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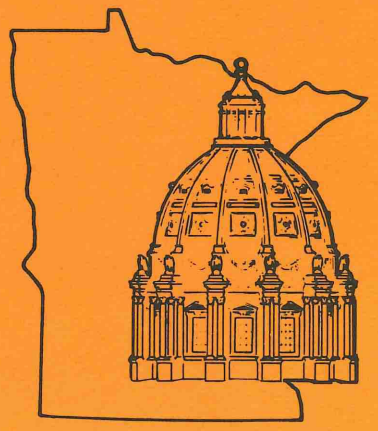
RECOMMENDED JOB CONTENT EVALUATION AND SALARY PLAN FOR THE STATE OF MINNESOTA

January, 1979

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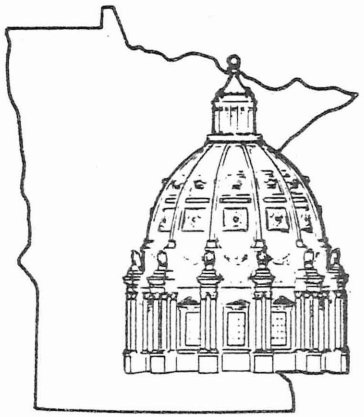


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RECOMMENDED JOB CONTENT EVALUATION AND SALARY PLAN FOR THE STATE OF MINNESOTA

January, 1979



Public Employment Study

Minnesota Department of Finance

The 1977 Minnesota Legislature directed the Minnesota Department of Finance to report to the 1979 Legislature on long term employment costs and trends of Minnesota state and local governments (including school districts). As part of the overall study the Department of Finance commissioned several reports on present salary and benefit practices in state and local government. The Recommended Job Content Evaluation and Salary Plan for the State of Minnesota is one of these reports. It represents the professional evaluation of this aspect of Minnesota's personnel system by Hay Associates and not necessarily the viewpoint of either the Department of Finance or the Department of Personnel.

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STATE OF MINNESOTA
PUBLIC EMPLOYMENT STUDY

RECOMMENDED JOB CONTENT EVALUATION AND SALARY PLAN FOR THE STATE OF MINNESOTA

January, 1979

Mr. E. Lester Levine, Director
Public Employment Study
Dept. of Finance

This report is confidential and intended solely for the information of the client to whom it is addressed.

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STATE OF MINNESOTA
PUBLIC EMPLOYMENT STUDY

RECOMMENDED JOB CONTENT EVALUATION AND SALARY PLAN FOR THE STATE OF MINNESOTA

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I

INTRODUCTION

Under the auspices of the Public Employment Study, authorized by the Minnesota Legislature, administered through the Minnesota Department of Finance, Hay Associates initiated the evaluation of the job content of the State of Minnesota's occupational classes and a study of current salary practices in May 1978. The study includes the evaluation of all of the occupational classes, the determination of their job content for analysis of current salaries being paid relative to their job content weight, and the analysis of the State's current salary practices in relation to other relevant employers in both the public and private sectors. The study objectives were to develop a salary plan that provided internal equity to the State and, externally, that provided the salary posture to compete in the relevant marketplaces in attracting and maintaining qualified staff. In addition, the study was intended to provide recommendations for improved salary administration.

This study was preceded by an in-depth analysis of the State's position classification practices. That portion of the overall project is covered in the report entitled "Critique of the State's Position Classification Plan." In addition, a third report contains an analysis and recommendations concerning the State's noncash compensation (fringe benefits).

Inasmuch as sound position classification practices form the basis for job content evaluation and salary plan development, and an externally competitive compensation plan requires the effective combination of cash and noncash compensation, all these reports should be considered in determining what improvements need to be made in the State's total compensation system.

The major portion of this report addresses the establishment of a revised salary plan for State employees. Discussion of such issues as salary administration and other special compensation matters is covered in the latter sections of this report. In addition to this report the consultants have provided the following two documents to the Department of Personnel as additional aids in establishing effective methods of salary administration:

- "Relating Performance Evaluation to Compensation for Public Employees"
- "Midpoint Budgeting - Approach to Controlling Public Sector Salary Expenditures"

NOTE: The findings and recommendations of this report were developed in response to the study objectives previously stated. They are intended to provide the State with an accurate analysis of its current salary position and practical methods for improving salary administration. They are not intended however, to interfere with the collective bargaining process.

II

REPORT SUMMARY

The following paragraphs briefly summarize the project team's principal findings and recommendations regarding the State's salary practices:

A. Principal Salary Practice Findings

- The State maintains multiple salary practices, with a general salary line, and separate practices for the following:

  - Clerical (see chart 2 page 20.1)
  - Labor and Trades (see chart 3 page 21.1)
  - Health Care (see chart 4 page 22.1)

- Within the separate practices there is a degree of internal inequity among the salaries received by the State employees in relation to their job content.

- The State's current salary practices are above the Average for the relevant labor markets, except upper level management positions in comparison to the private sector.

- In-range salary movement is based primarily on longevity rather than performance.

- The current salary plan structure and methods of salary adjustments are inappropriate for effective and motivating salary administration.

- The various aspects of the State's compensation plan are not well communicated to the employees.

B. Principal Salary Policy Recommendations

- Adopt the salary policy formulae as recommended in this report to establish the basis for determining the salary ranges for all positions and maintain a separate salary practice for Labor and Trades occupations.

- Raise the salaries of those incumbents who fall below the minimum salary of their recommended salary ranges to the minimum as soon as possible to establish internal equity among individual positions. Either freeze the salaries or provide more moderate increases over the next few years for those positions which exceed the maximum of the recommended ranges.

- Adopt the Management Salary Plan as proposed in this report, to be administered on an "open range" basis.

- Adopt a "pay for performance" philosophy; develop a job performance measurement system and administer the salary ranges on the basis of individual relative evaluated job performance.

- Incorporate the salary midpoint budgeting approach in the budgeting process.

- Develop, or have developed a formalized informational package for communicating the compensation plan to employees.

III

COMPENSATION SYSTEM CRITERIA, COMPONENTS AND PROCESS

Before going into the technical aspects of this study, it is important to discuss the following three basic aspects of compensation which must be developed, expressed and clearly understood in order for any compensation plan to be effective. The three basic aspects required for an effective compensation system are sound Criteria, Components, and Processes.

A. Principal Criteria for an Effective Compensation System

The first of these three aspects is the identification of the key criteria which make a compensation system effective. The following is a brief definition of the principal criteria and a summary analysis of their application to the current compensation practices of the State of Minnesota.

Criteria	State of Minnesota
Internal Equity	
This is the primary consideration of any compensation system and is based on the concept of "equal pay for equal work." Jobs of equal overall complexity should be paid within the same range, and differences in job complexity should be appropriately recognized by differences in compensation. In those cases where there is a distinct industry grouping of occupations, e.g. Health Care, it is legally and practically defensible to maintain separate salary practices as long as they reflect the external market(s). However, within the separate practices, positions must be paid on an internally equitable basis.	While there is a degree of internal equity in the current salary practices, the recommendations in this report will establish an internally equitable salary plan for each salary practice based on the quantitatively evaluated job complexity of each class.

Criteria	State of Minnesota
External Competitiveness	
The second consideration is normally what position must an employer establish in relation to the relevant labor market(s) in order to obtain and retain quality employees.	The State of Minnesota is generally very competitive in each of its relevant labor markets with the exception that upper level management positions are not competitive with management positions of similar complexity in the private sector.
Personally Motivating	
A compensation system, in order to be effective, must provide the mechanisms for rewarding above average performance and achievement, and for insuring that below average performance is appropriately compensated at lower levels.	While in "theory" increases from one step to the next within a salary range are based on "merit," an analysis of actual, current salary administration practices indicates that step increases are virtually automatic, resulting in the mediocre employee receiving the same increase as the exceptional employee. Discussion of performance evaluation and its relationship to effective salary administration is covered in detail later in the report. The entire salary plan and its subsidiary components as recommended in this report are designed to adequately recognize and compensate quality performance, thus making it a motivating cash compensation system.

Criteria	State of Minnesota
Easily Administered	
A compensation system must be designed so that it can be easily administered in order for it to be effective.	The current pay plan is not overly complex to administer. However, the legislation enacting the plan, particularly that portion dealing with Cost of Living Adjustments (C.O.L.A.), has resulted in inequities, compression and generally inappropriate salary adjustments. Included in this report are detailed suggestions concerning the effective maintenance and administration of the recommended salary plan.

B. Necessary Components of an Effective Compensation System

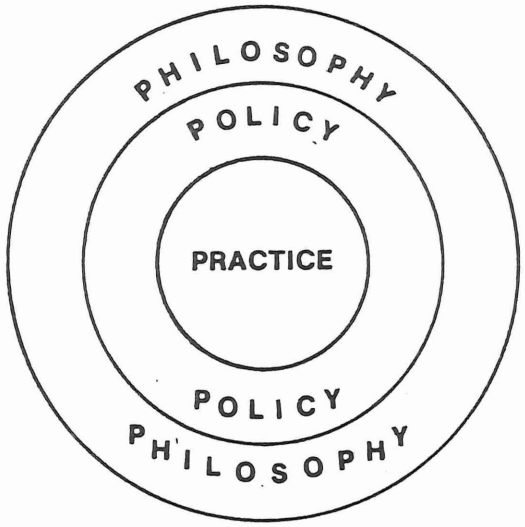
The three necessary components which must be clearly articulated and fully integrated in order for a compensation system to be effective are Compensation Philosophy, Policy and Practice.

1. Necessity for Compensation Philosophy

Compensation practice, i.e. , the actual expenditure of funds, exists within a framework of compensation policy. The resultant actual salary practice depends on the extent to which the compensation policy has been defined, articulated , understood, and implemented. However, the policy must first exist.

Compensation policy cannot exist in a vacuum, and it requires a clear, practical and realistic definition and expression of an employer's philosophy regarding compensation. The following illustration depicts the necessary components of a sound approach to compensation, and the sequential interdependency of its three critical components.

NECESSARY COMPONENTS OF A SOUND APPROACH TO COMPENSATION



a. Definition of "Compensation Philosophy"

To make the subsequent discussions more meaningful, we are providing a brief discussion of what a compensation philosophy is. Summarily stated, a compensation philosophy is the employer's reason for compensating its employees.

The above statement rapidly leads to the conclusion that an employer's compensation philosophy is not totally arrived at in a voluntary manner, since much of its mandated by issues of economics and organizational survival. A government's situation is not always that sharply etched, as organizational survival is not a primary issue, but the economic realities are still significant for the public employer.

b. Recommended Philosophy Regarding Compensation of State of Minnesota Employees

Following is a statement of philosophy suggested for enactment by the Legislature:

> "The salary and benefits provided by the State to its employees are for the purpose of obtaining and retaining competent individuals to perform services the State is required to provide to its citizens. The State will provide these salaries and benefits on the basis of internal equity, and external competitiveness if fiscally feasible.

2. Necessity for the Annual Salary Policy

Compensation policy differs substantially from philosophy in that it is expressed in very specific terms and changes as the data base to which it is linked changes. It is the policy which guides the actual day-to-day administration of a compensation system. There must be a policy link between an employer's compensation philosophy and actual expenditure of funds, as salary expenditures take place within a policy framework. Development of annual salary policies is a substantial technical process.

a. A definition of "Compensation Policy"

Compensation policy is generally a relative expression, such as: "equal to _____", "more than _____,""in between ____ and ____" or "Keeping up with _____." Summarily stated, a compensation policy is the positioning of an employer's compensation level in relation to a defined base.

The key terms in the abbreviated definition above are: positioning, compensation level, and defined base, and are further defined below.

(1) Positioning - is the utilization of a valid technical process to relate an employer's current and/or proposed salary practice to an external base (see examples in Section VI of this report).

(2) Compensation Level - is the current, or proposed, compensation expenditures expressed in a manner capable of being "positioned" (compared) in relation to the external base (see examples in Section VI of this report).

(3) Defined Base - is the external data base or event to which the current or proposed compensation level is to be compared or positioned.

b. Recommended Policy Regarding Compensation of State Employees

Following is a suggested compensation policy for enactment by the Legislature:

> "The State's employee compensation policy is to strive to place its total salary practice on the prevailing rate for jobs of similar content within the relevant competitive employment markets. The prevailing rate is the average of each relevant employment market's benchmark salary practice based on a comprehensive and valid salary survey."

NOTE: The essence of this policy is similar to the State's current policy. However, the State's salary practices and methods of salary administration are not in conformance with the policy .

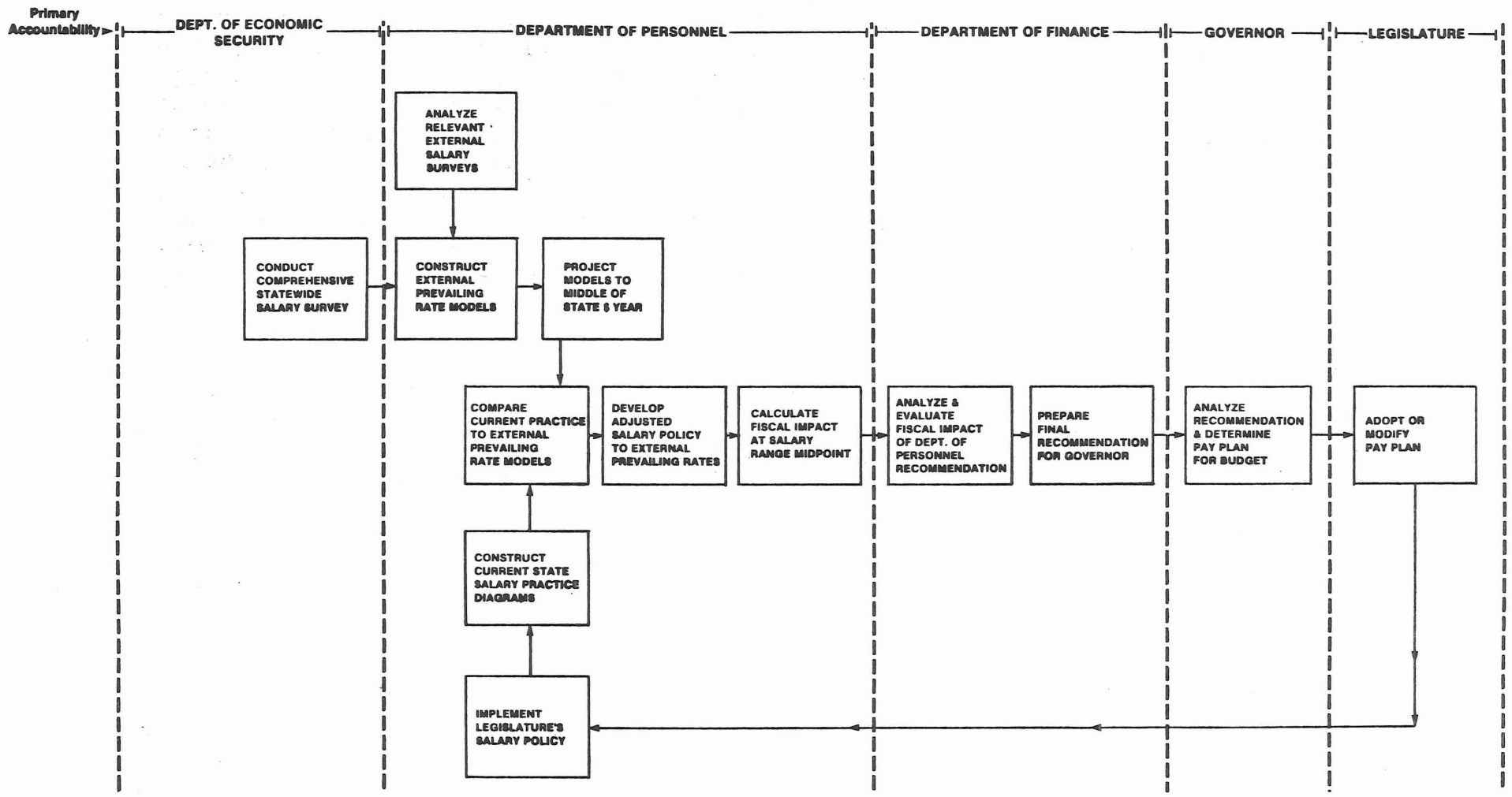
3. Legislative Responsibility for Developing and Articulating Compensation Philosophy and Policy

The Legislature of the State of Minnesota will have the ultimate authority to adopt or modify the Governor's annual pay plan recommendations. Consequently, we recommend that the Legislature be responsible for developing and articulating, through the formal legislative process, the permanent employee compensation philosophy and basic policy for the State of Minnesota in the format described in the preceding paragraphs.

4. Relating Legislative Policy to the Concept of "Affordability"

One of the major factors affecting the implementation of a salary policy and the making of annual salary adjustments will be the total amount of money available for employee wages. However, the method for determining the dollar amount available for employee salaries is often a major issue. Many public jurisdictions address this issue from a "residue" approach. That is, the funds needed for capital improvements, supplies, operating costs, equipment, etc., are first subtracted from the budget. The remainder or residue is then considered the amount of funds available for salaries. This approach places the quality of service provided to citizens through the quality and productivity of its employees, at a lower level of importance than the quality of physical structures, materials, etc. Since human resources are the State's most important resource, adequate salaries ought to be considered on a basis equal to if not above the other budget items.

STATE OF MINNESOTA
RECOMMENDED ANNUAL SALARY POLICY
DETERMINATION PROCESS MODEL*



* FOR THOSE POSITIONS INCLUDED IN REPRESENTED BARGAINING UNITS, THE COLLECTIVE BARGAINING PROCESS WILL REMAIN AN INTREGAL PART OF THE SALARY DETERMINATION PROCESS.

C. Salary Policy Determination Process

Facing, is a graphic illustration of the recommended process for determining the salary adjustments ideally on an annual basis. Also identified on the diagram is the assignment of responsibility for each step in the process.

IV

CLARIFICATION OF JOB/CLASS CONTENT DOCUMENTATION

Prior to conducting the job content evaluation portion of the overall project Hay Associates analyzed the State's position classification practices. (See Critique of the State's Position Classification Plan Report). A key component of the position classification critique was Job/Class Clarification study. During that portion of the study Hay Associates provided direction to a team of auditors who reviewed positions in each of the major departments covering all of the major occupational clusters. The purpose of the audits was to determine if current position descriptions and class specifications accurately reflected the duties and responsibilities actually being performed.

The results of the audits were used to revise class specifications and other items of job documentation. Audit notes were also prepared providing additional information pertaining to specific positions, classes or class series. All of this information was then provided to the Job Content Evaluation Committees for their review prior to evaluating the classes.

On a few occasions questions still remained concerning the actual nature of the duties assigned to a particular class. In those cases additional follow-up was made by phone with the appropriate agency(s) to provide the necessary additional information for the Committees' use in completing the evaluations.

There were also a few cases in which classes were in the process of undergoing significant changes in terms of the assigned tasks and there was no clear determination as to the extent of the changes. In those cases the classes were not evaluated during the study but will be evaluated by the Department of Personnel staff once the changes have been finalized.

Every effort was made to ensure that the documentation used by the committees in evaluating each of the classes was accurate and up-to-date.

V

STUDY METHODOLOGY

The following delineates the procedures utilized during the study.

A. Job Content Documentation

To provide a sound basis for the job content evaluation process for each distinct occupational class, the updated class specifications were used, augmented by organization charts, departmental fiscal and operational data, individual position descriptions and the written observations of the job/class clarification team, from their on-site interviews and field audits. In a few cases when it became necessary during the evaluation committee sessions additional information was obtained by the committee directly from the most appropriate department.

B. Job Content Evaluation

A very substantial number, approximately 450, of the State's classes were then evaluated by committees composed of State employees. Hay Associates trained the committees in the techniques of job content evaluation and the committees functioned under the guidance and leadership of the consultants for approximately the first 250 classes. In addition one representative from the Department of Personnel was assigned to each committee as back-up to the consultants. These individuals also provided additional job content input and received training from the consultants in conducting committee evaluations. The Personnel representatives then guided the committees in evaluating an additional 200 classes. The committees were composed of the following individuals:

Committee A

Department of Personnel Representative - Dick Tiedeman

Committee Members

Department	Class Title	Name
Dept. of Revenue	Asst. Field Operations Dir.	Joel Nopola
Dept. of Agriculture	Chemist	William Johnson
Dept. of Transportation	Administrative Engineer	Eugene Ofstead
Dept. of Agriculture	Management Analyst Senior	Shirley Rutherford
Dept. of Natural Resources	Natural Resources Specialist IV	Joseph E. Gummerson
Dept. of Transportation	Personnel Officer	Al Bunnett
State Planning Agency	Planner III	Thomas Harren

Committee B

Department of Personnel Representative - Bettie Glineburg

Committee Members

Department	Class Title	Name
Dept. of Public Welfare	Affirmative Action Officer III	Rodney E. McGee
Faribault State Hospital	Institutions Program Coordinator	Arnold A. Madow
Dept. of Economic Security	Unemployment Compensation Supv.	Gerald M. Munzen
Anoka State Hospital	Assistant Dir. of Nursing	Arlene Dahlman
Dept. of Health	Affirmative Action Officer II	Henry Wesley
Dept. of Education	Assoc. Comm. of Ed.-Interpretation Dissemination	E. Raymond Peterson
Dept. of Economic Security	Asst. Dir. Div. of Vocational Rehab.	Walter Roers

Committee C

Department of Personnel Representative - Peter Bilben

Committee Members

Department	Class Title	Name
Willmar State Hospital	Human Services Specialist	Lloyd Brandt
Dept. of Health	Clerk Steno Senior	Patricia Chase
Dept. of Agriculture	Agricultural Field Inspector	Grant Christopher
Dept. of Transportation	Highway Technician Principal	Robert Blahnk
Dept. of Administration	Personnel Director	James Ware
Dept. of Natural Resources Carlos Avery Nursery	Natural Resources Technician	Roland Bertschi
Dept. of Public Safety	Executive I	Margaret Michalko

The committees and the consultants utilized the Hay Guide Chart Profile Method in evaluating the job content of the classes. This method applies a quantitative value to the following basic components common to all jobs:

- Know How - Measures, in three dimensions, the job's specific requirements for practical and technical knowledge, for comprehension and utilization of the management process, and for human relations skills.

- Problem Solving - Expresses, in two dimensions, the thinking demand of the job as determined by: (1) the environment in which the thinking takes place; and (2) by the thinking challenge presented by the problems to be resolved.

- Accountability - Measures the job's impact on end results, as determined by its freedom to act, the nature of its impact (direct or indirect) and the dollar magnitude on the specific area or element on which its impact is most clear and identifiable.

- Working Conditions - Expresses, in three dimensions, the extent of the exposure to the environmental aspects of the job such as hazards, fumes, extreme temperatures, etc., the physical effort required for successful job performance, and the exposure to uncontrolable hazards.

The remainder of the classes were then evaluated by the Department of Personnel representatives utilizing various members of the Job Content Evaluation Committees as needed. The consultants evaluated key managerial, personnel, and particularly sensitive classes.

As a quality control measure, the consultants reviewed the total job content evaluation pattern and individual evaluations for all classes. In a few instances the consultants reevaluated individual classes to conform with the total evaluation pattern established by the committees and to maintain its internal equity structure. The individual evaluations and evaluation patterns were also compared to similar jobs in other public jurisdictions as an additional quality control.

A summary of each of the evaluations is shown in the Table I which has been provided to the Department of Personnel for final review. The summary of evaluations is available upon request from the Classification and Compensation Division of the Department of Personnel.

