Nelson	Princeton City Hall	Yes
Kathy	Loew	Dodge Co. SWCD	Yes
Laura	Offerdahl	Governor's Office	Yes
Betty	Carlson	MN Merit System	Yes
Jim	Hansen	Operating Engineers	Yes
Shane	Allers	Local 284 SEIU Business Rep.	Yes
Joanne	Derby	Teamsters Local 320	Yes
Lynne	Bertalimo	Stillwater Public Library	no
Irene	Koski	Stearns County	Yes
Rick	Boaz	Metropolitan Council	Yes
Jan	Feye-Stukas	Minneapolis Public Library	Yes
Kristyn	Anderson	Attorney General's Office	Yes
Aviva	Breen	Prof. Wm Mitchell/ Director Comm. on Women	Yes
Wayne	Simoneau	Former State Leg.	no
Rachel	Gilchrist	Hennepin County	Yes
Roland	Miles	Law Enforcement Labor Services	Yes
Jill	Kielblock	AFSCME Council 14	Yes
George	McCormick	Office of Senate Counsel	Yes
Harold	Remme	Superintendent ISD No. 88	Yes
Dan	Boyce	General Manager East Grand Forks Utilities	Yes
Laura	Kushner	League of Minnesota Cities	Yes
Cathy	McIntyre	MN School Boards Assoc.	Yes
Susan	Stout	MN Nurses Association	Yes
Paul	Ness	Helping Minnesota Cities, Inc.	Yes
Bonnie	Watkins	Pay Equity Coalition	Yes
Margaret	Boyer	Alliance of Early Childhood Professionals	Yes
Andrea	Kircher	Former Atty Gen.	Yes
Cathy	Magnus	City Hall	no
Greg	Bastien	Former SEIU Rep.	Yes
Karen	Anderson	Mayor, City of Minnetonka	Yes
Linda	Berglin	Minnesota State Senator	Yes
Josh	Tilson	Bureau of Mediation Services	Yes
Sherrie	Le	City of Maplewood	Yes
John	Sprague	Anoka County	Yes
Jim	Mulder	Association of Minnesota Counties	Yes
Elizabeth	Davis	Association of Minnesota Counties	Yes
Bill	Joynes	City of Golden Valley	no
Jack	Flagler	Arbitrator	no
Marlene	Burgess	Department of Human Rights	no
Linda	Fiest	Governor's Office	no
Rod	Kelsey	Riley, Dettman & Kelsey	no
Nina	Rothchild	Pay Equity Coalition	no
Mark	Shepard	House Research	no

Appendix E – Statutory Requirement for and Cost of Producing This Report

Report Requirement

First Special Session Laws of 2001. Chapter 10, Article 2, Section 92:

[PAY EQUITY STUDY.] The commissioner of employee relations shall convene a work group to examine the practices and progress of the local government pay equity act. The commissioner must report the findings of the group to the legislature by January 15, 2002.

Report Cost

The cost of producing this report included staff time and materials of approximately \$350. The cost of hosting the Pay Equity Advisory Committee meeting and hiring a facilitator from the Department of Administration was approximately \$1200.