VI

ANALYSIS OF CURRENT PRACTICE

The State's current actual salary practice for its occupational classes was analyzed for consistency and internal equity utilizing the job content evaluation weights of the various classes relative to current average salaries paid to all incumbents of each class. A total scatter diagram, serving as the basis for comparison was developed which depicts the actual salary practice for all classes included in the Job Content Evaluation and Salary Study. A scatter diagram is developed by plotting a dot at the intercept of total job content points for each class (horizontal axis) and the average salary for all positions within a class (vertical axis). Additional separate scatter diagrams were developed for the following categories:

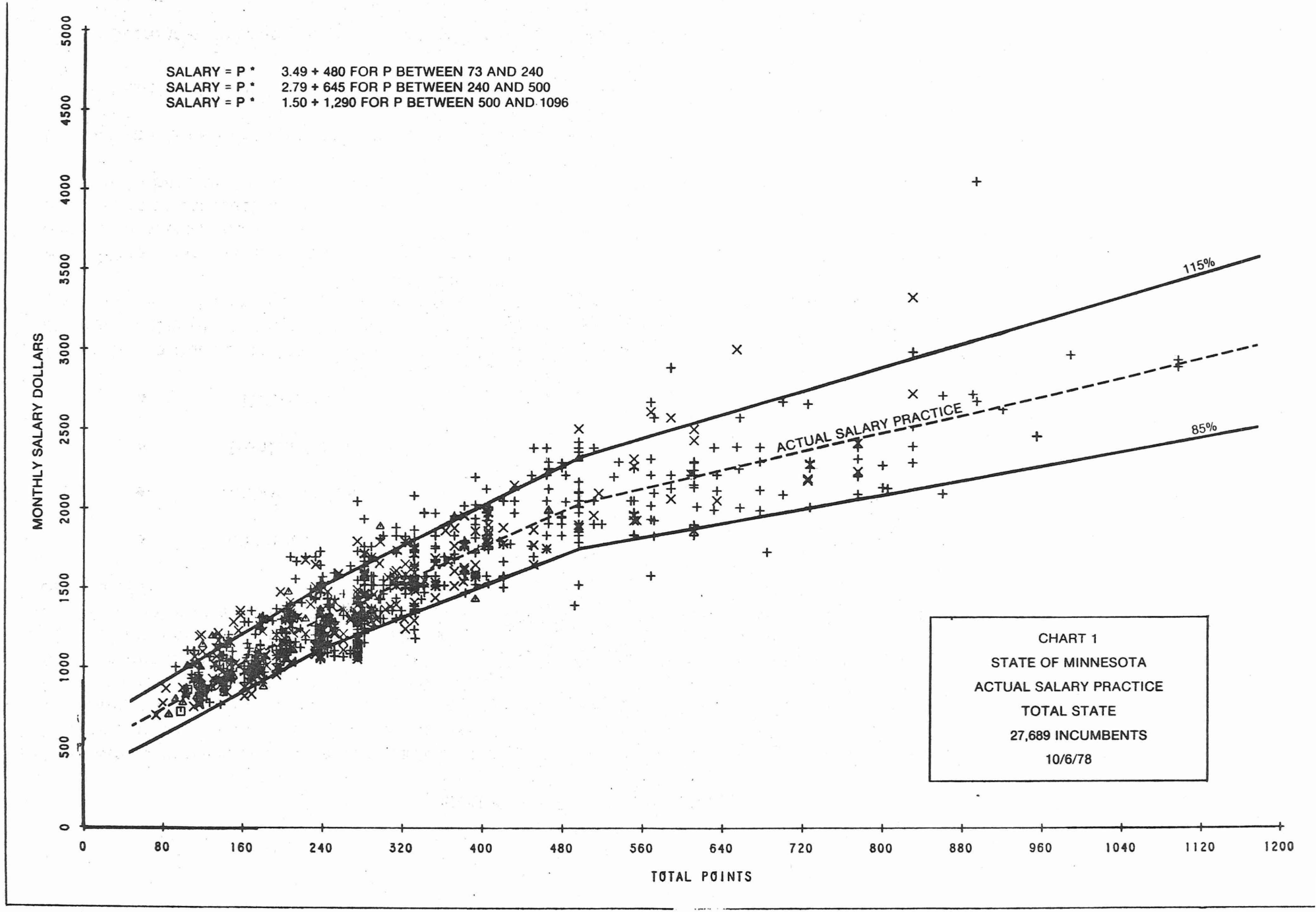
- Clerical
- Labor Trades
- Health Care
- All Others

Typically, actual salaries bear a reasonable and consistent relationship to the relative difficulty and responsibility of classes. Such a relationship can be represented by a line of central tendency drawn through the scatter of dots.

When organizations maintain a consistent relationship between job content (evaluation point totals) and actual salaries, the line of central tendency appears as a straight line. When a bend or break in the line occurs, it is indicative that some factor other than job content and/or performance consideration has been brought to bear on the compensation afforded to the incumbents of positions.

Exhibits have been prepared which graphically display:

- Relationship of job content to salary dollars for classified positions;
- Current actual salary practices as represented by lines of central tendency.


SALARY = P * 3.49 + 480 FOR P BETWEEN 73 AND 240
SALARY = P * 2.79 + 645 FOR P BETWEEN 240 AND 500
SALARY = P * 1.50 + 1,290 FOR P BETWEEN 500 AND 1096
MONTHLY SALARY DOLLARS
0
500
1000
1500
2000
2500
3000
3500
4000
4500
5000
TOTAL POINTS
0
80
160
240
320
400
480
560
640
720
800
880
960
1040
1120
1200
115%
ACTUAL SALARY PRACTICE
85%
CHART 1
STATE OF MINNESOTA
ACTUAL SALARY PRACTICE
TOTAL STATE
27,689 INCUMBENTS
10/6/78

Additionally we have compared the State's salary practices against those of public and private employers in the State of Minnesota and against the salary practices of other state governments. The State must be cognizant of salary levels paid to employees in both the public and private sectors since it competes against both public and private employers for qualified employees.

A. Internal Analysis

Chart 1, facing, shows the relationship of job content values to actual salary dollars for all of the State's occupational classes.

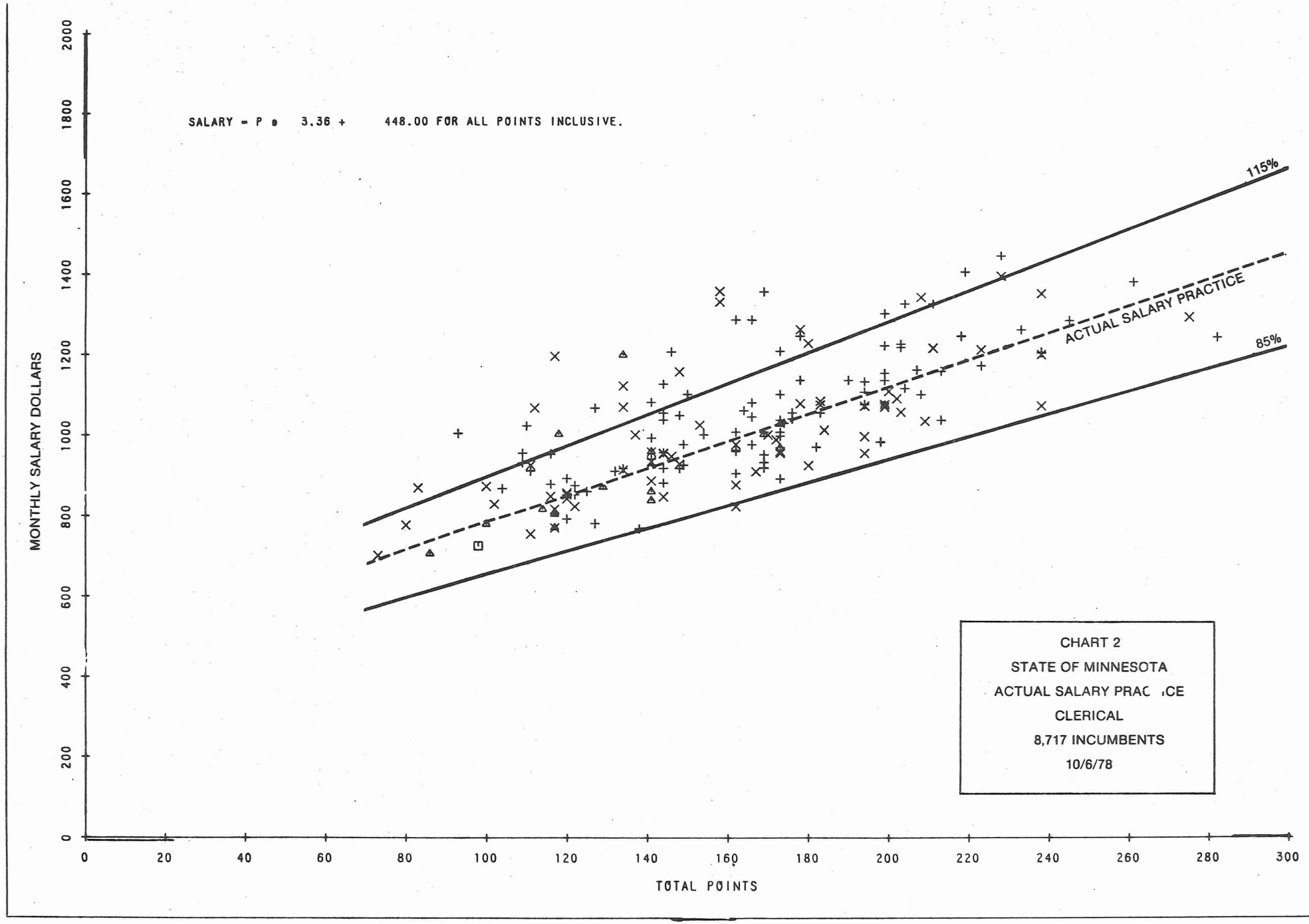
Superimposed over the scatter of dots is an actual salary practice line. This is a line of central tendency passing through the heaviest concentration of plots and represents your overall salary practice. One salary practice is apparent for classes up to 240 points, another salary practice is employed for classes between 240 and 500 points, and a third salary practice is evident for classes above 500 points. The bends in the line which occur at 240 and 500 points causing the line to flatten out for those jobs indicates salary compression. This phenomenon is common in state and local governments and is indicative of factors other than job content that combine to compress salaries at the higher evaluated levels.

Legend of Scattergram Symbols

+ = 0 - 10 incumbents	△ = 101 - 1000 incumbents
X = 11 - 100 incumbents	□ = 1000 + incumbents

Internal Equity

For analytical purposes a cone has been placed around the actual practice line representing what might normally be the minimum and maximum of a salary range (approximately 35%). The chart shows that a substantial number of plots fall outside of this range. The factors contributing to this dispersion include industry difference, length of service and current market factors influencing some occupational classes. A degree of the dispersion is also caused by incorrect job content/salary relationships.


SALARY = P @ 3.36 + 448.00 FOR ALL POINTS INCLUSIVE.
115%
ACTUAL SALARY PRACTICE
85%
MONTHLY SALARY DOLLARS
TOTAL POINTS
0
200
400
600
800
1000
1200
1400
1600
1800
2000
0
20
40
60
80
100
120
140
160
180
200
220
240
260
280
300
CHART 2
STATE OF MINNESOTA
ACTUAL SALARY PRAC ICE
CLERICAL
8,717 INCUMBENTS
10/6/78

Industry Variances

Various industries pay salaries which differ in their overall level. The State employs individuals in occupations which cover several different industries. In order to accurately analyze the State's salary practices both internally and in comparison to the relevent external labor markets we have separated the following groupings:

- Clerical and Office Occupations
- Labor Trades Occupations
- Health Care and Physicians Occupations
- All Others

Chart 2, facing, shows the relationship of Job Content values to actual salary dollars for the State's clerical and office occupations. The analysis indicates a straight line (consistent) relationship. However, even within this occupational grouping there is still a degree of internal inequity as demonstrated by the number of plots which fall outside of the 35% cone.

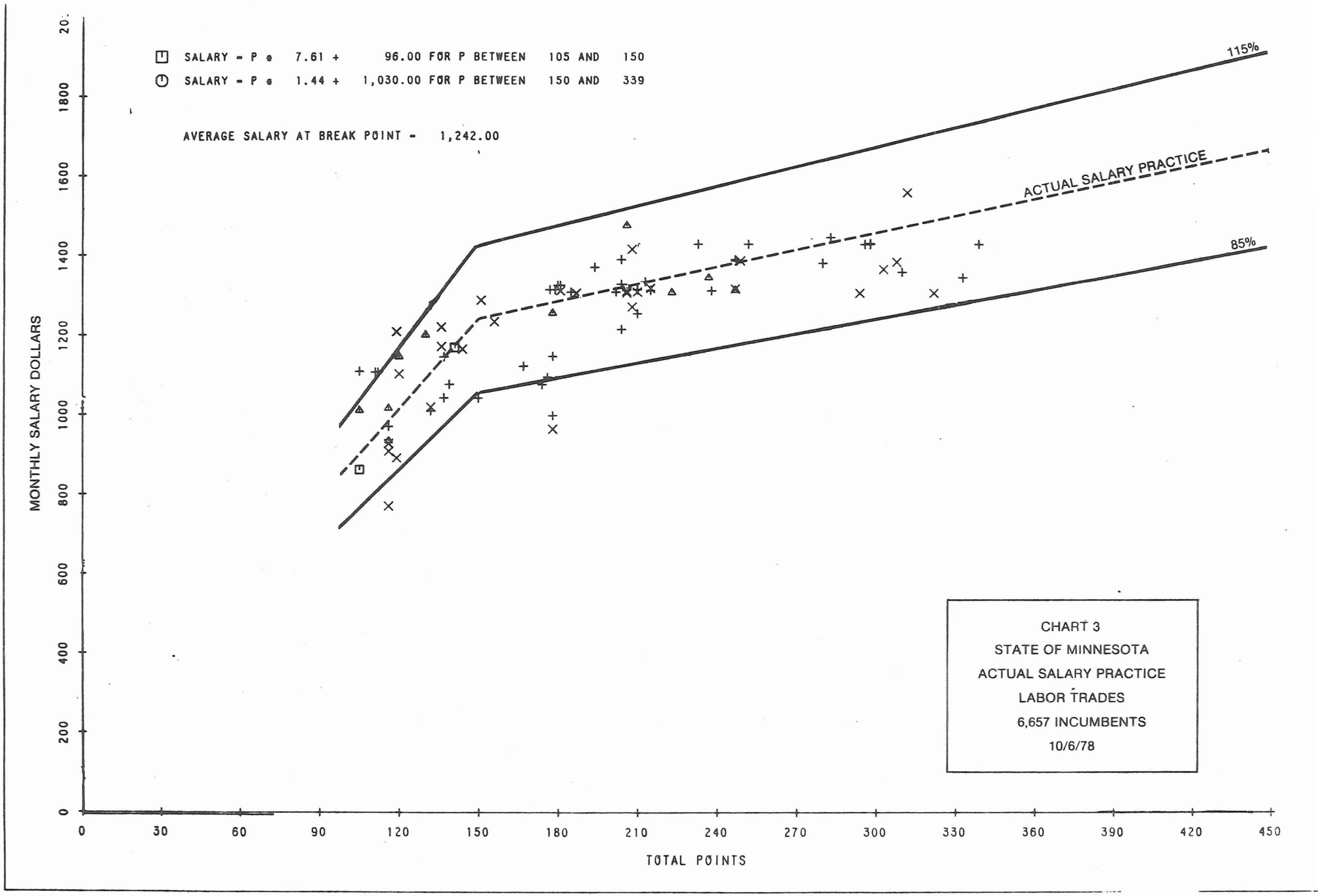

SALARY = P * 7.61 + 96.00 FOR P BETWEEN 105 AND 150
SALARY = P * 1.44 + 1,030.00 FOR P BETWEEN 150 AND 339
AVERAGE SALARY AT BREAK POINT = 1,242.00
115%
ACTUAL SALARY PRACTICE
85%
MONTHLY SALARY DOLLARS
0
200
400
600
800
1000
1200
1400
1600
1800
20.
0
30
60
90
120
150
180
210
240
270
300
330
360
390
420
450
TOTAL POINTS
CHART 3
STATE OF MINNESOTA
ACTUAL SALARY PRACTICE
LABOR TRADES
6,657 INCUMBENTS
10/6/78

Chart 3, facing, shows the actual salary practice for the State's Labor/Trades occupations. The Chart shows a fairly steep practice line up to 150 points where a definite bend and flattening out of the line occurs. This is a very unusual practice line. Most analyses of Labor/Trades salary practices indicate a fairly low sloping but straight line salary practice (see Chart 7, page 26.1). The current practice of the State of Minnesota is most probably the result of the following factors:

- Some of the lower level Labor/Trades occupations are currently in Salary Schedule C which is generally lower in salary levels than Schedule B.

  The middle and upper level trades classes are in Salary Schedule B. Thus, there is a larger than normal difference between the lower and middle level classes in the occupational groupings resulting in a fairly steep practice line up to 150 points.

- All trades classes (painter, plumber, electrician, etc.) tend to be paid at the same level regardless of difference in job content. Thus, the higher protion of the grouping tends to have a flat line relationship with little or no increase in salary for increased complexity.

The relationships around the line of central tendency show that within the practice there is a high degree of internal equity as indicated by the small number of plots falling outside of the 35% cone. However, this may be somewhat misleading since the structure of Salary Schedule B is a starting rate and a job rate with no real salary range. The result of this type structure should be to pull the classes into a much tighter relationship to the line of central tendency than would be found for classes with wide salary ranges. Thus, some of the dispersion even within the cone is most probably due to minor inconsistencies between job content and salary.

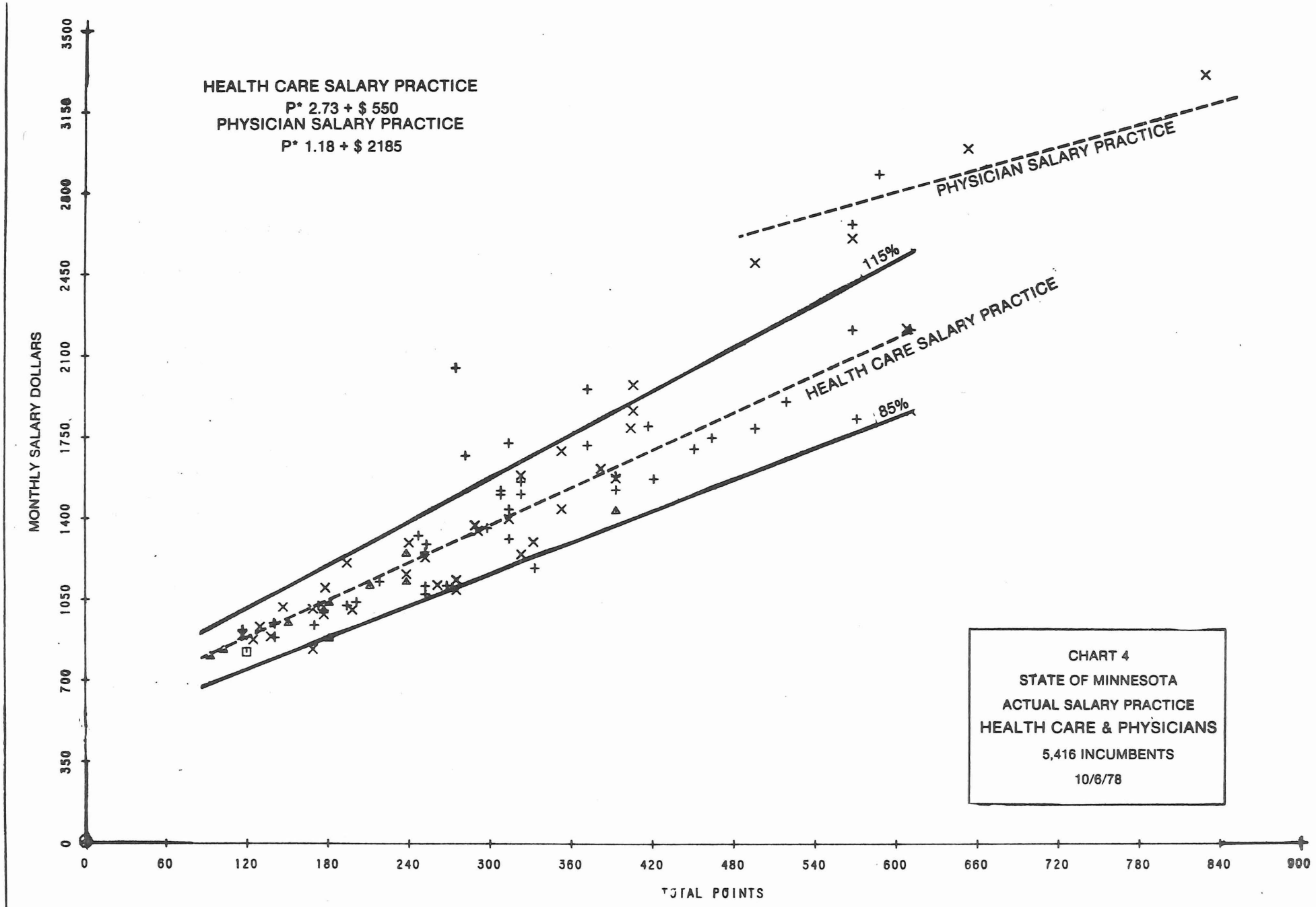

HEALTH CARE SALARY PRACTICE
P* 2.73 + $ 550
PHYSICIAN SALARY PRACTICE
P* 1.18 + $ 2185
PHYSICIAN SALARY PRACTICE
115%
HEALTH CARE SALARY PRACTICE
85%
MONTHLY SALARY DOLLARS
0
350
700
1050
1400
1750
2100
2450
2800
3150
3500
0
60
120
180
240
300
360
420
480
540
600
660
720
780
840
900
TOTAL POINTS
CHART 4
STATE OF MINNESOTA
ACTUAL SALARY PRACTICE
HEALTH CARE & PHYSICIANS
5,416 INCUMBENTS
10/6/78

Chart 4, facing, shows the relationship of job content to salary dollars for Health Care occupations. Also plotted on this chart for comparison purposes are physicians' salaries.

As shown, the Health Care salary practice is a straight line practice with a high degree of internal equity.

The physician salary practice is also shown as a straight line relationship between job content and salary dollars but at a much higher level. This is a common relationship since physicians and closely related occupations are among the highest paid occupational groupings and in order to obtain employees in these occupations all employers must meet the market demand in terms of reasonably competitive salaries.

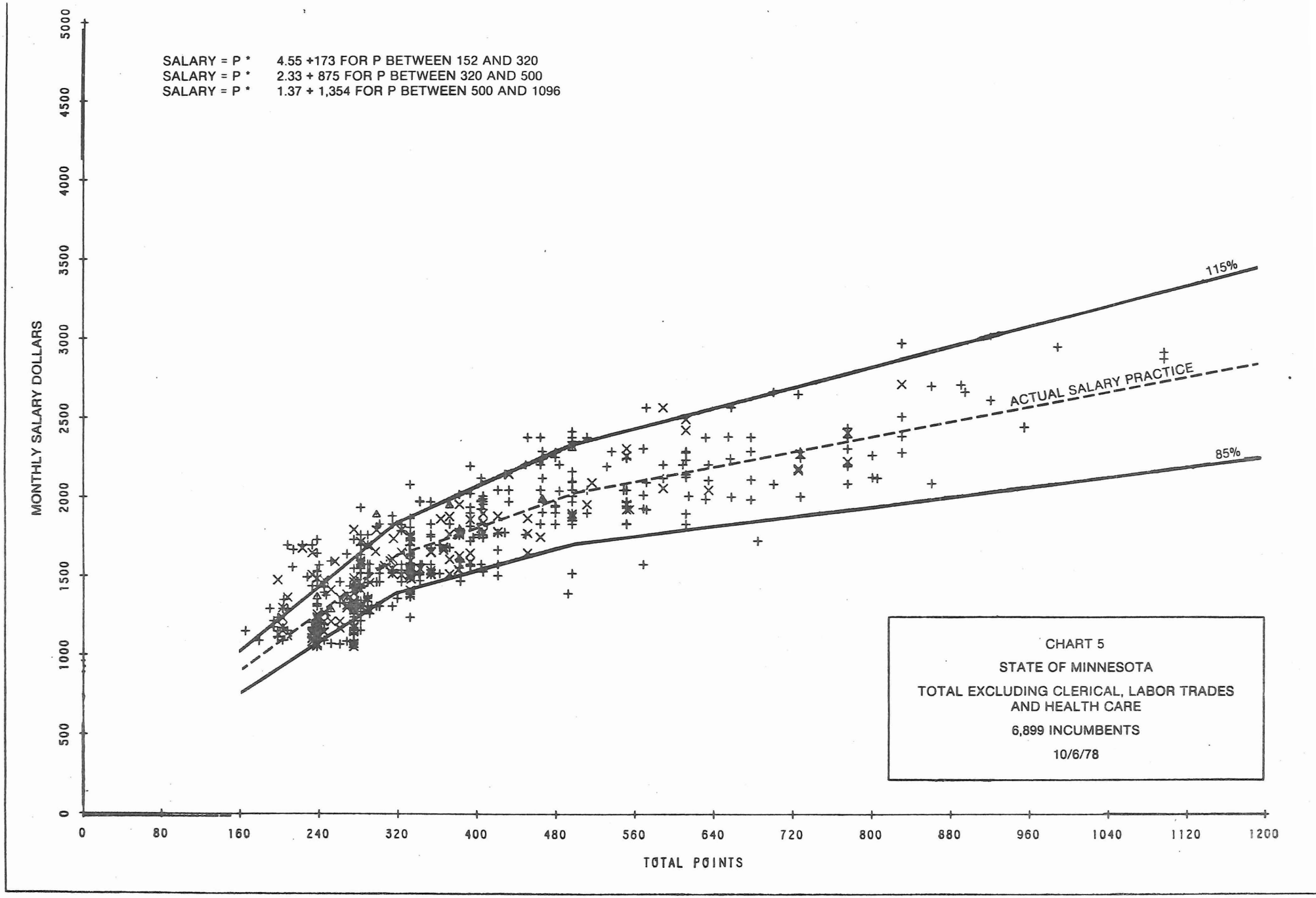
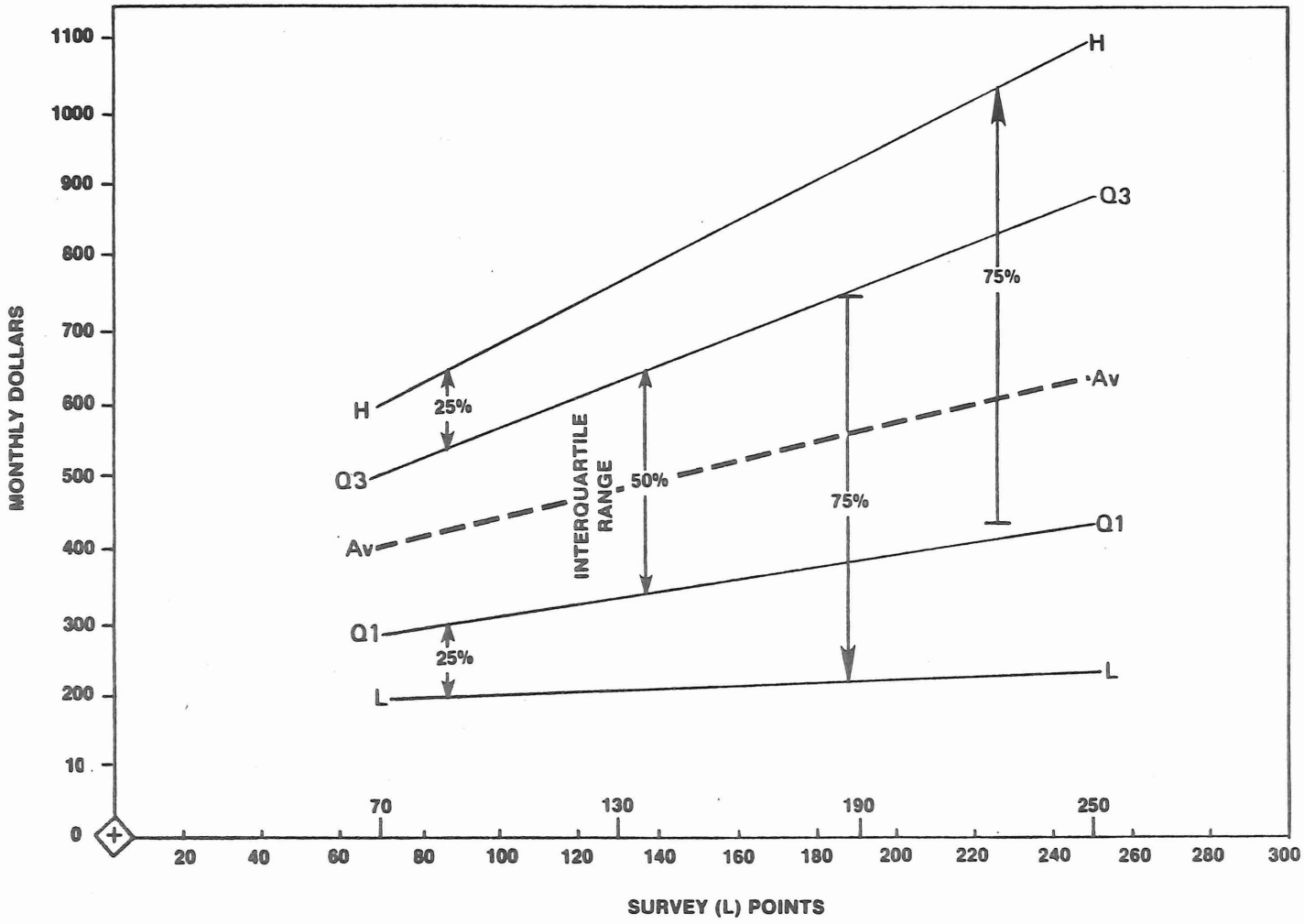

SALARY = P * 4.55 +173 FOR P BETWEEN 152 AND 320
SALARY = P * 2.33 + 875 FOR P BETWEEN 320 AND 500
SALARY = P * 1.37 + 1,354 FOR P BETWEEN 500 AND 1096
MONTHLY SALARY DOLLARS
0
500
1000
1500
2000
2500
3000
3500
4000
4500
5000
115%
ACTUAL SALARY PRACTICE
85%
0
80
160
240
320
400
480
560
640
720
800
880
960
1040
1120
1200
TOTAL POINTS
CHART 5
STATE OF MINNESOTA
TOTAL EXCLUDING CLERICAL, LABOR TRADES AND HEALTH CARE
6,899 INCUMBENTS
10/6/78

Chart 5, facing, shows the relationship of job content to salary dollars for all other occupations (excluding Labor/Trades, Clerical and Health Care and Physician occupations). The analysis indicates that, similar to the Total (Chart 1) there are two bends in the line indicating comparison on upper level professional and managerial salaries. These bends occur at 320 points and 500 points.

Even after excluding major industry groupings which are commonly found to have wide variences in salary levels, there remains a degree of internal inequity. One example of this inequity can clearly be seen by examining the plots between approximately 270 and 280 points. The spread in average salaries for the grouping of classes is from approximately $970 per month to $1940 per month indicating a 100% difference in average salaries for classes of essentially the same complexity.

These types of inequities, as well as those in the other groupings, will be corrected through the installation of the Job Content Evaluation portion of the plan which places each class in the salary schedule based on its quantitative evaluated job content.

ILLUSTRATIVE QUARTILED SALARY SURVEY CHART



H= HIGHEST RATES REPORTED BY ANY EMPLOYER

Q3= LINE BELOW WHICH FALL 75% AND ABOVE WHICH FALL 25% OF THE RATES

Av= AVERAGE OF ALL OF THE RATES

Q1= LINE BELOW WHICH FALL 25% AND ABOVE WHICH FALL 75% OF THE RATES

L= LOWEST RATES REPORTED BY ANY EMPLOYER

THE ZONE FORMED BY Q3 AND Q1 ENCOMPASSES THE MIDDLE 50% OF THE RATES, AND IS REFERRED TO AS THE INTERQUARTILE RANGE

B. External Comparison

Charts have been prepared to show the relationship of the State of Minnesota's salary practices in comparison to its relevant external markets. The following provides some background information for understanding the external Charts:

- Salary Survey Chart Structure

  The Illustrative Quartiled Salary Survey Chart, facing, depicts the structured prevailing rate model which is utilized for external comparison when such complete data is available.

  It is generally understood that to be a competitive or "prevailing rate" employer, the salary policy must be in the interquartile range.

- External Salary Survey Data Projected

  All external salary data has been projected to the midpoint of the State's next fiscal year (December 31, 1979). The State's practice lines are based on the State's current actual salary data. This has been done to analyze the current salary practices in comparison to the external markets in order to determine what types of movements, if any, are necessary for the next fiscal year in order for the State to be in a competitive salary position in relationship to its relevant labor markets.

  The external data has been projected using the following figures provided by the State's Economist based on assumed Consumer Price Index (C.P.I.) increases:

July 1, 1977 to July 1, 1978	7.8%
July 1, 1978 to July 1, 1979	7.5%
July 1, 1979 to December 31, 1979	3.3%

STATE OF MINNESOTA

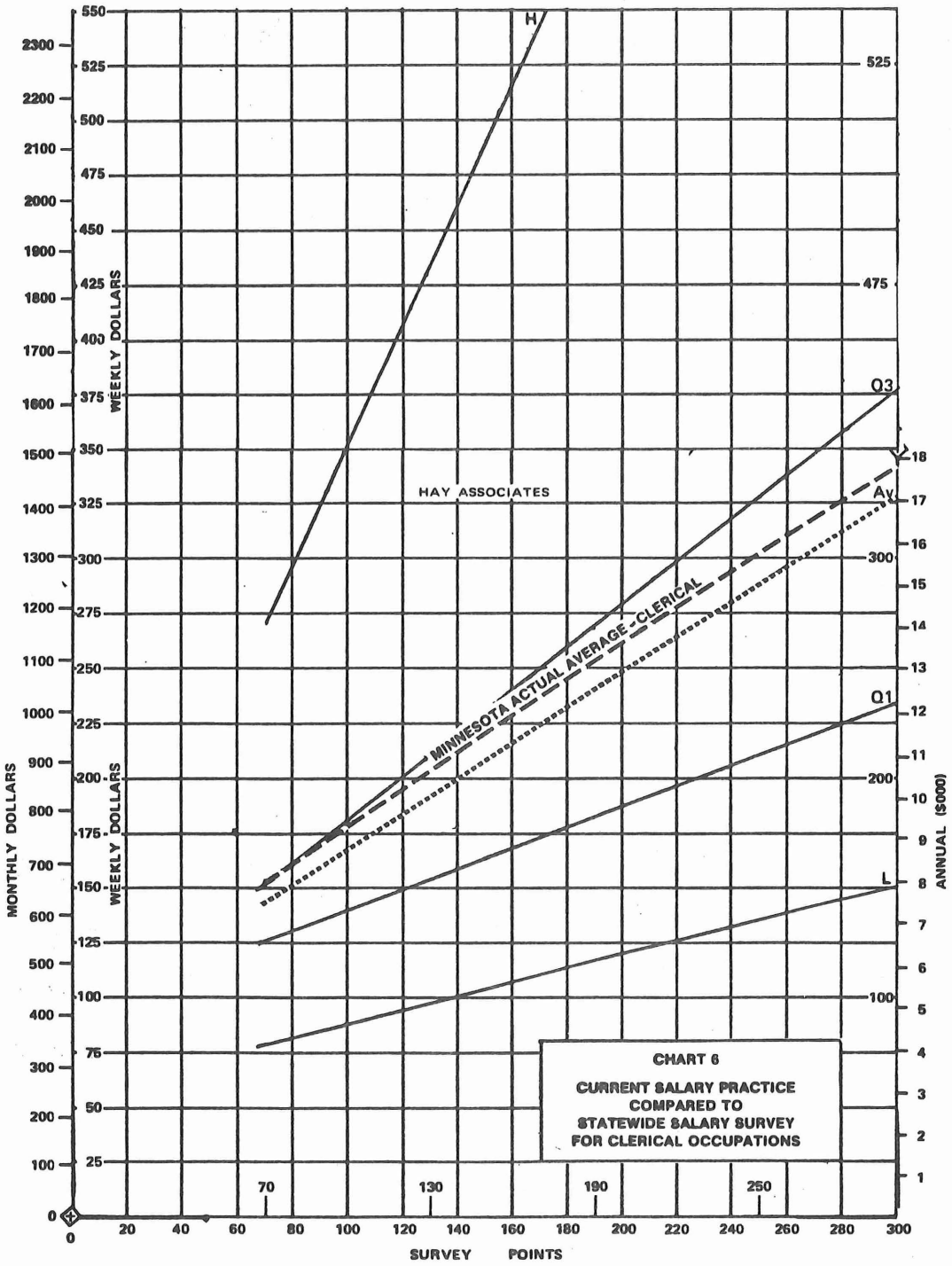
DEPARTMENT OF ECONOMIC SECURITY

MINNESOTA SALARY SURVEY

MARCH 1, 1978

TOTAL STATE — CLERICAL/OFFICE OCCUPATIONS

(Data factored 13.4% to 12/31/79)



H	1175.96	1842.75	2509.54	3176.33
Q3	668.83	916.50	1164.16	1411.83
Med	601.47	793.35	985.22	1177.09
Q1	545.11	702.29	859.46	1016.63
Low	345.98	450.08	554.19	658.29
Avg	616.56	821.36	1026.16	1230.96

Chart 6, facing, shows the State's current salary practice for Clerical and Office occupations compared to the external, combined public and private sector clerical and office salary survey data. As indicated, the State's current salary practice is consistently above average even with the external data projected to December 31, 1979. At the lower portion of the line the State is at or near Q3 (75th percentile). This is a very competitive position in relation to the external clerical labor market in the State of Minnesota and indicates that salaries for the State's clerical employees have been established at relatively higher levels in comparison to the average salaries paid clerical employees by other employers in the State.

STATE OF MINNESOTA

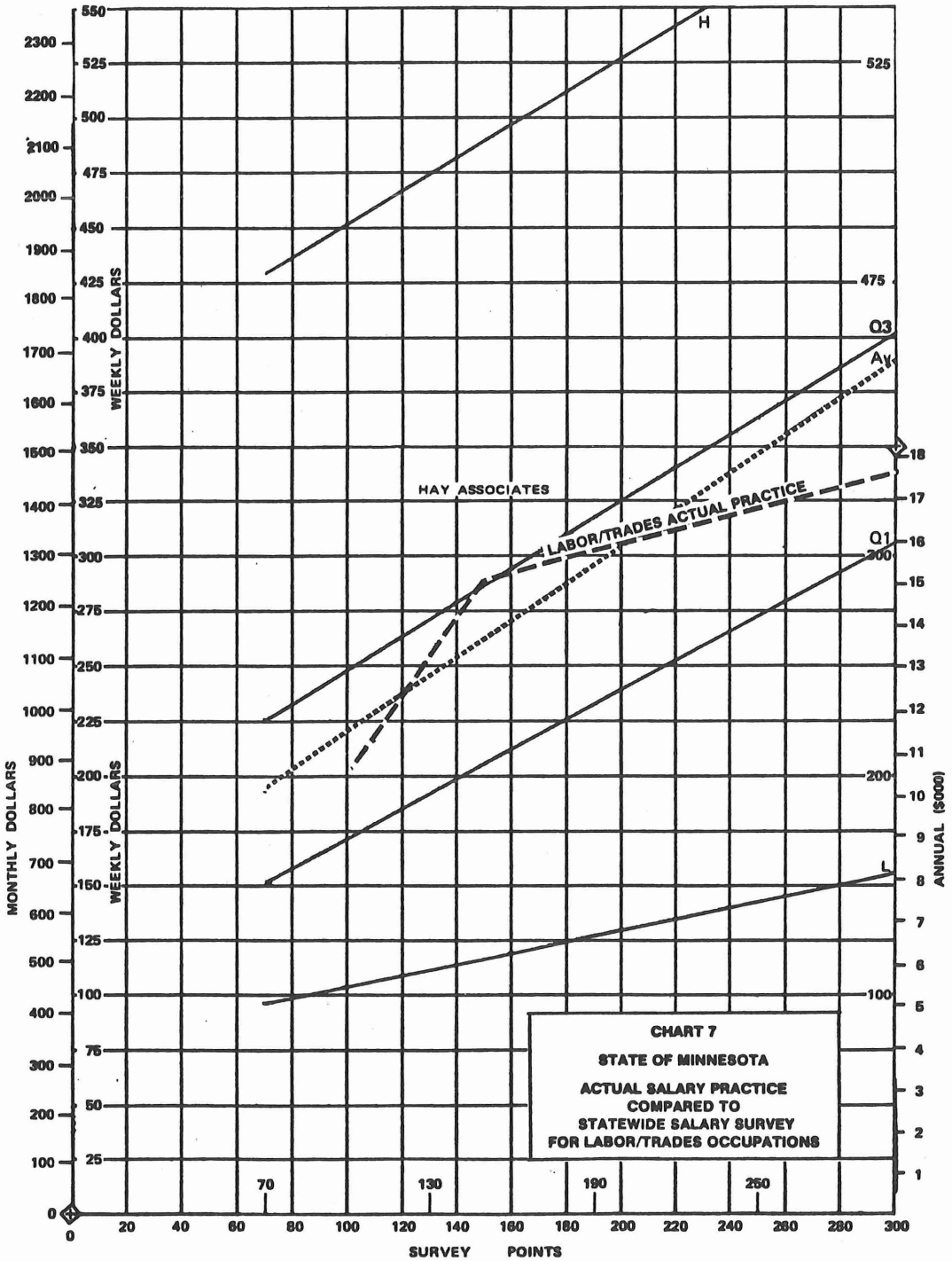
DEPARTMENT OF ECONOMIC SECURITY

MINNESOTA SALARY SURVEY

MARCH 1, 1978

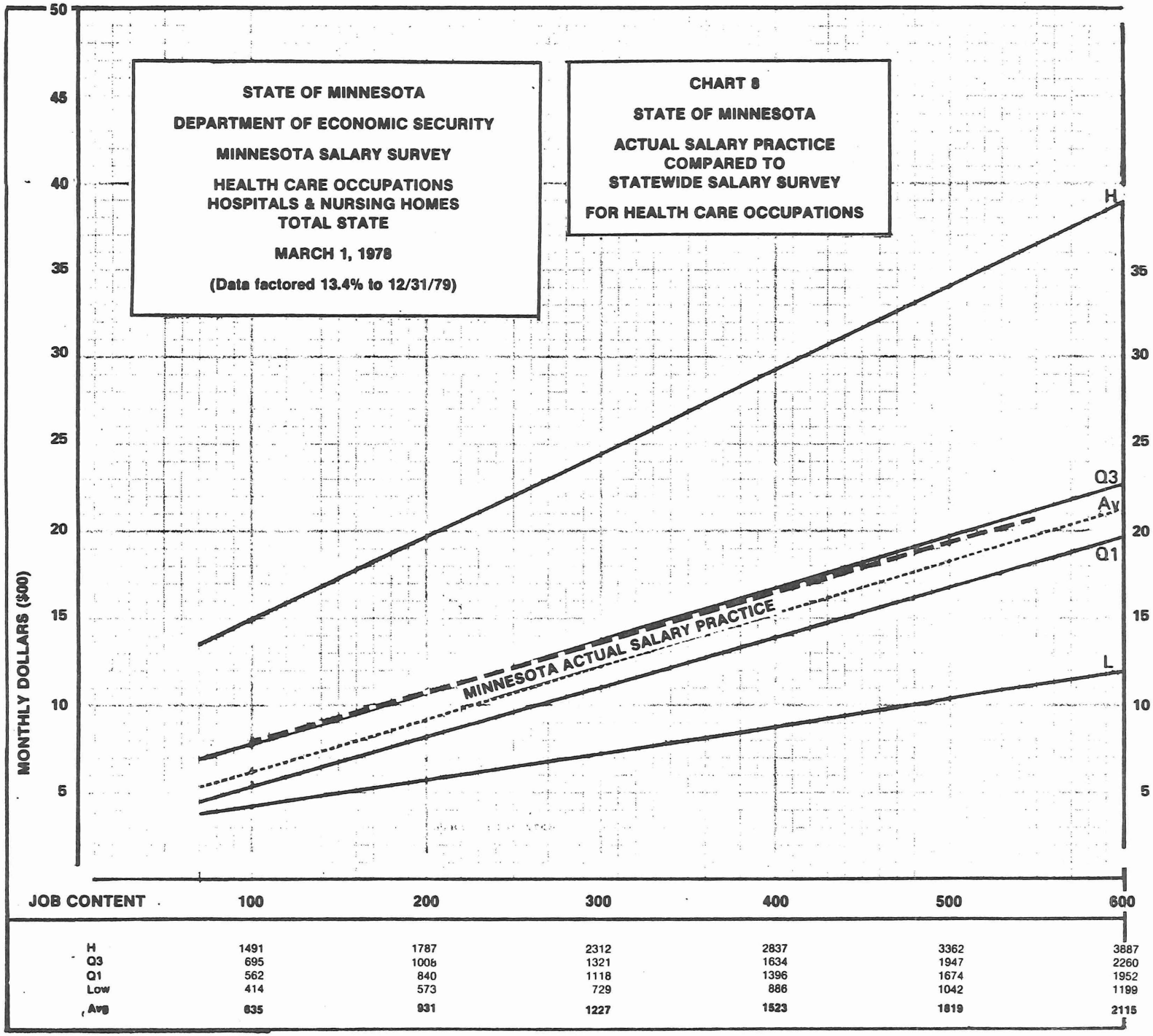
TOTAL STATE — LABOR/TRADES OCCUPATIONS

(Data factored 13.4% to 12/31/79)



H	1855.22	2052.54	2249.86	2447.17
Q3	980.23	1233.34	1486.45	1739.56
Med	831.68	1057.57	1283.46	1509.35
Q1	654.66	878.51	1102.36	1326.21
Low	423.21	508.94	594.67	680.4
Avg	838.59	1059.72	1280.85	1501.98

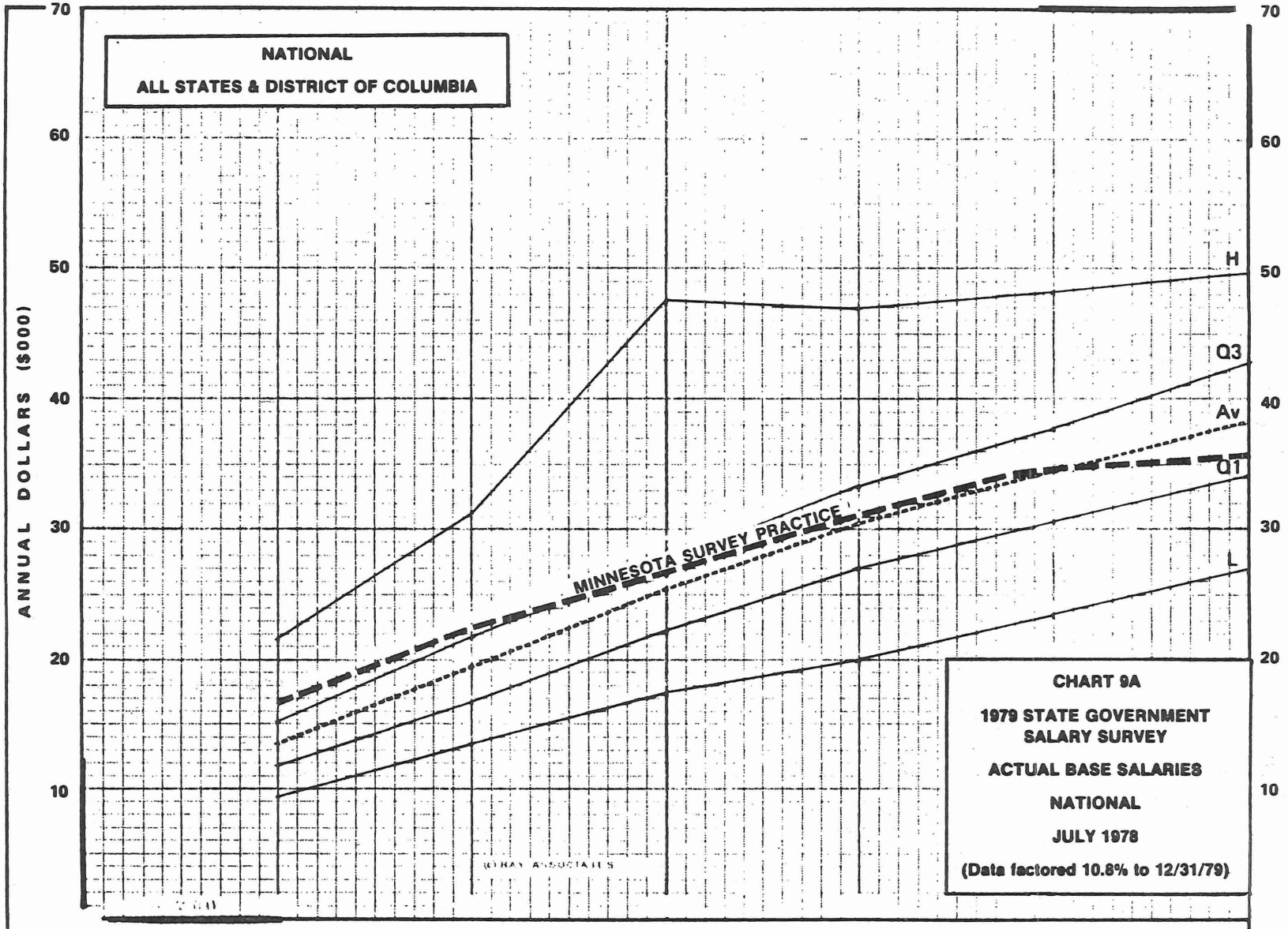
Chart 7, facing, shows the State's Labor/Trades salary practice in comparison to the external market salary survey data. As previously indicated, the State's practice is very unusual in comparison to the external market. At approximately 100 points the State's practice is slightly below average, rising rapidly to the Q3 line (75th percentile) at approximately 150 points then bending sharply and crossing the average line at 200 points.



H	1491	1787	2312	2837	3362	3887
Q3	695	1006	1321	1634	1947	2260
Q1	562	840	1118	1396	1674	1952
Low	414	573	729	886	1042	1199
Avg	635	931	1227	1523	1819	2115

Chart 8, facing, shows the State's Health Care salary practice compared to the salary survey data for both public and private health care employers in the State. As shown the State's current practice for health care occupations is at or near Q3 (75th percentile) in comparison with the external health care labor market salary data, which again has been projected to December 31, 1979. This is an extremely competitive position.

The probable explanation for this is that the Health Care industry is generally a low paying industry. However, the State Health Care jobs have been paid at a level necessary to provide a degree of equity between the Health Care occupations and other occupations employed by the State, which are paid at higher levels in order to maintain a competitive position with their relevant industries.



JOB CONTENT =	250	500	750	1000	1250	1500
Highest	21.7	31.2	47.4	46.9	48.1	49.7
Quartile Q3	15.1	21.8	27.8	33.2	37.7	42.5
Quartile Q1	11.9	16.8	22.2	27.0	30.6	33.9
Lowest	9.3	13.6	17.3	19.8	23.3	26.7
Average	13.8	19.6	25.5	30.4	34.5	38.1

Q3 and Q1 enclose middle 50% of Company median lines

Chart 9A , facing, and Charts 9B, 9C, and 9D, following, show the relationship of the State of Minnesota's salary practice for positions included in the study in comparison to the following:

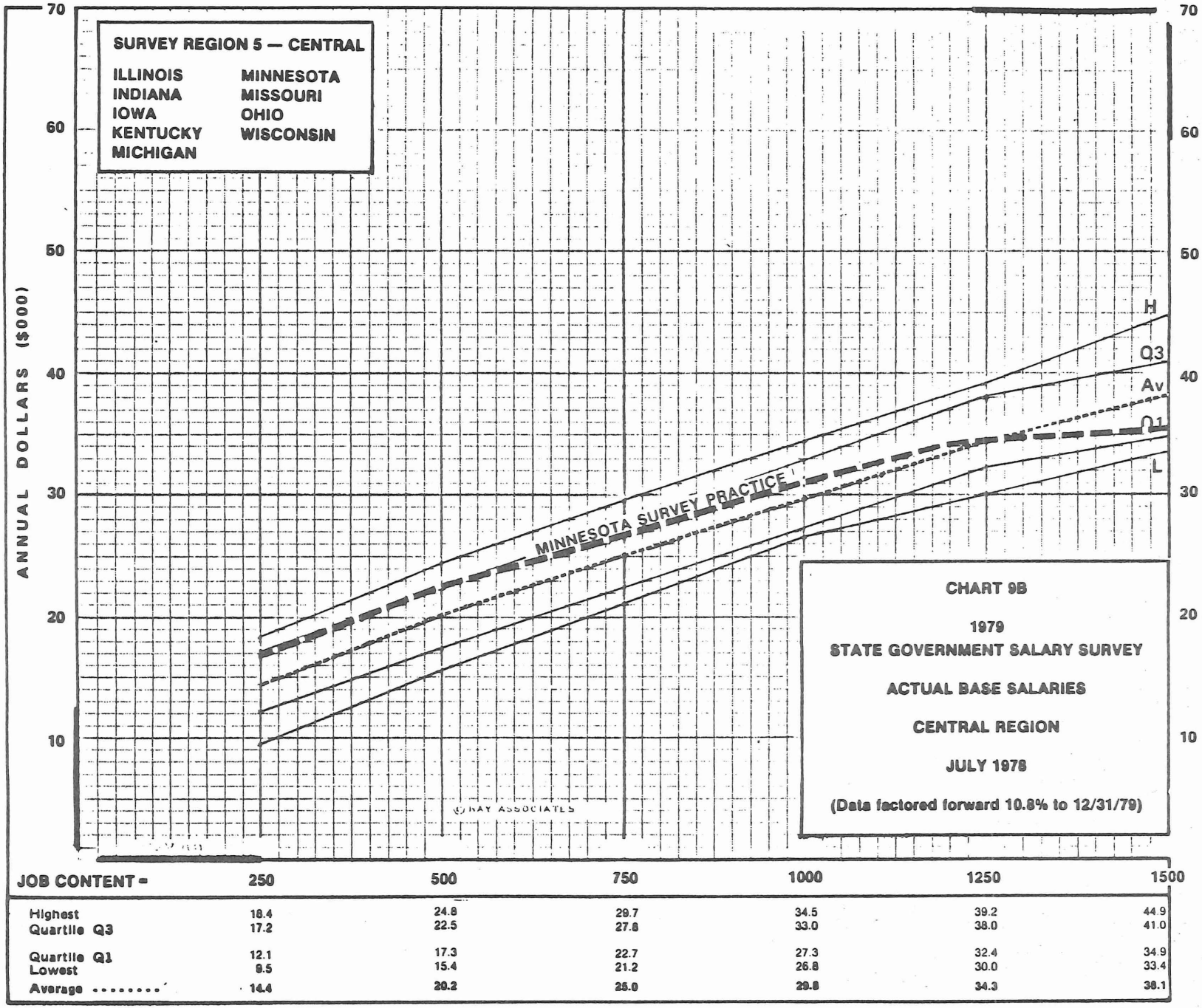
9A - National including all fifty States and the District of Columbia
Minnesota comparison 250 - 600 points above Q3 (75%)
600 - 1200 points between Q3 and average
1200 - 1500 points between average and Q 1 (25%)

9B - Central Region States
Minnesota comparison 250 - 600 points near or at Q3 (75%)
600 - 1250 points between Q3 and average
1250 - 1500 points between average and Q1 (25%)

9C - States with populations between 3MM and 5MM
Minnesota comparison 250 - 600 points above Q3 (25%)
600 - 1200 points between Q3 and average
1200 - 1500 points between average and Q1 (75%)

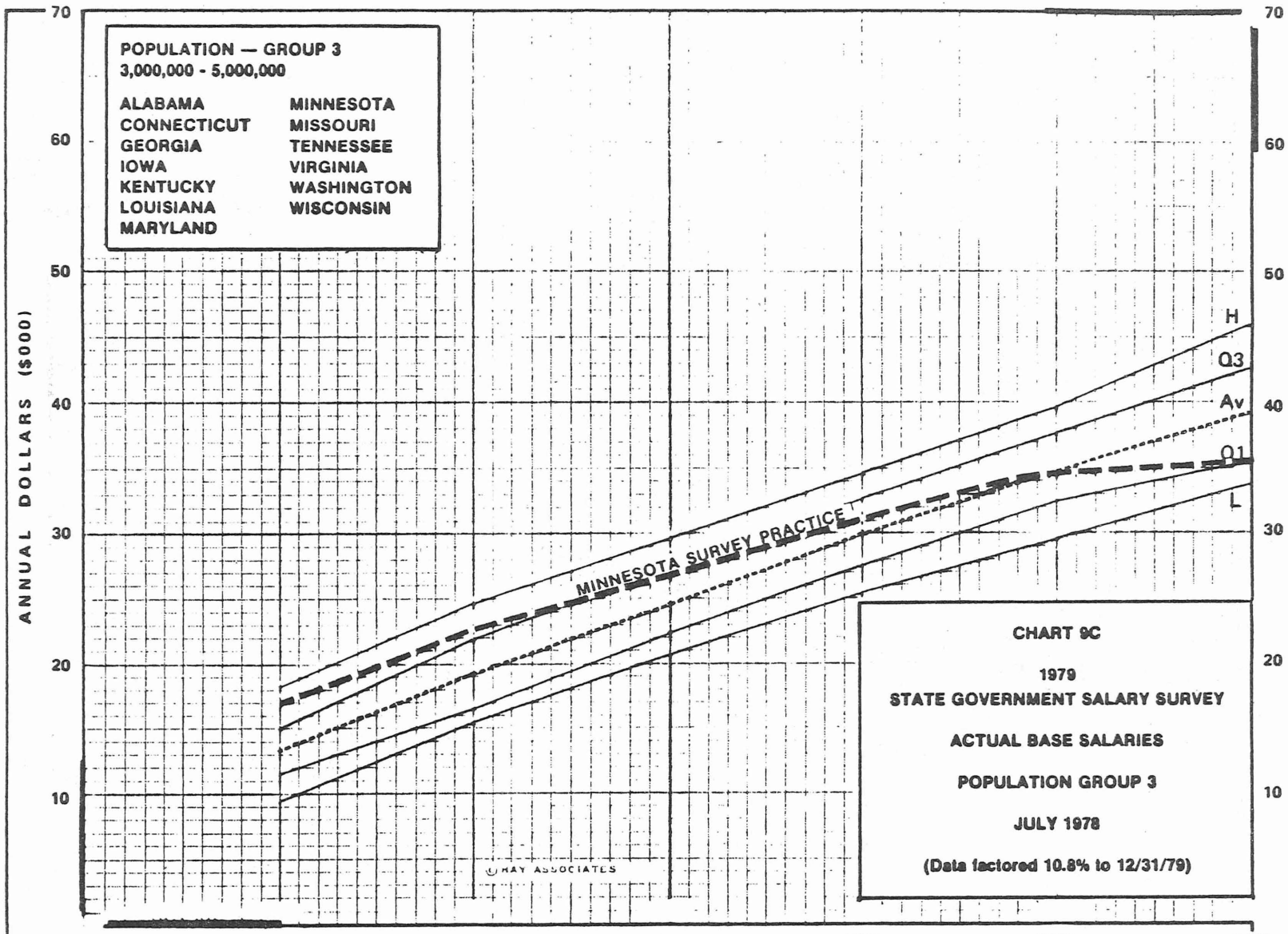
9D - Special Extract of several States with whom the State of Minnesota has traditionally compared salaries.
Minnesota comparison 250 - 600 points above Q3 (75%)
600 - 1400 points between Q3 and average
1400 - 1500 points between average and Q1 (25%)

Based on these comparisons the State of Minnesota pays very competitive salaries up to approximately the 1200 point level in comparison to other States.



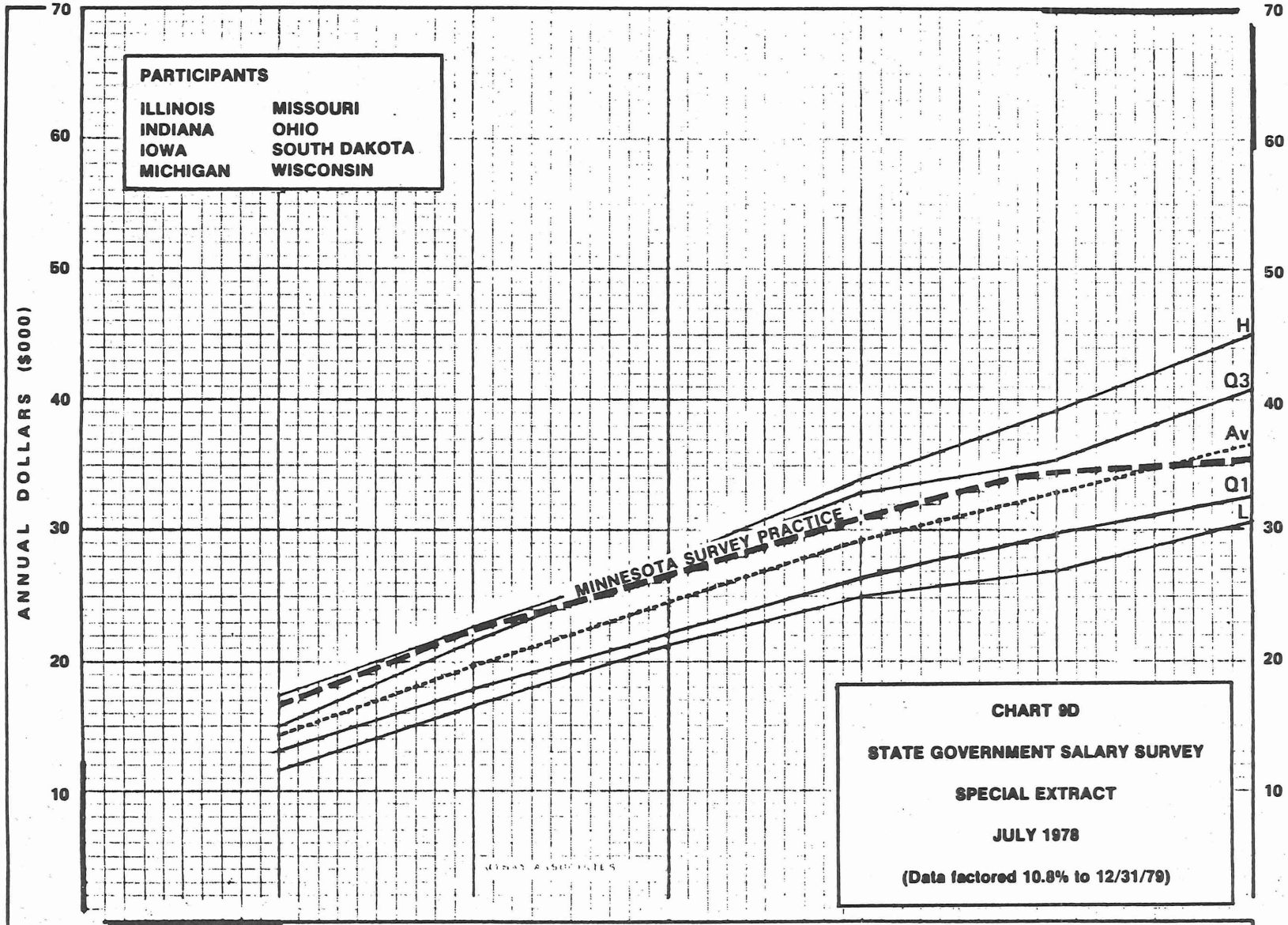
JOB CONTENT =	250	500	750	1000	1250	1500
Highest	18.4	24.8	29.7	34.5	39.2	44.9
Quartile Q3	17.2	22.5	27.8	33.0	38.0	41.0
Quartile Q1	12.1	17.3	22.7	27.3	32.4	34.9
Lowest	9.5	15.4	21.2	26.8	30.0	33.4
Average	14.4	20.2	25.0	29.8	34.3	38.1

Q3 and Q1 enclose middle 50% of Company median lines



JOB CONTENT =	250	500	750	1000	1250	1500
Highest	18.4	24.8	29.7	34.5	39.6	45.9
Quartile Q3	15.0	21.9	27.3	32.7	37.7	42.7
Quartile Q1	11.7	16.5	22.3	27.8	32.5	35.3
Lowest	9.3	15.4	20.8	25.2	29.5	33.9
Average	13.3	18.2	24.7	30.8	34.9	39.1

Q3 and Q1 enclose middle 50% of Company median lines



JOB CONTENT =	250	500	750	1000	1250	1500
Highest	17.3	22.7	27.9	34.1	39.2	44.9
Quartile Q3	16.1	21.6	27.6	33.0	35.3	40.4
Quartile Q1	13.0	17.8	22.0	26.3	29.7	32.7
Lowest	11.7	16.5	21.1	24.9	28.1	30.6
Average	14.5	19.9	24.6	29.3	33.0	36.6

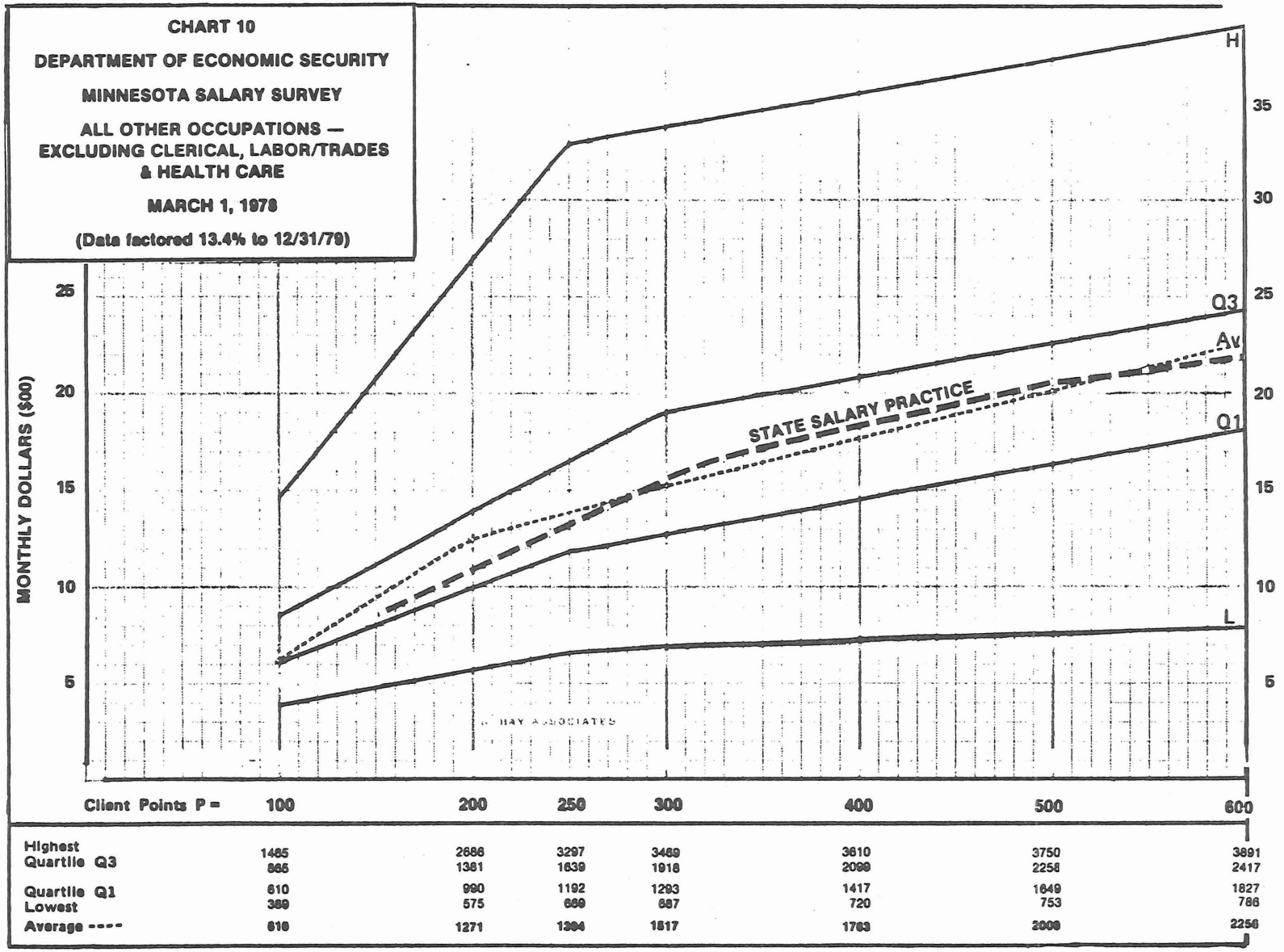
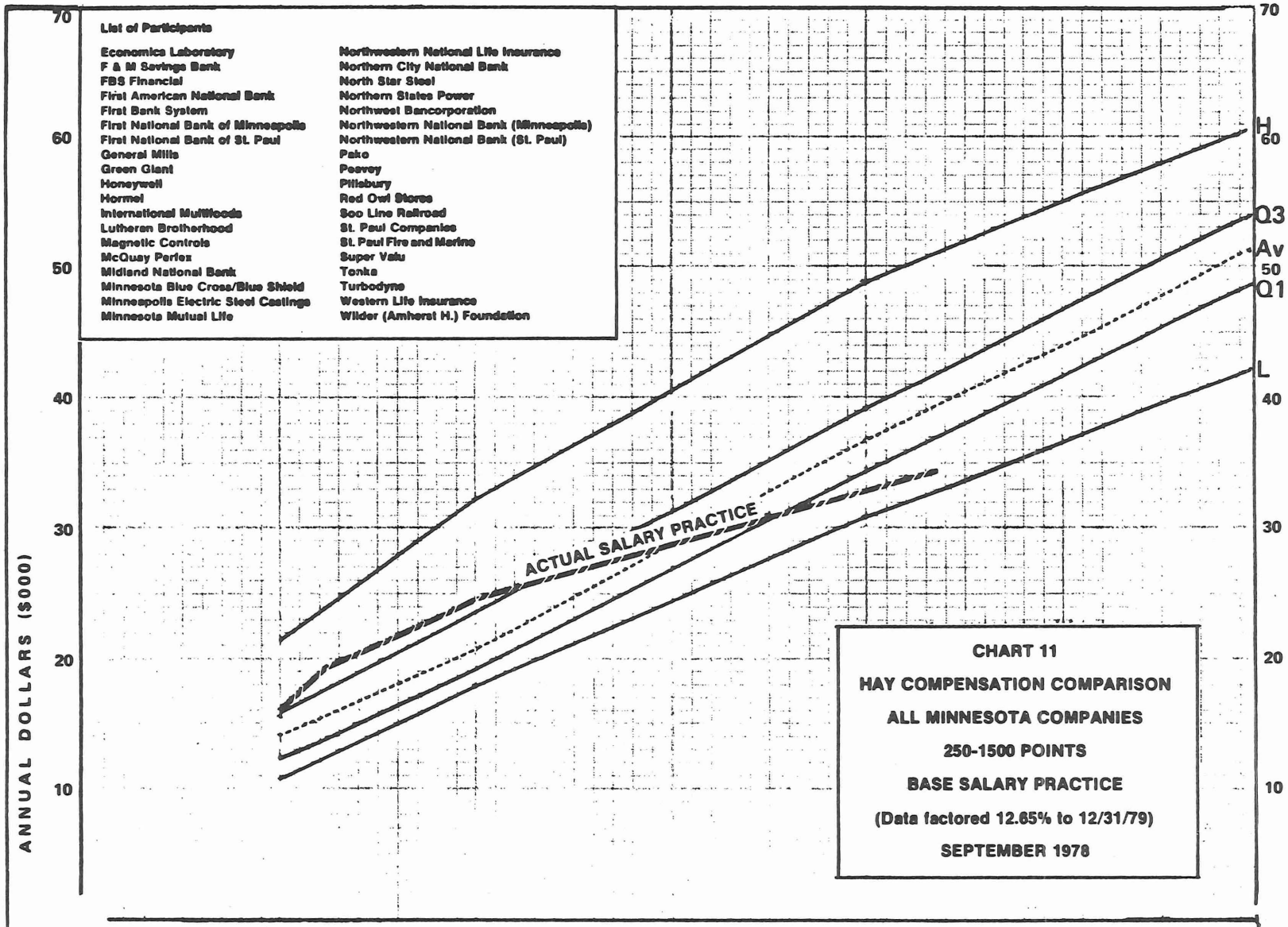

CHART 10
DEPARTMENT OF ECONOMIC SECURITY
MINNESOTA SALARY SURVEY
ALL OTHER OCCUPATIONS — EXCLUDING CLERICAL, LABOR/TRADES & HEALTH CARE
MARCH 1, 1978
(Data factored 13.4% to 12/31/79)
MONTHLY DOLLARS ($00)
H
Q3
Av
Q1
L
STATE SALARY PRACTICE
HAY ASSOCIATES
Client Points P = 100 200 250 300 400 500 600
Highest 1465 2666 3297 3469 3610 3750 3891
Quartile Q3 865 1381 1639 1918 2099 2258 2417
Quartile Q1 610 990 1192 1293 1417 1649 1827
Lowest 389 575 669 687 720 753 786
Average ---- 616 1271 1304 1617 1763 2008 2250

Chart 10, facing, shows the State's salary practice for All Other occupations (excluding Clerical, Labor/Trades, and Health Care and Physicians) in comparison with the relevant external salary survey data. Again, the external data has been projected to December 31, 1979.

The Chart indicates that the State's current practice "straddles" the external average by being slightly below average between 150 and 300 points, slightly above average for jobs from 300 to 520 points and slightly below average from 520 to 600 points.



Client Points P =	250	500	750	1000	1250	1500
Highest	21.5	32.2		48.9		60.6
Quartile Q3	15.9	23.6		39.0		54.4
Median						
Quartile Q1	12.4	19.2		34.5		48.7
Lowest	10.8	18.0		31.0		42.1
Average ----	14.1	21.7		36.9		51.1

Q3 and Q1 enclose middle 50% of Company median lines

Chart 11, facing, shows the State of Minnesota's "All Other" practice line (above 250 points) in comparison with the actual salary practices of Hay clients in the State of Minnesota, which use the same job content evaluation methodology, projected to December 31, 1979.

The analysis indicates that the State of Minnesota is at or above Q3 (75th percentile) for jobs from 250 to approximately 600 points. Above 600 points the compression on upper level salaries forces the line towards average, crossing the average line at approximately 750 points and dropping below the Q1 line (25th percentile) above 900 points.

As shown by the Chart the compression which occurs on upper level salaries in the public sector does not generally occur in the private sector.

Nationally, public sector employers are least competitive with the private sector employers for middle and upper level management salaries and the Chart indicates that Minnesota, while generally very competitive in all other areas, follows this trend.

CHART 12

ACTUAL LABOR/TRADES & CLERICAL SALARY PRACTICES COMPARED TO

DEPARTMENT OF EMPLOYMENT SECURITY SALARY SURVEY DATA FOR LABOR/TRADES AND CLERICAL OCCUPATIONS

(Data factored 13.4% to 12/31/79)

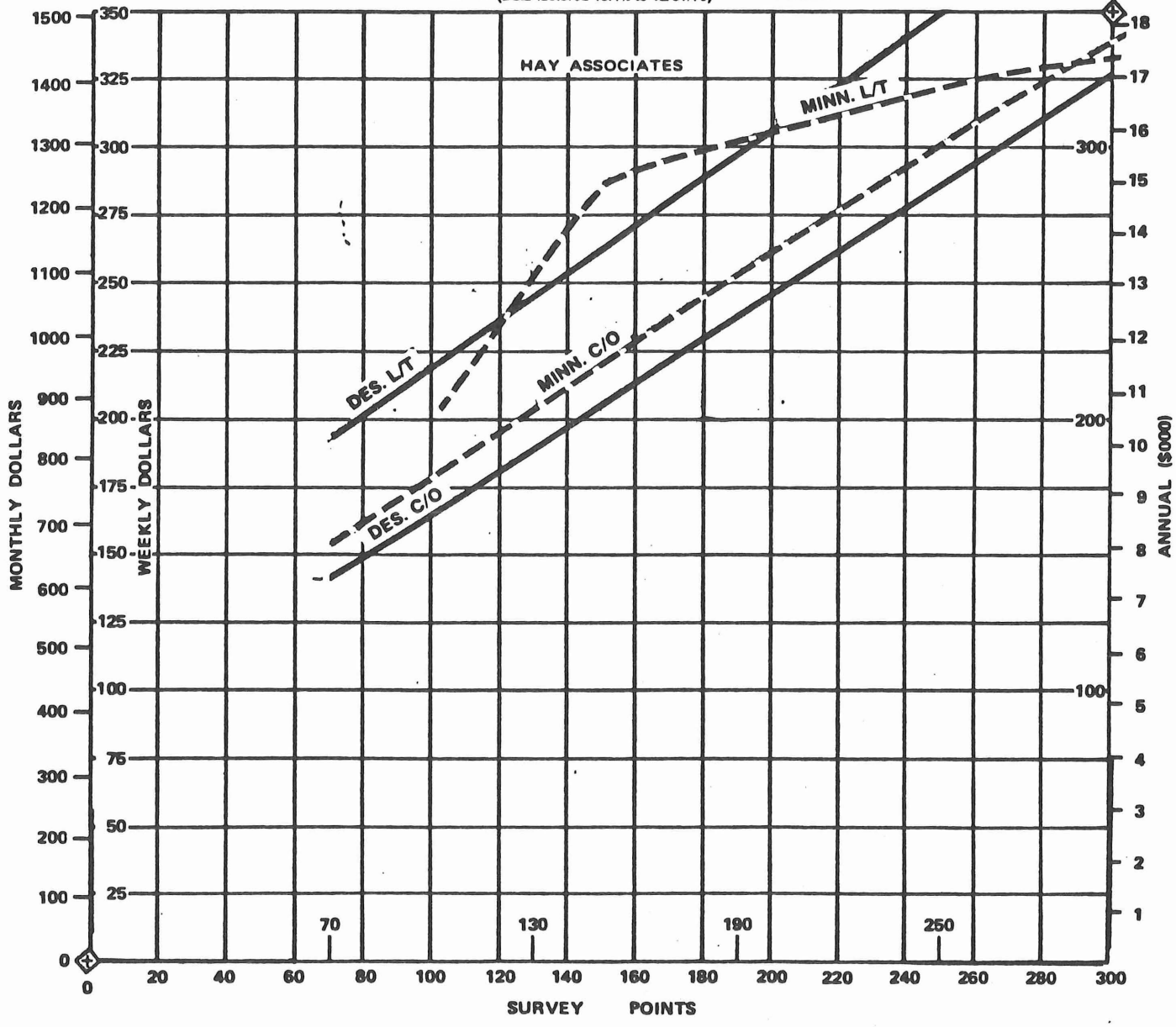


Chart 12, facing, is a special analysis of the State's separate salary practices for Clerical and Labor/Trades occupations in comparison with the external labor market averages for these separate occupational groupings.

The Chart indicates that, while the State of Minnesota maintains a higher salary practice for Labor/Trades occupations than for Clerical and Office occupations, this is supported by the prevailing practices in the external labor markets. The major difference between the State's salary practices and those of the external market for Clerical and Labor/Trades occupations is the unusual nature of the State's Labor/Trades practice.

VII

SALARY POLICY RECOMMENDATIONS

The following represents our salary recommendations for the State of Minnesota. They have been developed as a result of our analyses of the State's current posture both internally and externally, and with the following considerations in mind.

- When at all possible, a consistent relationship should be established between salary opportunity and job content. For the State, we have developed a recommendation that provides a midpoint policy recommendation for classes up to 320 points, a second midpoint policy recommendation for classes evaluated from 320 to 500 job content points and third salary policy for classes above 500 points. The same set of salary policy formulae is applied to Clerical, Health Care and All Other occupations (excluding Labor Trades and Physicians) for the following reasons:

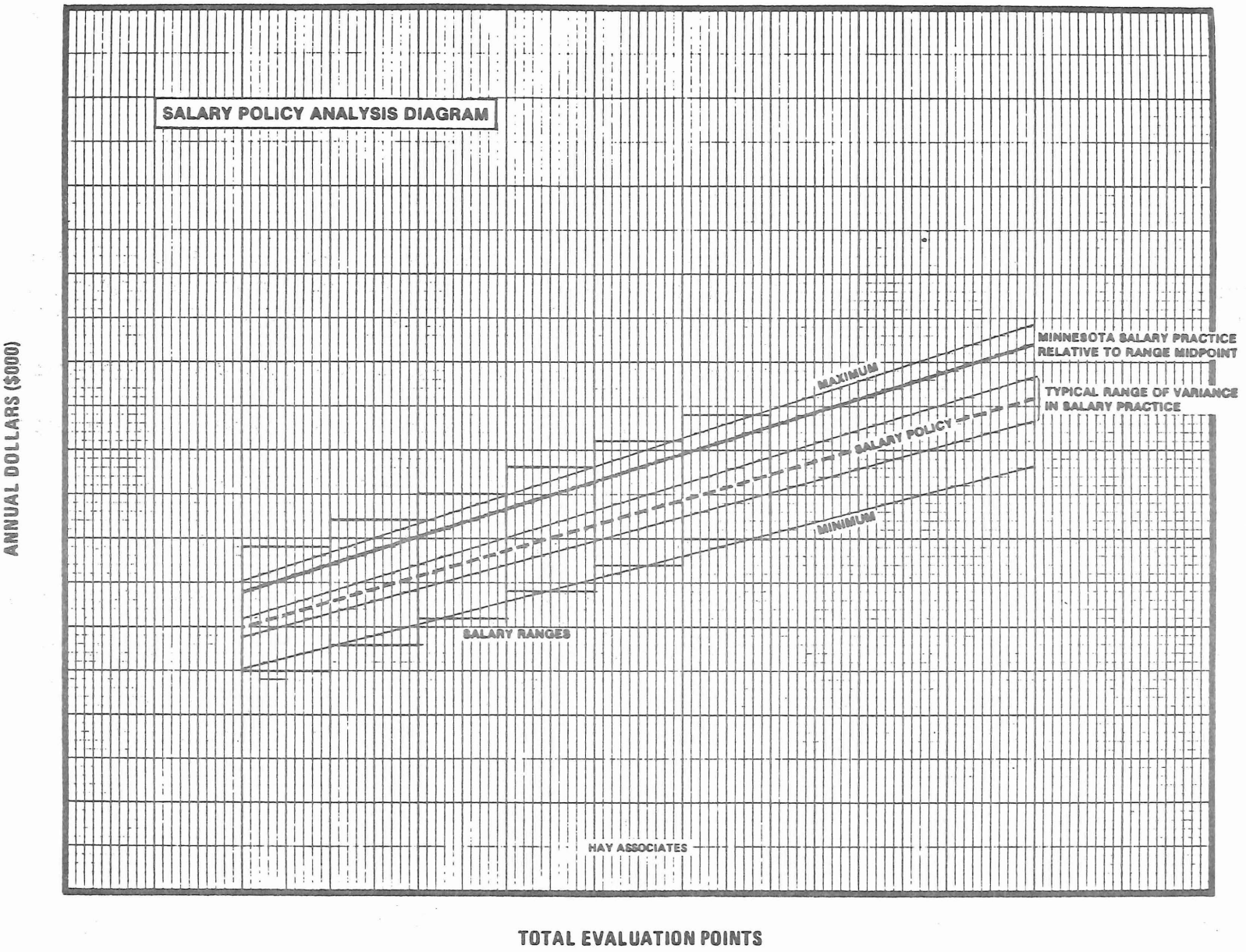
  - This will establish a greater degree of internal equity among a wide grouping of positions.

  - The separate practice lines for these groups are currently fairly similar.

- A distinct salary policy is recommended for labor/trades classes.

- A distinct salary policy is recommended for Physician classes.

- We were cognizant also, that as a public employer, you must be mindful of the costs required, so that while salaries must be at a level that provides access to high quality staff, these salaries must at the same time, demonstrate to the State residents your commitment to minimizing undue costs.


SALARY POLICY ANALYSIS DIAGRAM
ANNUAL DOLLARS ($000)
MINNESOTA SALARY PRACTICE
RELATIVE TO RANGE MIDPOINT
TYPICAL RANGE OF VARIANCE
IN SALARY PRACTICE
MAXIMUM
SALARY POLICY
MINIMUM
SALARY RANGES
HAY ASSOCIATES
TOTAL EVALUATION POINTS

A. Salary Policy vs Salary Practice

The Salary Policy Analysis Diagram, facing, shows graphically the sound relationship between salary policy and actual salary practice. The salary policy is used to determine the mid-point of the salary ranges. Typically, actual salary practice will closely parallel the salary policy. In the private sector it is common to find the salary practice a few percentage points below the salary policy. This usually occurs because the mid-point of the range is used as the maximum level for average employees. Slippage will normally occur due to turnover during the year with the result being that actual salary practice is slightly below the salary policy.

However, in the public sector where employees commonly rise to the maximum of the range virtually automatically without regard to performance, the actual salary practice is often above the line intersecting the mid-point of the salary ranges. Such is the case with the State of Minnesota as illustrated by the diagram.

In response to this phenonomenon, we have placed the recommended salary policies generally below the current practice lines in order to hold the State's salary practices at their current levels. If the policy recommendations were placed at the level of current practice lines it would only allow for additional automatic salary movement resulting in much higher actual salary practices than currently exist. Since the State is already competitive in each of its labor markets except upper level management positions, based on projected data, there is no justification for increasing the State's salary practices.

If the State institutes pay for performance and salary expenditure controls (see Sections IX and VIII-H on Pay for Performance and Mid-Point Budgeting) then the salary policies and the salary practices will become much more closely related and the State can begin matching salary policies to the external market in a much more accurate and reliable manner.

B. Salary Policy Formulae

The recommended monthly midpoint salary policy formula for classes up to 320 points can be described by the following formula:

$$\$2.95P + \$440$$

The recommended midpoint salary policy formula for classes from 320-500 points is:

$$\$2.45P + \$600$$

The recommended midpoint salary policy formula for classes above 500 points is:

$$\$1.65P + \$1000$$

The recommended midpoint salary policy formula for Labor Trades classes is:

$$\$2.93P + \$638$$

The recommended midpoint salary policy formula for Physician classes is:

$$\$1.18P + \$2185$$

To obtain the salary range for any class, the total job content evaluation points are multiplied by the relevant salary policy formula. This is the midpoint formula amount which is matched to the nearest salary range midpoint of the appropriate salary schedule. The recommended range for Management and Physician classes is determined directly from the midpoint salary policy formula times the point value of the class, and are not matched to any existing ranges.

STATE OF MINNESOTA

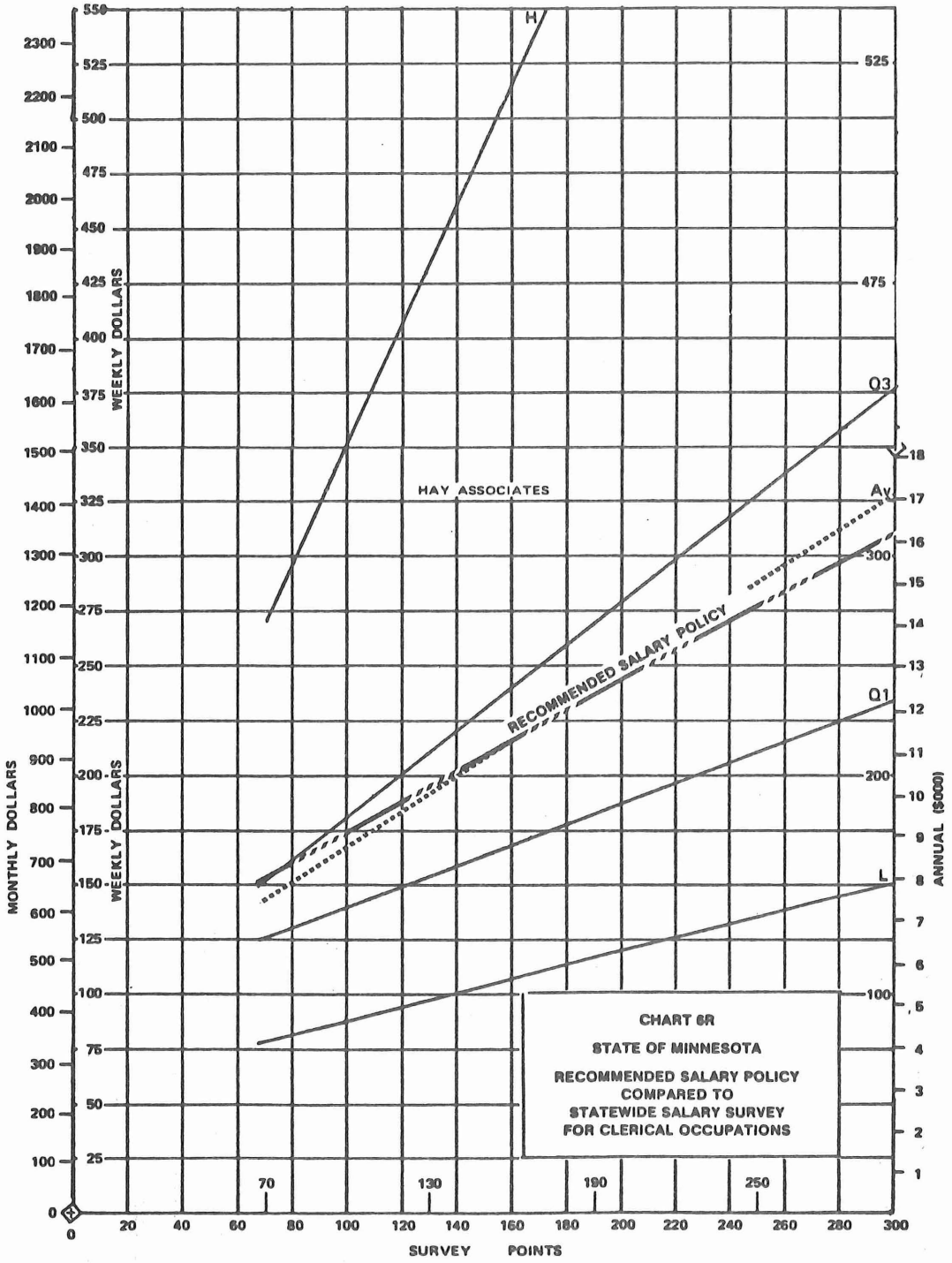
DEPARTMENT OF ECONOMIC SECURITY

MINNESOTA SALARY SURVEY

MARCH 1, 1978

TOTAL STATE — CLERICAL/OFFICE OCCUPATIONS

(Data factored 13.4% to 12/31/79)



H	1175.96	1842.75	2509.54	3176.33
Q3	668.83	916.50	1164.16	1411.83
Med	601.47	793.35	985.22	1177.09
Q1	545.11	702.29	859.46	1016.63
Low	345.98	450.08	554.19	658.29
Avg	616.56	821.36	1026.16	1230.96

C. Chart Analyses

The following charts show the recommended salary policy formulae in comparison with the external labor markets.

Chart 6R, facing, shows the recommended salary policy for Clerical occupations compared to the D.E.S. survey data for Clerical positions. Although the recommended salary policy line drops below average at approximately 160 points, the recommended salary policy essentially maintains the State's current salary practice between average and Q3 in relation to the external market. This a very competitive positon and should enable the State to attract high quality employees for Clerical and Office positions.

STATE OF MINNESOTA

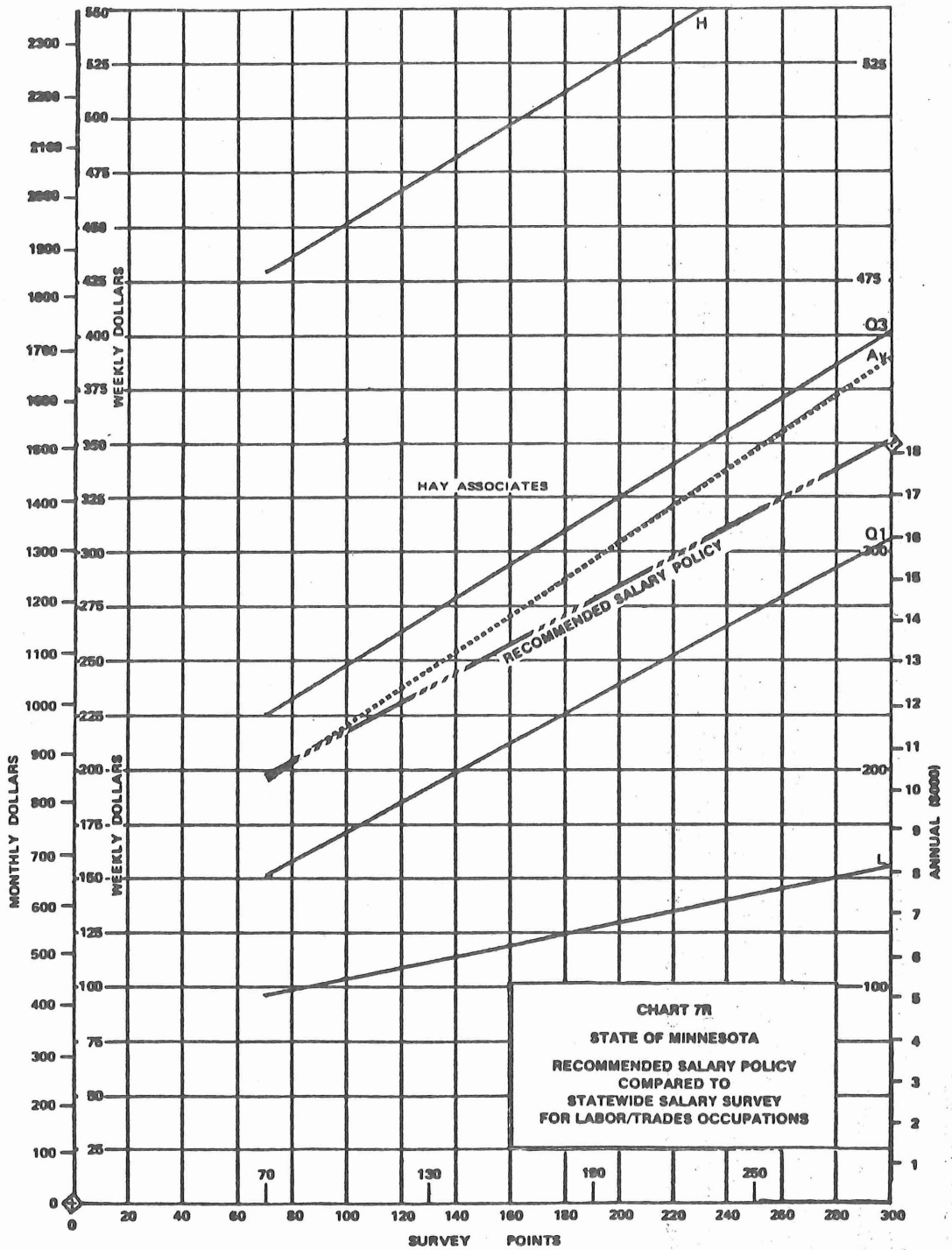
DEPARTMENT OF ECONOMIC SECURITY

MINNESOTA SALARY SURVEY

MARCH 1, 1978

TOTAL STATE — LABOR/TRADES OCCUPATIONS

(Data factored 13.4% to 12/31/79)



H	1855.22	2052.54	2249.86	2447.17
Q3	980.23	1233.34	1486.45	1739.56
Med	831.68	1057.57	1283.46	1509.35
Q1	654.66	878.51	1102.36	1326.21
Low	423.21	508.94	594.67	680.4
Avg	838.59	1059.72	1280.85	1501.98

Chart 7R, facing, shows recommended salary policy compared to the D.E.S. Salary Survey data for Labor/Trades occupations. The recommended formula makes two significant changes from the current Labor/Trades salary practice.

- It establishes a more consistent internal relationship between classes based on job content complexity, i. e., as job content increases in complexity, so does salary increase in a consistent manner.

- It establishes a more consistent relationship to the external market for all levels of jobs included in this grouping.

Again the only policy recommendation is placed generally below the average of the external market. Two factors which were considered in recommending this policy include the following:

- The external data is based on $/hour paid. However, many of the employees in these occupations in the private sectors are not employed for a full twelve months. Thus the actual annual salary would be considerably less than the $/hour would otherwise indicate.

- State employees in Labor/Trades occupations receive generally much better and more complete benefits than their counterparts in the private sector.

Combining the recommended salary policy formula with year-round employees and a complete benefits package should establish the State as a very competitive employer for these occupations.

STATE OF MINNESOTA

DEPARTMENT OF ECONOMIC SECURITY

MINNESOTA SALARY SURVEY

HEALTH CARE OCCUPATIONS
HOSPITALS & NURSING HOMES
TOTAL STATE

MARCH 1, 1978

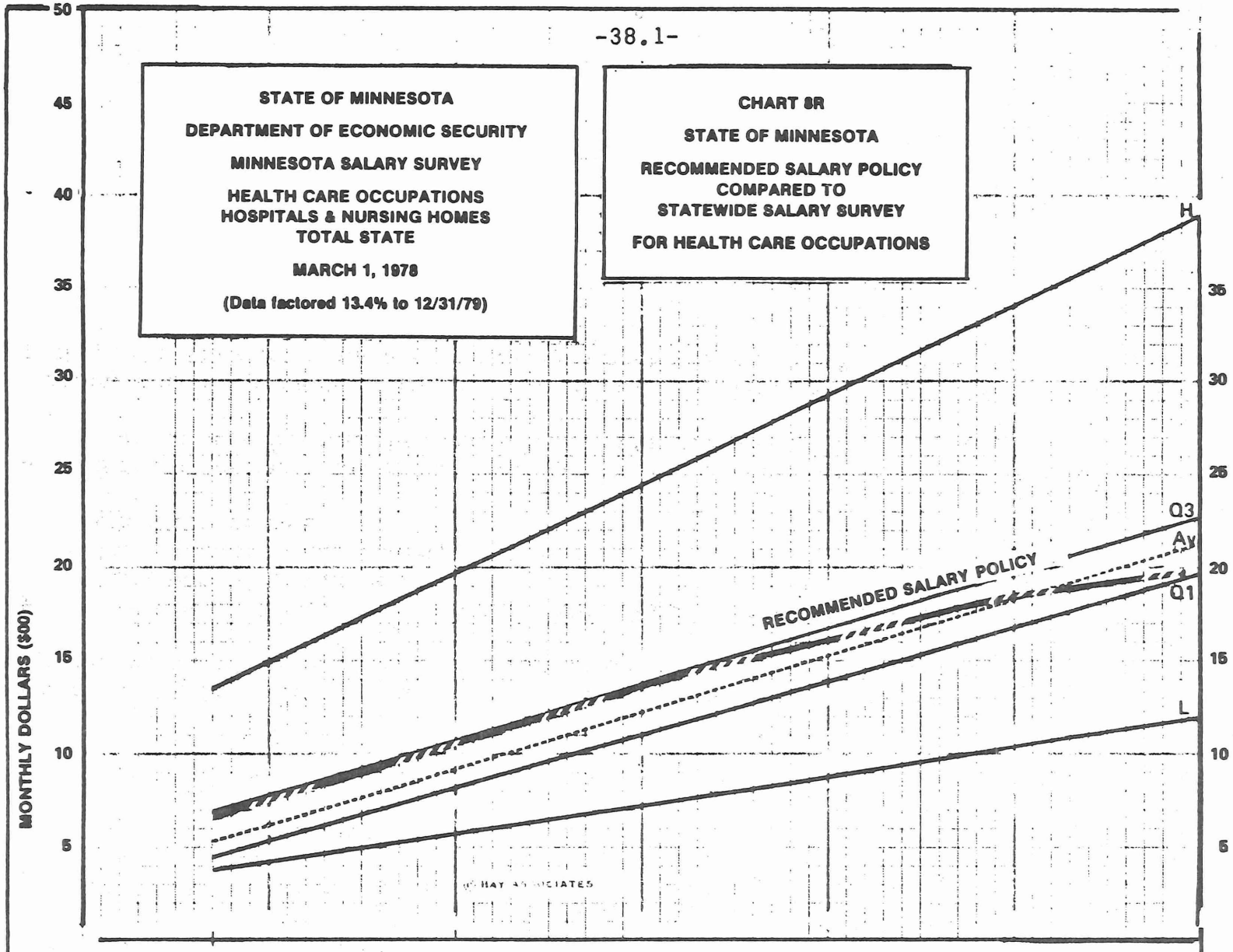
(Data factored 13.4% to 12/31/79)

CHART 8R

STATE OF MINNESOTA

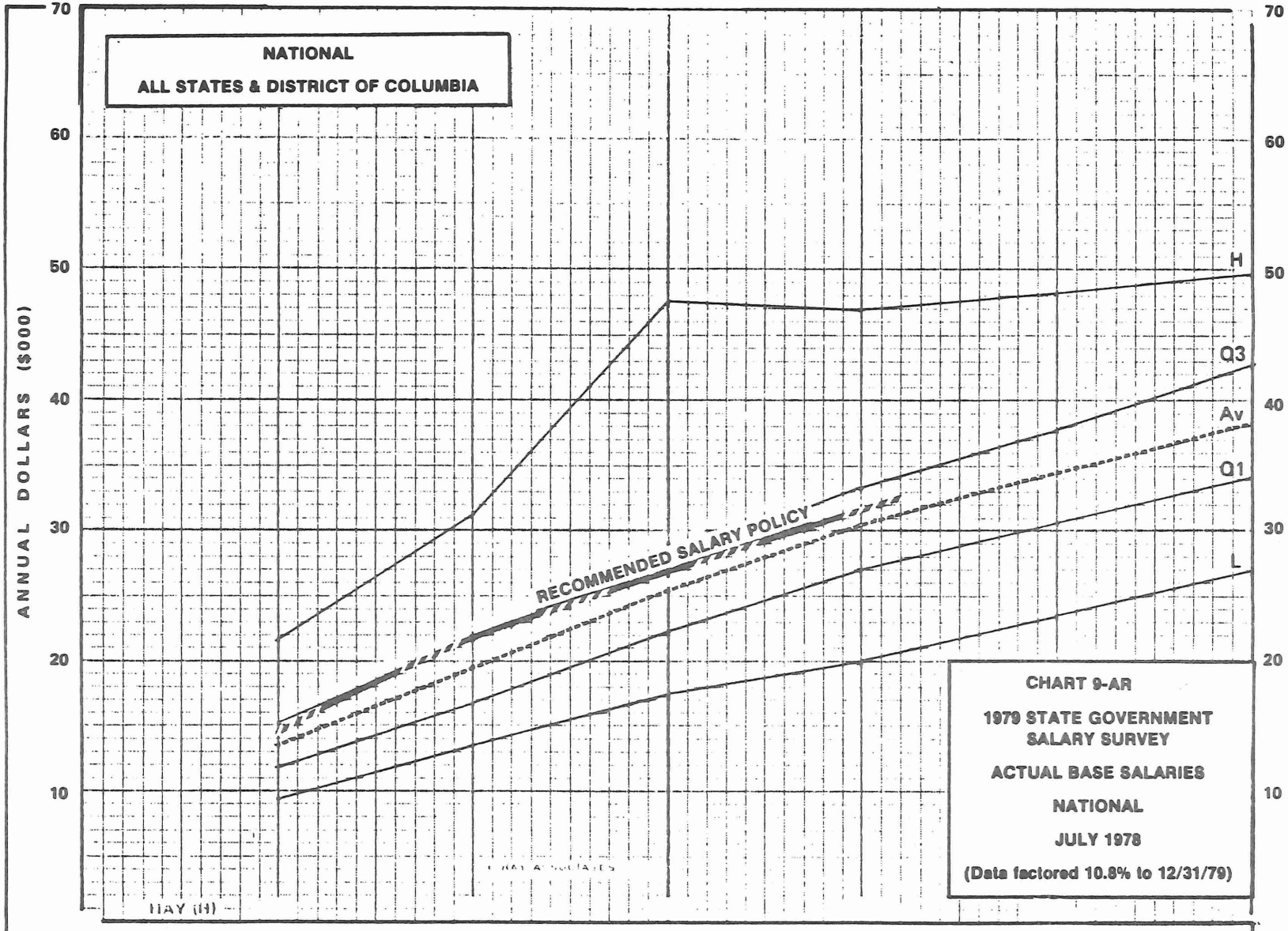
RECOMMENDED SALARY POLICY
COMPARED TO
STATEWIDE SALARY SURVEY

FOR HEALTH CARE OCCUPATIONS



H	1491	1787	2312	2837	3362	3887
Q3	695	1006	1321	1634	1947	2260
Q1	562	840	1118	1396	1674	1952
Low	414	573	729	886	1042	1199
Avg	836	991	1227	1532	1819	2116

Chart 8R, facing, shows the recommended salary policy for Health Care occupations in comparison to the D.E.S. Salary Survey data for similar occupations. The major change is that the Health Care occupations have been placed on the same policy basis as the majority of the State's occupations. This has minor effects at various parts of the line but in general maintains a competitive position similar to the current practice.

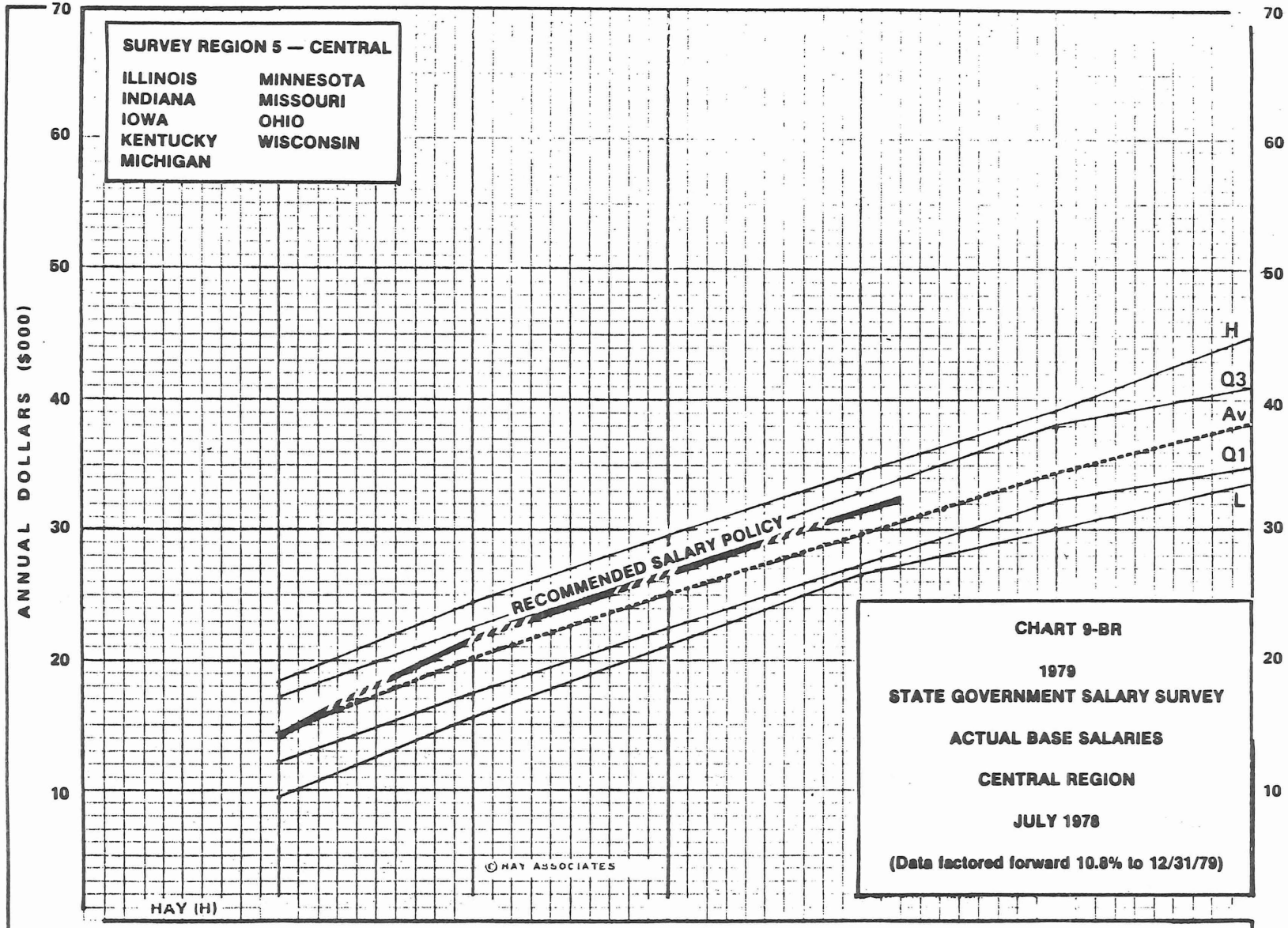


JOB CONTENT =	250	500	750	1000	1250	1500
Highest	21.7	31.2	47.4	46.9	48.1	49.7
Quartile Q3	15.1	21.8	27.8	33.2	37.7	42.5
Quartile Q1	11.9	16.8	22.2	27.0	30.6	33.9
Lowest	9.3	13.6	17.3	19.8	23.3	26.7
Average	13.6	19.6	25.5	30.4	34.5	38.1

Q3 and Q1 enclose middle 50% of Company median lines

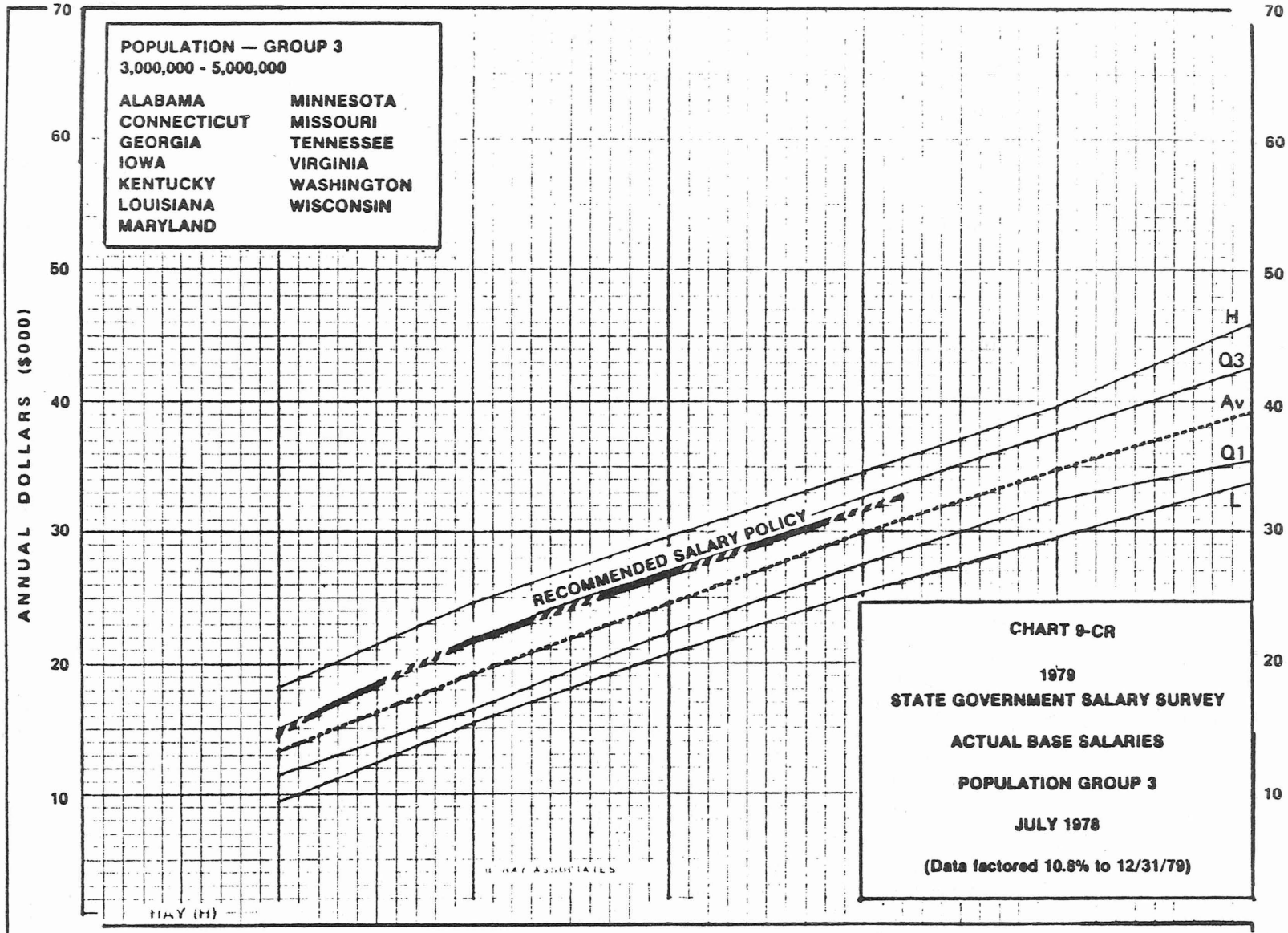
Chart 9-AR, facing, and 9-BR, 9-CR, and 9-DR, following, show the recommended salary policy in comparison to the Hay annual State Salary Survey data. The new policy accomplishes the following:

- Maintains the State of Minnesota's very competitive position in relation to salaries paid by other states.
- Slightly reduces the "bend at 500 points alleviating some of the compression on upper level salaries and establishes a more consistent relationship between the salaries paid to positions above and below 500 points.



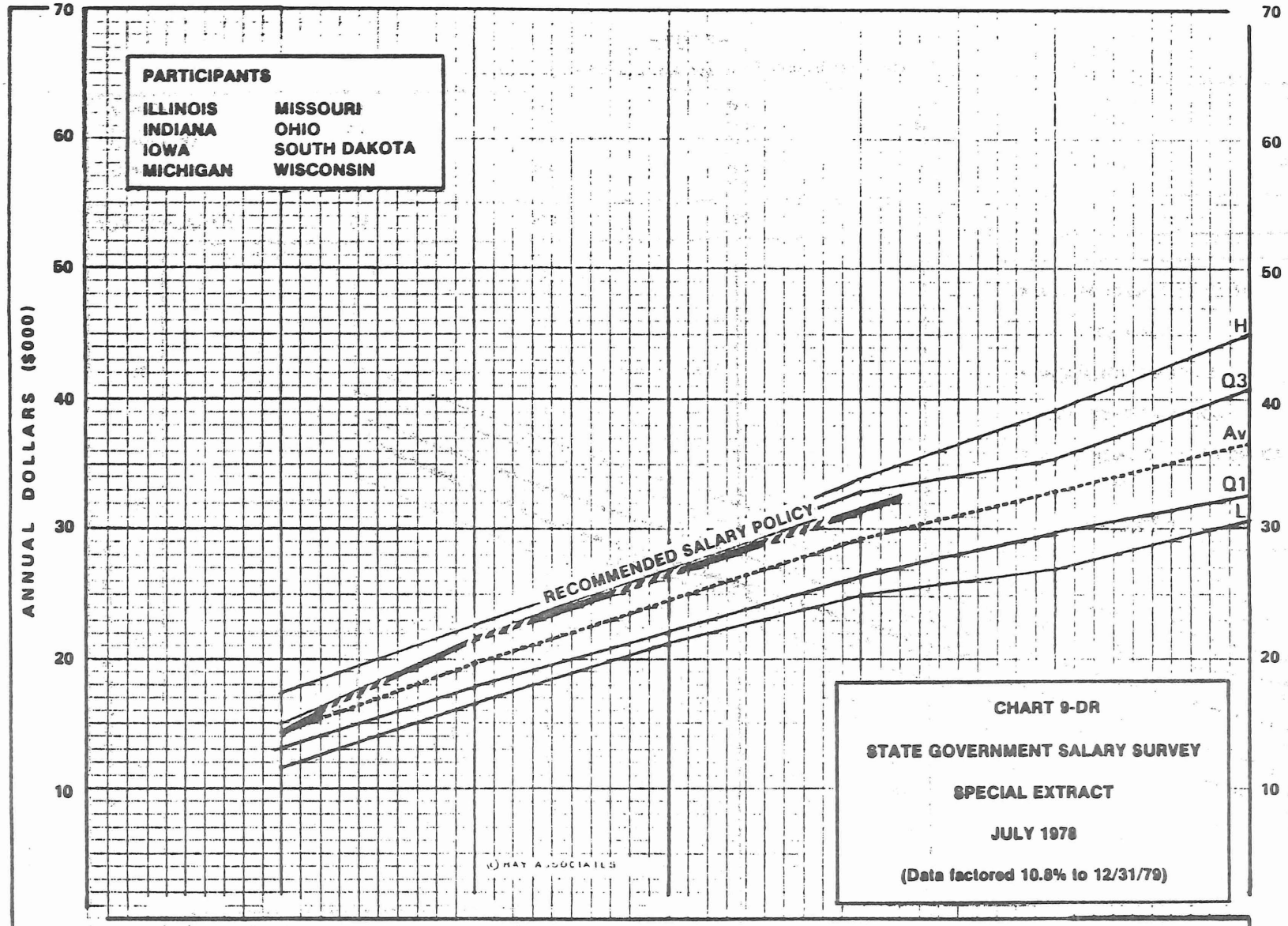
JOB CONTENT =	250	500	750	1000	1250	1500
Highest	18.4	24.8	29.7	34.5	39.2	44.9
Quartile Q3	17.2	22.5	27.8	33.0	38.0	41.0
Quartile Q1	12.1	17.3	22.7	27.3	32.4	34.9
Lowest	9.5	15.4	21.2	26.8	30.0	33.4
Average	14.4	20.2	25.0	29.8	34.3	38.1

Q3 and Q1 enclose middle 50% of Company median lines



JOB CONTENT =	250	500	750	1000	1250	1500
Highest	18.4	24.8	29.7	34.5	39.6	45.9
Quartile Q3	15.0	21.9	27.3	32.7	37.7	42.7
Quartile Q1	11.7	16.5	22.3	27.8	32.5	35.3
Lowest	9.3	15.4	20.8	25.2	29.5	33.9
Average	13.3	19.2	24.7	30.0	34.9	39.1

Q3 and Q1 enclose middle 50% of Company median lines



JOB CONTENT =	250	500	750	1000	1250	1500
Highest	17.3	22.7	27.9	34.1	39.2	44.9
Quartile Q3	16.1	21.6	27.6	33.0	35.3	40.4
Quartile Q1	13.0	17.8	22.0	26.3	29.7	32.7
Lowest	11.7	16.5	21.1	24.9	28.1	30.6
Average	14.5	19.9	24.6	29.3	33.0	36.6

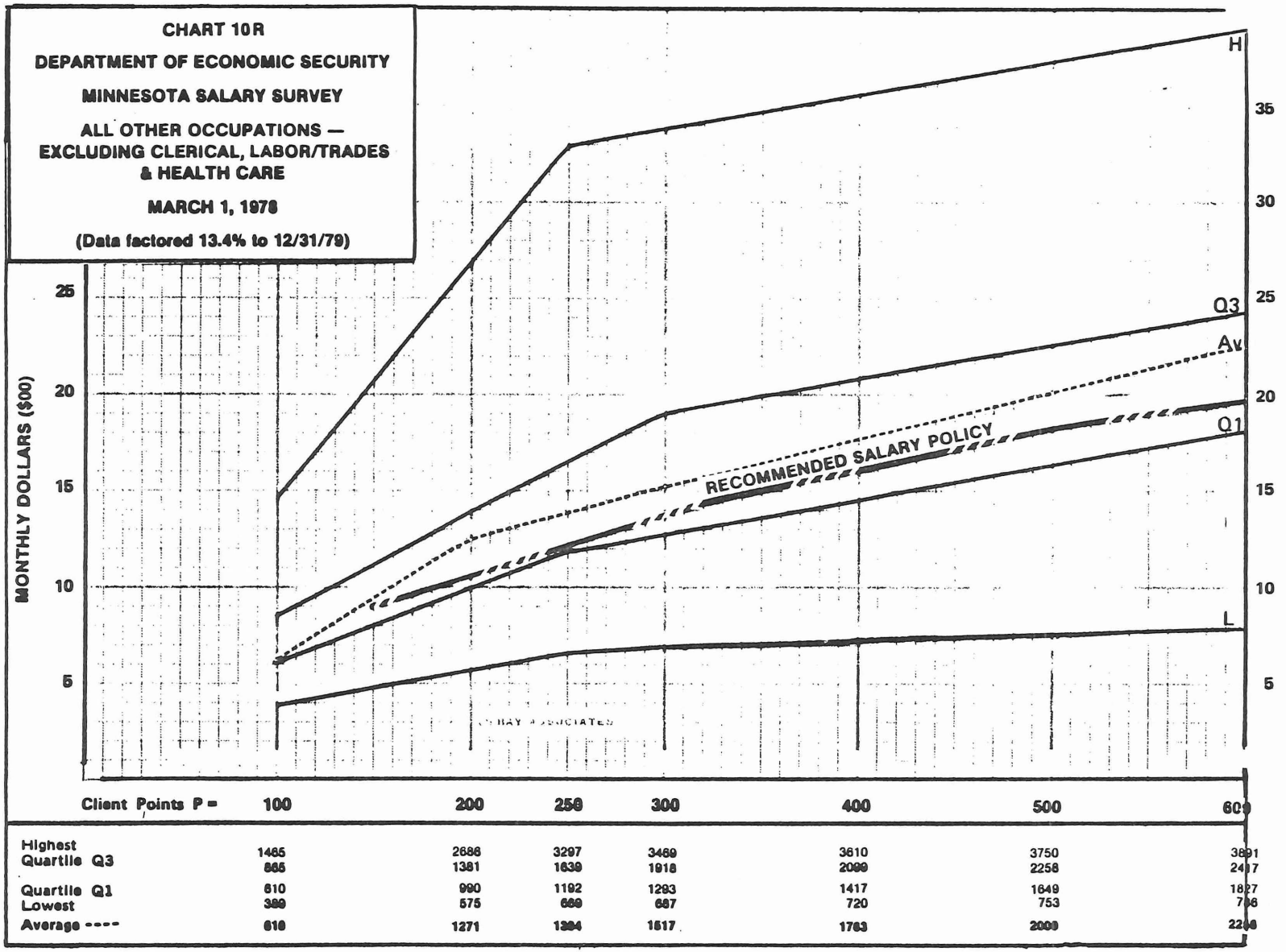
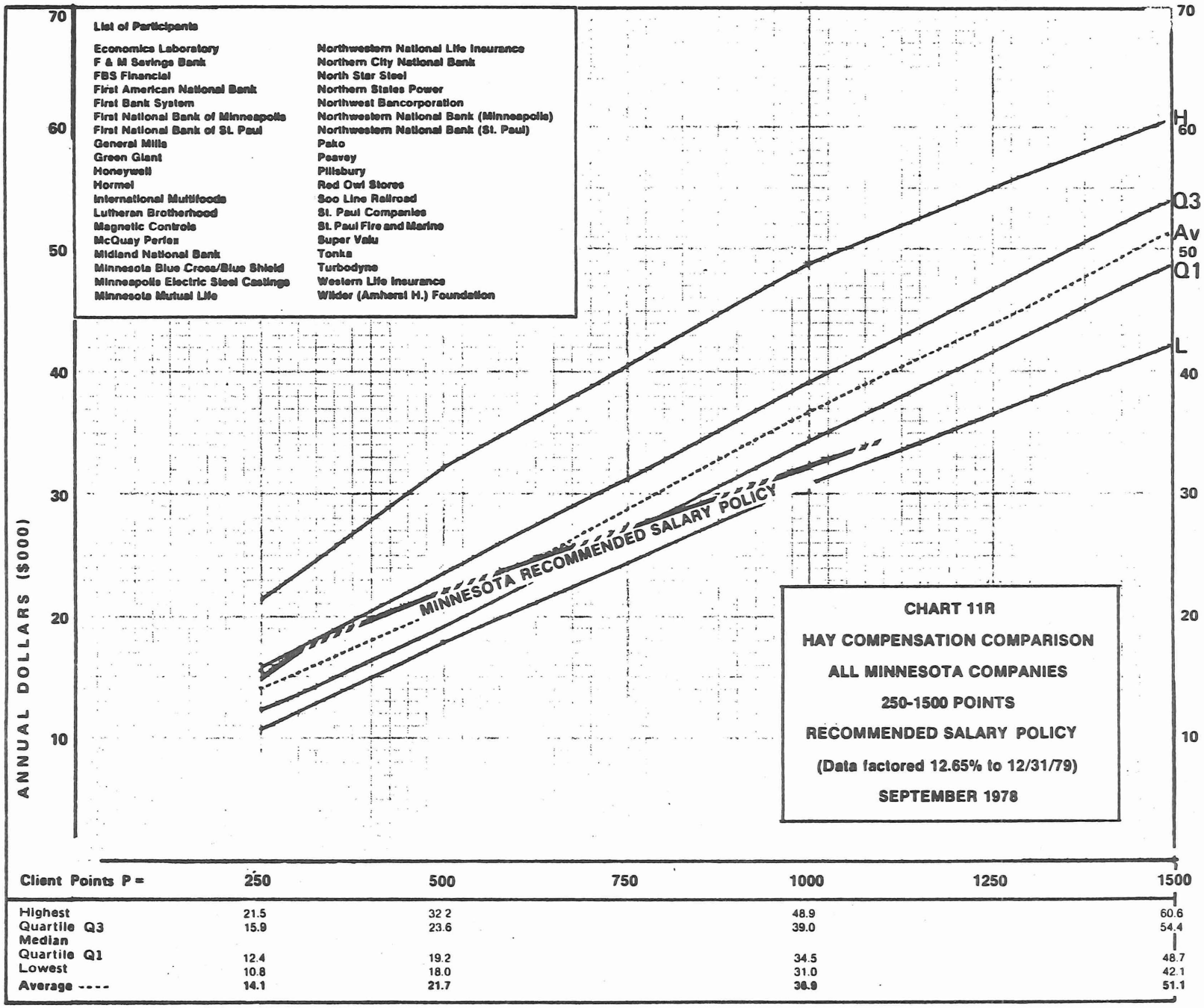

CHART 10R
DEPARTMENT OF ECONOMIC SECURITY
MINNESOTA SALARY SURVEY
ALL OTHER OCCUPATIONS — EXCLUDING CLERICAL, LABOR/TRADES & HEALTH CARE
MARCH 1, 1978
(Data factored 13.4% to 12/31/79)
MONTHLY DOLLARS ($00)
H
Q3
Av
Q1
L
RECOMMENDED SALARY POLICY
Client Points P = 100 200 250 300 400 500 600
Highest 1465 2686 3297 3469 3610 3750 3891
Quartile Q3 865 1381 1639 1918 2099 2258 2417
Quartile Q1 610 990 1192 1293 1417 1649 1827
Lowest 389 575 669 687 720 753 786
Average ---- 618 1271 1384 1617 1763 2009 2248

Chart 10R, facing, shows the recommended salary policy for "All Other" occupations compared to the relevant D.E.S. Salary Survey data. While the policy recommendations appear to place the State below average in comparison to the external data, the current methods of salary administration allow the actual salary practices to be much higher than the salary policy. This recommendation will maintain the actual salary practice near or at the average in comparison with this external data.



Client Points P =	250	500	750	1000	1250	1500
Highest	21.5	32.2		48.9		60.6
Quartile Q3	15.9	23.6		39.0		54.4
Median						
Quartile Q1	12.4	19.2		34.5		48.7
Lowest	10.8	18.0		31.0		42.1
Average ----	14.1	21.7		36.9		51.1

Q3 and Q1 enclose middle 50% of Company median lines

Chart 11R, facing, shows the recommended salary policy in comparison with Hay private sector clients in Minnesota. Again the recommended policy will basically maintain the State's current position with a slight lessening of the compression on salaries for positions above 500 points.

CHART 12R

RECOMMENDED LABOR/TRADES & CLERICAL SALARY PRACTICES COMPARED TO

DEPARTMENT OF EMPLOYMENT SECURITY SALARY SURVEY DATA FOR LABOR/TRADES AND CLERICAL OCCUPATIONS

(Data factored 13.4% to 12/31/79)

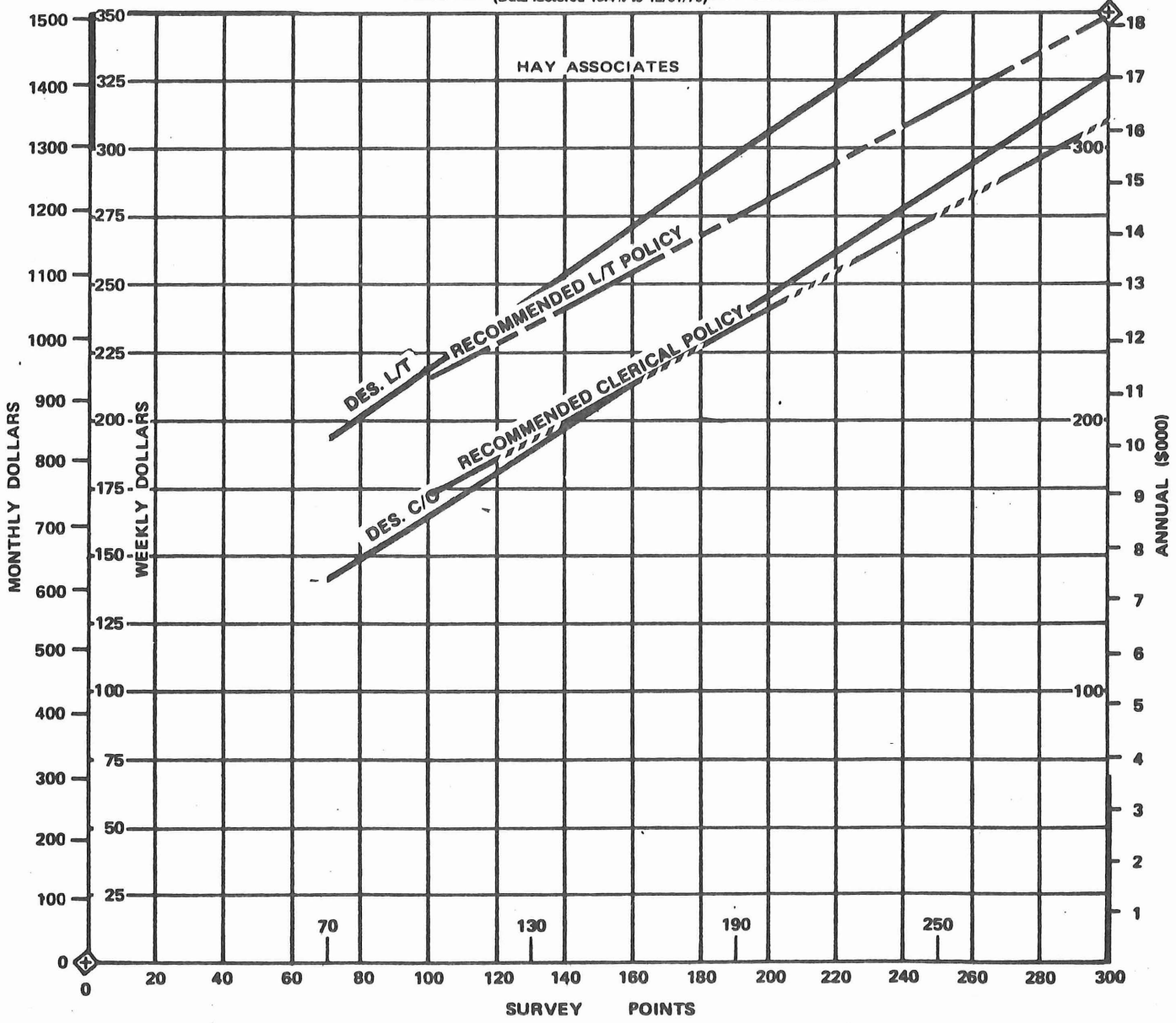


Chart 12R, facing, shows the recommended Clerical and Labor/Trades policies in comparison to each other and the average line from the D.E.S. Salary Survey data. This Chart is provided for informational purposes and to demonstrate the prevailing practice of maintaining distinctly different salary practices between Labor/Trades and Clerical occupations.

D. Recommended Salary Range Assignments

Based on the job content evaluation point total of each class and the recommended salary policies the Department of Personnel has been provided with recommended salary range assignments for each class. This material is currently undergoing final review along with the job content evaluations and is available upon request from the Classification and Compensation Division of the Department of Personnel. The recommendations have been provided according to the following breakdown:

1. Labor/Trades Classes - matched to Schedule B

2. All Other Classes* - 0 - 220 points - matched to Schedule C

3. All Other Classes 220 - 320 points - matched to Schedule A

4. All Other Classes 320 - 500 points - matched to Schedule A

5. All Other Classes above 500 points - matched to Schedule A

6. Management Classes 320 - 500 points - individual open ranges

7. Management Classes above 500 points - individual open ranges

8. Physician Classes - individual open ranges

* All Other Classes include Clerical and Health Care

VIII

SALARY ADMINISTRATION

The following paragraphs provide recommendations and guidelines for the initial implementation and future administration of the State of Minnesota's Job Content Evaluation and Salary Plan.

A. Initial Implementation of New Salary Plan

Major conversions from one salary administration method to another require careful planning and a practical approach to implementation. The initial implementation approach must take into consideration a myriad of factors, including initial and long-range fiscal impact, employee morale, existing and proposed administrative rules and procedures, and the collective bargaining process. Consequently, we recommend several steps which may assist the State to convert from its present method of salary administration to the proposed with a minimum of negative effects from the conversion.

1. One Time Conversion

The Department of Personnel, in conjunction with the Department of Finance, should develop a procedure which will facilitate the conversion from the current assigned salary range/step to a position within the recommended range for each class. The Department of Personnel should take into consideration such factors as incumbents' current position-in-range, the amount of increase required to bring incumbents to the minimum of the recommended salary range, administration of salary freezes for incumbents whose salaries are above the maximum of the recommended range, recent performance evaluation for each incumbent, etc.

The final detailed procedures and processes that are required to make the changeover work smooth, with the least amount of confusion, are best handled internally within the administrative guidelines provided in this report.

2. Salaries Above Maximum

The salaries of those employees whose current salary exceeds the maximum of the recommended range for their respective class should be frozen until such time as the State's compensation policy sufficiently raises the salary range of their class to provide additional salary opportunity. An alternative to freezing salaries above maximum is to provide those positions with an annual adjustment over the next few years which is two to three percent below the average increases which will allow the ranges to "catch up" to the above maximum salaries.

3. Salaries Below Minimum

The salaries of those employees whose current salary is below the minimum of the recommended range for their respective class should be brought to Step 1 immediately upon implementation of the salary plan, or as soon as the State's fiscal capabilities permit it.

4. Salaries Above Step 1

As an initial procedure, the salaries of employees should be placed at that step within the recommended salary range for their class which does not provide an amount less than their current salary. Assignment of individual salaries up to the middles step should be at the discretion of each department head. Assignment above the midpoint of the recommended salary range should be on the basis of documented exceptional relative performance, within the State's fiscal capabilities. In no event should the salaries be automatically adjusted to the same step in the recommended range as held by the incumbents in the range currently assigned to their class.

B. Maintenance of the Job Content Evaluation Portion of the Plan

The ongoing evaluation of the job content of the State's current, modified or new classes should be the responsibility of the Department of Personnel with participation of the line departments through the Job Content Evaluation Committees. The Committee membership is designed specifically to be representative of the various departments and occupations.

1. The Job Evaluation Committee

It is essential that the Job Content Evaluation portion of the Plan be maintained with the highest possible degree of accuracy and credibility. Most Hay-Method governmental and institutional salary plans are maintained by an internal committee of employees comprising a representative sample of the organization's staff composition, such as the three committees organized by the State and trained by the consultants.

2. Role of the Committee

The three Committees are made up of seven members. Membership should be for two years, and members should serve staggered terms to avoid having a totally untrained group at one time. The Department of Personnel should use the Committee members as resources for evaluating new or modified classes.

To further preserve the integrity and credibility of the job content evaluation process, and protect it from possible political or administrative pressures, the job content value determination made by the Committees is to be considered absolutely final.

It should be the accountability of the trained senior members of the Classification and Compensation Division to schedule evaluation meetings and participate in the job content evaluations as one of the committee members. Positions outside the classified service may be evaluated by the Committees, or as an alternative, evaluated by the Personnel Department with participation and input from key administrative/managerial staff knowledgeable about the position.

3. Role of the Manager, Classification and Compensation

The Manager of Classification and Compensation, in addition to having the responsibility for classifying all of the State's positions and preparing the class specifications, should be accountable for the maintenance of the job evaluation and compensation plan, within the annual policy line formula(e) set by the Governor and the Legislature. This includes

updating all class specifications and convening the Committees as required, but not less than once every six months. Salary range determination is an automatic product of the annual salary policy formula and the job content value of the class.

a. Creation of New Classes

When there appears to be a need for creating a new occupational class, the appropriate department head should advise the Department of Personnel. As soon as feasible, an up-to-date class specification will be evaluated by the Job Content Evaluation Committee.

b. Reevaluating Existing Classes

As the classes become significantly changed, the specifications must be revised and reevaluated. After review of the revised and approved class specification, the Department of Personnel will schedule job content evaluation procedures, if necessary, and forward the new salary range (if changed) to the effected departments. The class specification review in no way relieves individual line managers of the accountability for reporting significant changes in job content and reflecting them in revised class specifications as they occur.

C. Annual Salary Policy Adjustment Process

One of the State's most vexing problem areas is the annual process by which the compensation for its employees is adjusted for prevailing rate increases, cost of living adjustments and internal equity adjustments. The results have been felt in the total cost of employee salaries, employee morale, collective bargaining and a strain of the credibility and relationships between the operating departments, the personnel agency, and the legislative and executive functions. Following are recommended steps in the annual compensation policy adjustment process, and the definition of the role of the major parties in the process. A listing of the tasks and an illustrative diagram can be found in Section III-C, page 12. Additional discussions pertaining to salary survey is contained in the "Comparisons of Salary Practices of the Public and Private Sectors in Minnesota" report.

1. General Outline of the Principal Steps in the Process

- Prepare current actual practice scatterdiagrams and compute lines of central tendency.
- Obtain salary surveys and construct external prevailing rate models.
- Compare current actual practice lines to external models.
- Prepare recommended position of salary policy for next year, develop formula(e) and compute implementation cost.
- Review recommended position with the Department of Finance
- Present recommendations to Governor.
- Governor coordinates recommendations and incorporate them into the budget package.
- The Legislature evaluates the fiscal impact of recommendations and determines a final salary policy.
- Department of Personnel implements salary policy line placement decision.

2. Focus of the Process

The Department of Personnel, key administrative officers, the Governor, and the Legislature should focus their analysis on the annual salary policy recommendation of a single issue -- the recommended salary policy lines and their fiscal impact. The placement of the recommended policy lines over the external prevailing rate market models, and the automatically resultant salary policy formula (e), also provide the fiscal impact calculation in gross dollars and percentage.

This should be the only issue debated -- what type of a salary policy should the State have for the ensuing year? For example, will it be at or above the Average position in comparison to all relevant employment markets, and if so, how much salary movement should there be.

All parties should avoid experimentation with the salary plan, such as granting flat dollar increases, which tend to severely impair the internal equity of the salary plan.

3. The Concept and Definition of Prevailing Rate

It must be emphasized that the job evaluation and compensation plan is based on the widely accepted concept of "prevailing rate." This compares an employer's current compensation practice for all positions to that of a sample of employers in the relevant competitive employment market(s) through a benchmark salary surveys. The prevailing rate model developed from such a comprehensive benchmark salary survey represents the combined external salary practice "prevailing in the marketplace."

The principal factor in the prevailing rate concept is that it relates to entire salary practices, and not necessarily to any one individual occupational rate. Occupational groups and individual employees, and sometimes operating departments, are understandably primarily concerned with their own salary rates rather than the internal equity of the State's total salary plan. Sometimes, an erroneous view is held that the prevailing rate is the straight mathematical average of a number of rates reported for a single occupation, without regard to other occupations. This is a rather primitive approach, and is not compatible with a modern concept of "prevailing rate."

In summary, the State's "prevailing rate" is the position of its annual salary policy line for all of its occupations in the context of an external prevailing rate model. The individual occupational class prevailing rate approach can only determine the average external rate for a few classes without regard for internal equity and certainly not for the entire occupational structure. The salary policy line and resultant formula(e) provide a pure method of linking all occupations together into a cohesive internally-equitable salary plan. We recognize that all salary movement, while based on external labor market values, must also take into consideration the fiscal capabilities of the State.

4. Prevailing Rate Movement Related to Annual Salary Adjustments

The State should update its salary policy line(s) placement in relation to the external market on an annual basis, if administratively possible. The degree of movement of the salary policy line is determined by the degree of movement of the external prevailing rate market on the basis of actual salaries paid to the employees of the employers in the annual salary surveys. Those actual salary amounts express not only those employers' response to the increase in the cost of living, but also the scarcity and/or surplus of certain occupations in the marketplace.

Since the State operates on a bi-annual budget, salary increases may have to be projected for the second year of the biannium for budgetary purposes based on current wage trends. However, these projections should be checked against the survey data for the second year and if necessary adjustments should be made in the projected salary policy movement.

5. Exceptions to the Salary Policy Line

External employment market factors may, on a very few occasions, require that the salary range for a particular class or group of classes be established at a level other than that dictated by internal equity. Classes such as Physicians and/or Dentists are often paid at premium rates over their internal job content value. In the event that artificial external conditions, properly documented, are found to exist for the few exceptional classes, the Classification and Compensation Division should make an exception from the salary policy formula for such classes. Exception approval should be renewed annually, and in no event should a class be reevaluated to obtain a higher number of job content value points solely to achieve the same effect as a salary policy formula exception.

D. Salary Range Structures

The salary range recommendations contained in this report are based on the current structures of the State's various salary schedules. Variations in the salary adjustments over the last few years have resulted in inconsistencies within the structure in terms of such factors as the percent spread between ranges and the percent spread between steps within a range. The following are recommendations for improving the structure of the State's salary schedules.

1. Labor/Trades Schedule (Currently Schedule B)

The State's current practice of using a starting rate and a job rate for Labor/Trade occupations is very appropriate and consistent with common practice in the private sector. The one recommendation we would make for the schedule is to structure the schedule with a 5% separation between the starting rate and the job rate and a 5% separation between the job rate of each sequential job rate. (Current separations vary but average close to 3%). The 5% separation will allow for more significant and recognizable increases when either attaining the job rage or when reassigned, promoted or reallocated to a higher salary grade.

2. Nonexempt Salary Scheduel (Currently Schedule C)

The current schedule for nonexempt positions (excluding Labor/Trades classes) also has variances in the percent between the ranges and in the percent from minimum to maximum of a range (the range width). These variances have primarily resulted from the cents per hour Cost of Living Adjustments(C.O.L.A.) which have occured over the last few years. There are also too many steps within the ranges at this level. The learning curve for these positions does not warrant eight steps in a salary range.

We recommend that the number of steps be reduced to five and that a new schedule be developed which is based on 5% between each step and 5% between each range. This will allow for more significant increases upon upward movement within or between ranges, and will make the midpoint and the maximum of the ranges attainable in a period of time more realistic in relationship to the amount of time required to become proficient at the tasks assigned to positions at this level. This will result in salary ranges with a minimum spread of approximately 22%. (Current ranges vary between 19% and 25%).

Generally speaking,the break point for including positions in this schedule should be approximately 220 points. Some variances may occur in the assignment of specific classes, due to their linkage within a class series to positions at either higher or lower evaluated point totals.

3. Exempt Salary Schedule

We recommend that the Exempt Salary schedule be modified in the future to provide for the following:

- 5% between each salary range
- 5% between each step within the range
- Seven steps within each range

This will establish an integrated schedule with approximately a 35% spread between the minimum and maximum of a range.

4. Management Salary Structure

Section X of this report provides a more detailed presentation concerning our recommendations pertaining to a management salary plan. Basically,we recommend an open range structure (without specific steps) as currently exists, but with broader salary ranges to allow for a wider recognition of variances in performance at the management level.

5. Physicians Schedule

The Physicians Schedule should also be structured with wide, open ranges to allow for the needed flexibility in recruiting and retaining physicians.

E. In-Range Salary Adjustments

Following are several recommendations regarding the movement of individual salaries within a salary range. These recommendations are tied to the midpoints of the salary ranges. In those cases where a step structure is used the midpoint would be the middle step of the range. These recommendations also relate to the concept of pay-for-performance covered in Section IX.

1. Hiring Steps

The Department of Personnel should have the authority to establish the hiring rate for any class above the minimum of the range, up to the range midpoint, when the employment market realities require. It is the midpoint of the salary range which is matched to the external composite prevailing rate through the annual salary policy. The minimum is linked to the midpoint by the Salary Schedule structure, and does not automatically represent the amount for which individuals can be attracted to State service. Consequently, flexibility in setting the hiring level may be necessary for the State to be competitive for some occupations.

2. Increase Steps

To the maximum practical extent possible, the State should administer its salary ranges on the basis of individual performance, measured by an effective performance achievement program. Automatic in-range longevity advances should be avoided. In any event, ordinary in-range advancement should be limited to the midpoint of the range.

3. Performance Steps

Movement above the midpoint of the range should be limited to those individuals who consistently are the most exceptional performers in a department. Inasmuch as increased longevity does not automatically result in increased productivity or performance, advancement beyond the range midpoint should be on the basis of documented exceptional performance.

4. Exceptional Performance Awards

The practical realities of salary administration methods in large public jurisdictions preclude the higher degree of flexibility that private sector employers enjoy in recognizing singular exceptional achievement. However, it is recommended that the State permit department heads to reward by cash payment, exceptional, single-event performance (as distinguished from the consistent exceptional performance recognized within the range). Department heads should be permitted to give cash awards of $100 multiples up to $500 to individuals performing extremely well on short-term critical projects or under severe emergency conditions. The Department of Personnel working with the Department of Finance should develop a practical policy and limits for exceptional performance awards.

The distinctive aspects of the Exceptional Performance Awards are they allow immediate, clearly identifiable, very real recognition for singular achievements or performance and are not tied to base salaries. The current system of exceptional performance awards, in essence, only duplicates what the upper balance of the salary range should be used for (recognizing above average performance) and should be abolished.

F. Supervisory Differentials

There may be occasions where insufficient salary separation occurs between a supervisory position and its direct subordinates, even though the supervisory class has a higher-evaluated job content. Such situations may result from matching the midpoint value of a class to the closest middle step in a different structured salary schedule or may result from differences between bargaining unit increases and general increases.

In any case where the salary range for a supervisory class, as calculated by the annual salary policy formula(e), is the same or similar to that of directly subordinate positions or classes, an exception to the policy formula should be made. The minimum salary differential between higher-level classes and directly subordinate classes or positions, should be at least 5%. The job content evaluations provide the guidelines for determining the appropriate separation between the classes on case by case basis.

G. Annual Salary Surveys

The State should establish a consistent "core" of salary surveys to be used for salary comparisons. These surveys should be representative of the occupations and areas within which the State recruits. The following are our recommendations for areas to be surveyed and the existing survey which provides the best information currently.

Occupational Area	Survey
Labor/Trades (Minnesota)	D.E.S. Annual Survey
Clerical and Office (Minnesota)	D.E.S. Annual Survey
Technical and Professional (Minnesota)	D.E.S. Annual Survey
Professional/Managerial (Public Sector)	Hay Annual Salary Survey of State Governments
Professional/Managerial (Private Sector)	Hay Compensation Comparison
Health Care	D.E.S. Annual Survey

Additional information concerning the conducting, use and technicalities of salary surveys is contained in our report entitled, " Comparisons of Salary Practices of the Public and Private Sectors in Minnesota."

H. Salary Budgeting and Control

The State's salary practices should be examined annually for internal equity. The primary tools for this analysis are the:

- Scatter diagrams which show graphically, the appropriate salary practices of the State and highlight problems of internal inequity.

- Use of total-State, departmental or individual compa-ratios versus performance ratings to determine whether or not individual salaries fall within the proper portion of the range. The compa-ratio is a statistical index showing the relationship between actual salaries paid and the midpoints of the current policy structure which is arrived at by dividing actual salary by midpoint salary. This figure, combined with performance information, allows determination of the appropriateness of the current salary level.

An effective tool for control of salary expenditures is the concept of Midpoint Budgeting. This involves funding of an organization's total salary expenditure in an amount not to exceed the sum total of all salaries at the Midpoint of their respective salary ranges. Thus, if one individual is placed at 105% of midpoint, the resultant 5% must be obtained from savings accrued by placing other positions at a place less than 100% of their respective salary ranges.

In effect, Midpoint Budgeting is a method of achieving a 100% compa-ratio, where total actual salary expenditures equal the sum total of all salaries at the midpoint of their respective ranges. Modifications to Midpoint Budgeting include funding salary expenditures at totals less (i.e., 85%, 90%) than or more (i.e., 102%, 105%) than midpoint to accommodate annual variations in salary policy, fiscal capabilities, or individual job performance. A detailed written presentation on the Midpoint Budgeting concept has been provided with this report to the Departments of Personnel and Finance.

I. Relationship To Collective Bargaining Process

As indicated, this report and the recommendations herein are not intended to interfere with the Collective Bargaining process. The evaluated point totals however do provide guidelines for the appropriate hierarchy of wage levels within a bargaining unit. The report may also be used as a guide in restructuring the salary ranges and making modifications in salary and wage administration for bargaining unit positions.

IX

RELATING INDIVIDUAL JOB PERFORMANCE TO SALARY

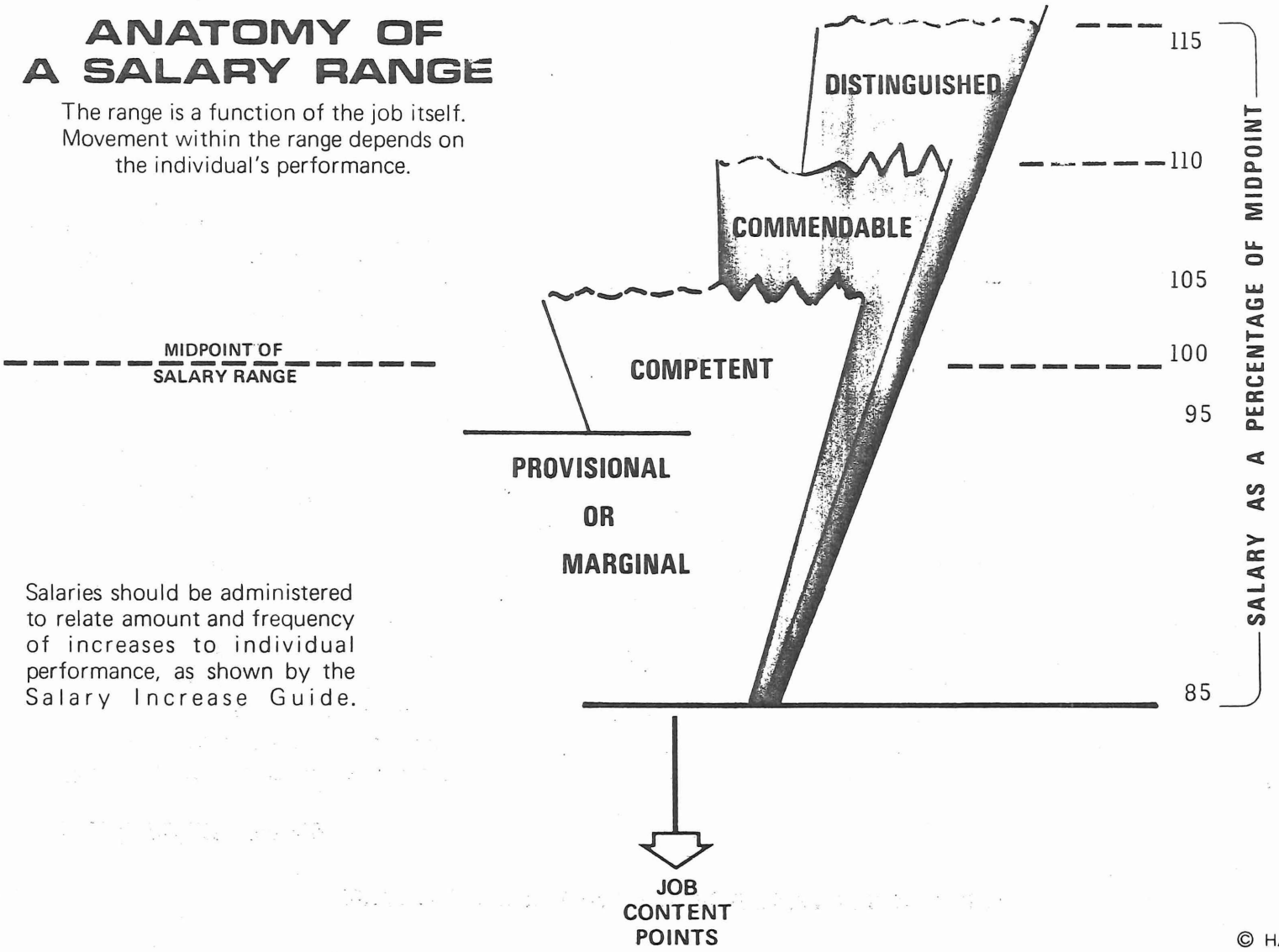
Pay-For-Performance

The current salary plan is administered essentially on a longevity basis. The consultants' strongest objection to the current salary plan is that movement through a salary range is almost totally a function of the incumbent's length of service and has little or no relationship to the quality of job performance. Such plans are, by their structure, demotivators, rewarding existance rather than performance. In the job content evaluation process, each occupational class was evaluated as though staffed by a qualified incumbent(s) whose performance was at an acceptable, or competent level. The recommended salary policy Midpoint, therefore, states the dollar value of each class at the fully acceptable performance level, and at amounts combining the external prevailing rates and the State's annual salary policies. One question which should be asked is "if the midpoint of the salary ranges form a reasonable relationship to the external markets and the midpoints are adjusted annually to reflect general wage increases, why should an average employee be paid above the midpoint of the range?"

To recognize different levels of performance within a given class, and consequently to provide for different levels of rewards, the Salary Schedule should contain a zone or range around the salary Midpoint. This range provides the flexibility necessary to compensate different levels of performance and it allows sufficient latitude for effective salary administration and individual motivation. The question now becomes: "when is it appropriate to compensate an individual below, at, or above, the Midpoint?" The position-in-range established for every position should be determined by the performance of the incumbent.

ANATOMY OF A SALARY RANGE

The range is a function of the job itself. Movement within the range depends on the individual's performance.



Salaries should be administered to relate amount and frequency of increases to individual performance, as shown by the Salary Increase Guide.

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We suggest four basic levels of relative performance, which are illustrated in the Anatomy of a Salary Range, shown on the facing page, and are defined as follows. (The illustration is based on a 7 step schedule structure.)

- Distinguished (Step 1 - 7) - this portion of the range is reserved for those individuals whose outstanding performance is clearly obvious to all. It extends from 85% to 115% of Midpoint. Normally, not more than 10% of the State's total personnel would be expected to fall in this category.

- Commendable (Step 1 - 6) - this portion of the range is reserved for seasoned employees whose performance is notably better than Competent and could normally include about 10% of total personnel. It extends from 85% to 110% of Midpoint.

- Competent (Step 1 - 5) - this portion of the range is reserved for seasoned employees whose performance is judged as acceptable, satisfactory, sufficient. It extends from 85% to 105% of Midpoint. Usually about 65% of an organization's employees will be considered Competent.

- Provisional or Marginal (Step 1 - 3) - this portion of the range is for inexperienced newcomers and others whose performance requires improvement. It extends from 85% to 95% of Midpoint and comprises approximately 15% of an organization's total personnel. This zone covers:

  1. Provisional - employees whose performance is close to being Competent, but where the need for further development is recognized.

  2. Marginal - inexperienced newcomers and others whose performance is clearly below an acceptable level.

  NOTE: The two lower levels ("Provisional" and "Marginal") have been blended into a single area because less than Competent performance should not be accepted for very long.

A job need not at once be paid at the level corresponding to the incumbent's performance, if that would result in unusually high increases. Rather, the normal starting point for all ranges is at 85% of Midpoint (Step 1). Rate and frequency of increase, as well as access to the top of the range, depend on an individual's performance, in relation to that of the other employees.

The exact percentages of performance increases are to be determined annually, as a policy by the State, to reflect such considerations as the relative aggressiveness of salary policy, current compa-ratio **, and the extent of inflationary pressures in the economy.

The following points are important in granting performance increases:

- The individual's performance defines the portion of the range available, not necessarily paid.
- Performance increases are normally not less than 5% nor more than 10%.
- The salary of each employee newly placed in a job by employment or movement within the State should be reviewed at the end of six months. A performance increase may be granted at this time if warranted by a reasonable increase in proficiency.
- Salary Reviews for individuals on the job six months or more should be at annual intervals.
- Increase should not be given to individuals until their performance has been properly appraised.

An incumbent whose salary is below the Minimum should be brought up to the Minimum of the range.

For guidelines in linking performance evaluations to salary amounts in a salary grade/step table, see the separately provided publication entitled, "Relating Performance Evaluation to Compensation of Public Employees."

** Compa-ratio is the percentage relationship of the current total salary practice amount to the total of all salaries at the Midpoint of the recommended salary ranges.

X

MANAGEMENT SALARY PLAN

The following paragraphs provide recommendations for the administration of salary for the State's management positions. There are several basic distinctions between management salary plans and those for other occupations, principally involving goal achievement-based salary administration for this group.

A. Application of Goal Achievement to Salary Administration

The fundamental principle of the State of Minnesota's Management Salary Plan is that those salaries should be administered on an individual basis according to how well the individual is meeting the accountabilities of the position. A critical facet of such an approach is that the State's performance measurement system for managers be more fully developed and effectively integrated into the administration of manager's salaries.

There is no substitute for thoughtful, objective judgment and review of the actual achievement of each individual involved. The recommended salary structure has a percentage range from Minimum to Maximum to allow flexibility in compensating individual employees for varying degrees of achievement. To be effective, a salary administration program must provide ample incentive for "distinguished" performance as well as appropriate compensation for "marginal" performance. Accordingly, the percentage ranges for performance increases should be fully utilized. This can be an effective tool to encourage and recognize higher levels of performance throughout the State's management.

Under the "goal achievement" philosophy, management salary increases are obtained through achievement of individual goals established through an objective performance achievement measurement program. Such a program annually defines measurable and achievable organizational and personal objectives within the control of the incumbent. Consequently, each management position's goals will differ from each other as would the standards of measurement. The State has developed such a management performance achievement program, however the results of the achievement evaluation process need to be fully and effectively integrated with the salary adjustment process.

B. Goal Achievement-Based Salary Range

- Range Midpoint for each position is the product of multiplying the job content points and the annual salary policy formula.
- Minimum is 80% of Midpoint; Maximum is 120% of Midpoint.
- No precalculated merit or in-range longevity steps in the range.
- Midpoint budgeting principle does not apply.

The Minimum amount of the salary range in the Management Salary Plan should not be automatically considered as the hiring amount for new incumbents, as it is not the prevailing employment market rate. The Midpoint of the range is the amount linked to the external prevailing rates, while the Minimum and the Maximum are established to provide a salary range for goal achievement administration. The Department of Personnel should exercise professional judgment in overseeing salary negotiations with applicants for these highly experienced positions, with authority to set the final hiring salary anywhere in the range sufficient to attract top caliber individuals.

C. Initial Implementation

The current performance evaluations and the salary increase guidelines provided in this report should be combined to determine in range adjustments for Managers. Additional efforts should be made in the next year to improve the integration of the performance evaluations with management salary administration.

D. Management Salary Ranges Based on Job Content

There is the tendency in some jurisdictions to assign all jobs in a certain category to the same salary rate/range. This is sometimes done with management jobs where the practice is to pay all division heads at the same level. This is a very inequitable approach to compensation. Division head positions, as with other positions, vary in their complexity. As indicated by our evaluations, management positions have a wide range of job content point totals. To pay all such positions at the same level when there are significant differences in job content is no more appropriate at the upper management level that it is at any other level in the Salary Plan. We have, therefore, developed the salary range recommendations for upper management positions based on the evaluated job content of each individual class.

XI

SPECIAL COMPENSATION ISSUES

The following section addresses several of the special issues which were identified in conducting the Job Content Evaluation and Salary Plan study.

A. Cost of Living Adjustments

The State of Minnesota has legislated Cost of Living Adjustments (C.O.L.A.) on a flat cents per hour formula. We recommend that C.O.L.A. be eliminated for the following reasons:

1. Superseded by Annual Adjustment Process

We have recommended that the salary policy and the salary ranges be adjusted on an annual basis in accordance with labor market salary and wage movements. These movements are a result of C.O.L.A. increases, increases in the Consumer Price Index (CPI), negotiated wage settlements, etc. By matching the external markets the implied philosophy of compensation changes from one of an obligation to maintain a lifestyle to paying market value for the human skills required to operate the State.

Since the recommended annual adjustment process already takes into account C.O.L.A. there is no need to make additional C.O.L.A. adjustments. In fact to do so would greatly exceed the increases provided in the external markets and would be highly inflationary. It is important to note that our salary policy recommendations are based on the midpoint of a fiscal year rather than the beginning of the fiscal year. This takes into account labor market(s) movements which are likely to occur during the year and allows the employer to straddle the desired position in relation to the appropriate labor market(s).

2. Compression

The current method of adjusting for C.O.L.A. causes severe compression in the salary plan. Any kind of flat cents or dollar increase will provide a much higher percentage increase for lower level jobs than for higher level positions.

Previous adjustments have resulted in over 17% increases at the lower portion of the salary plan and less than 3% increases at the upper portion of the plan while the cost of living increased 10%. Over a period of time these adjustments will distort the salary differentials and compensation relationships which should exist between positions based on differences in job content. This type of compression can be easily seen by examining the charts in this report for the State's positions over 320 points.

While we believe strongely that all employees should receive an adequate salary, to provide very large percentage increases at the lower level position of the salary plan and very small percentage increases at the upper portion of the salary plan will only result in a highly compressed, ineffective and inappropriate salary structure.

When adjusting a salary plan a straight percentage should be used in order to maintain proper internal relationships unless modified adjustments are specifically supported by reliable external salary data.

B. Other Types of Salary Structure Adjustments

Other forms of salary adjustments, such as flat dollar increases, or "capping," which is providing for a percentage increase but with a maximum dollar amount, are also inappropriate and result in unjustified compression in the salary structure. Another form of "capping" which is to place a maximum amount that no job can exceed, will also over a period of time cause salary inequities as more and more occupations get pushed against that ceiling as a result of external market increases.

All of these types of adjustments result in compression and inappropriate salary relationships, both internally and externally. Once a salary plan has been structured on the basis of internal equity (evaluated job content) and external competitiveness, further adjustments to the plan should be made on a percentage basis for the whole plan, unless, as stated earlier, modified adjustments are justifiable based on movements in the external labor market(s).

C. Individual Salary Movement

Currently an employee will likely receive the following salary increases in a given year.

1. Across the board adjustment to the salary ranges

2. Step increase within the range

3. C.O.L.A.

In addition he/she may also be reclassified to a class assigned to a higher range.

We object to the general structure and nature of salary movements for the following reasons:

- Adjustments 1 and 3 essentially duplicate each other, raising overall salaries at an unjustifiably fast rate.

- Adjustment number 2 is virtually automatic with little, if any, relationship to performance.

- At least a percentage of reclassifications are to classes which are no different in job content. (This was found to be the case in approximately 1/3 of the Junior-Senior plans).

The following are recommendations for salary movements. These recommendations are supported in various parts of this report and are presented here in summary form.

- All classes assigned to the appropriate salary range based on their evaluated job content. (Multiple levels within a series should only be established when there is a genuine, measurable difference in the nature and complexity of the job content between levels).

- Salary structure adjustments made on an annual basis to reflect salary and wage movements in the relevant labor market(s).

- In range movement based on objectively evaluated employee performance. Movement above the midpoint of the range should be based solely on above average performance.

D. Male vs. Female Salary Comparison Analysis

As part of the overall compensation study we were asked to analyze the salary relationship between male dominated and female dominated classes. For purposes of this analysis we used the following criteria for identifying whether a class is male or female dominated.

- Male Dominated - Over 80% male

- Female Dominated - Over 70% female

These figures have previously been used by the Legislative Audit Commission and reflect the differences in the percentage of male and female workers in the labor force.

To conduct the analysis we used the scattergram of the State's total employee population (see Chart 1 page 19.1). The scattergram has a 35% cone around it which represents the normal spread of salaries around the central practice line. Those plots which fall outside the cone are being affected by factors other than job content such as labor market differences, or as has been suggested, sexual bias. The following table summarizes the figures pertaining to those classes which fell outside of the 35% cone.

- Cone Analysis

CONE ANALYSIS SUMMARY

Total classes outside cone	169	
Male or female dominated classes (total)	135	
male dominated	117	
female dominated	18	
Male classes over cone	92	
Female classes over cone	3	
Male classes under cone	25	
Female classes under cone	15	
Mixed classes	34	
Mixed classes over cone	17	
Mixed classes under cone	17	
Total Incumbents	5608	
	Male	Female
Incumbents over cone	4,139	229
Incumbents under cone	485	755

The data indicates that, while there is more of a tendency for male dominated classes to be above the cone than female dominated classes, both male and female classes fall above and below the cone. In addition there are 34 classes with a sexual mix which are outside the cone with an even split between those above and those below the cone.

- Occupational Analysis

As indicated, major industries will vary in the level of salaries paid within their respective occupations, eg. the Health Care industry is generally a low paying industry in comparison to Manufacturing. Thus, we have analyzed the data to determine how much of the dispersion may be accounted for on the basis of industry differences. The following is the summary of the occupational analysis.

OCCUPATIONAL ANALYSIS SUMMARY

	Classes	Incumbents Male	Females
Male classes over cone in Labor Trades occupations	45	3262	67
Female classes under cone in Health Care occupations	10	20	464
Male classes under cone in Health Care occupations	7	37	4
Male classes over cone in Physician occupations	4	27	1
Clerical classes under cone	0	-	-

Of the 135 sexually dominated classes outside the cone, 66 can be accounted for based on industry differences. One particularly interesting point is that not one of the clerical classes which are heavily female dominated fell below the cone. This is very unusual. In most cases in both the public and private sectors a number of occupations falling below the cone would include clerical positions, since, in general clerical occupations have been paid at lower levels. The analysis indicates that the State of Minnesota has established clerical salaries at a level very competitive with other occupations of similar complexity with the exception of the Labor/Trades occupations which are almost universally paid at high levels in both the public and private sectors.

- Cone Analysis Excluding Industry Variances

The following is the cone analysis excluding those plots falling outside the cone which can be explained by industry variances.

Cone Analysis Excluding Industry Variances

	Classes	Incumbents Male	Female
Male classes over cone	43	715	72
Female classes over cone	3	0	6
Male classes under cone	18	145	13
Female classes under cone	5	0	20

- Additional Factors Affecting Dispersion

Additional factors which may be affecting the dispersion outside the cone include the following:

- High Technology Occupations. Occupations generally associated with technical fields such as engineering, electronics, data processing, etc., are often paid at premium rates particularly as new developments in the field are occurring. Historically these occupations have been filled primarily by male employees. However, this trend is steadily, if not rapidly, changing.

- Junior-Senior Plans. Positions at the Junior level of Junior-Senior plans are most often reallocated to the Senior level before employees reach the midpoint of the Junior level salary range. Thus the average salary is very low for the Junior class since they are primarily filled by individuals with two or less years of service with the State. Seventeen of the classes falling below the cone appeared to be affected by this factor and would otherwise most likely have fit within the cone. *

- Effect of the Job Content Evaluation Process

Most of the dispersions not accounted for on an industry basis will be removed by assigning classes to salary ranges based on the evaluated job content of the class. The few exceptions to this will be those special occupations which must be paid on an exception to the salary policy basis in order to obtain qualified employees.

Since we have recommended that all classes be paid on the same set of salary policy formulae except Labor/Trades and Physician occupations, most of the industry variances, i.e., Clerical and Health Care, will also be removed.

*NOTE: After excluding variances based on industry differences, 12 of the 33 female incumbents under the cone and 106 of the 145 male incumbents under the cone are at the "Junior" level of Junior-Senior Plans. In addition 218 of the 468 females under the cone in Health Care occupations and 13 of 57 males under the cone in Health Care occupations are also in "Junior" level classes.

- Summary

It is very difficult to draw any specific conclusions from this analysis. In general there appears to be a slight tendency to pay male dominated occupations at a higher level than female dominated classes. However, excluding industry variances this involves an extremely small percentage of the positions.

The real issue is not whether the State pays males and females differently, since there is very little difference when industry variances are removed, but what efforts the State is making in ensuring that both males and females have access to employment in all occupations including those currently dominated by the opposite sex.

The courts have ruled that salary variances which are based on industry variances are permissable, regardless of whether some industries are female dominated and others are male dominated. Thus the issue becomes one of equal opportunity of employment, not salary administration.

E. Upward Salary Range Reassignment During the Biennium

Current legislation prohibits the reassignment of classes to higher salary ranges during the Biennium. We recommend that with the installation of the Job Content Evaluation methodology that this prohibition can be removed. If class concept and contents change significantly, the class should be reevaluated and if justified moved to either a higher or lower salary range based on the nature and complexity of the changed content. To prohibit reassignments during the Biennium, only encourages the abuse of the classification system to achieve what is a salary plan administrative matter, i.e., if the class cannot be reassigned, create a new class and reallocate the incumbent.

F. Focus of Salary Expenditures for Fiscal Year 1980

The recommendations of the report essentially hold the State's salary ranges at their current level since the State's salary practices are competitive with the external labor markets projected to the midpoint of the State's next fiscal year. Salary expenditures should be focused on eliminating inequities and allowing for in-range movements based on performance.

G. Federal Wage and Price Guidelines

The recommendations of the report are well within the recently established Wage and Price Guidelines.

H. Communication of Compensation Plan

It is generally true that employees do not have a clear understanding of the State's complex compensation system. This often leads to misinterpretations, confusion, inappropriate expectations, and morale problems. We recommend that, with the installation of the Job Content Evaluation methodology and changes in salary and wage administration, the State either prepare, or have prepared a formalized information package to communicate the various aspects of the compensation system to current employees and subsequently be used as part of the orientation for new employees.

STATE OF MINNESOTA

PUBLIC EMPLOYMENT STUDY

APPENDIX A

State of Minnesota Guide Charts - Exempt

STATE OF MINNESOTA

JUNE 1978

DEFINITION: Know-How is the sum total of every kind of skill, however acquired, required for acceptable job performance. Know-How has three dimensions — the requirements for:

- • Practical procedures, specialized techniques, and learned disciplines.
- •• Know-How of integrating and harmonizing the diversified functions involved in managerial situations (operating, supporting, and administration). This Know-How may be exercised consultatively, as well as executively, and involves in some combination the areas of organizing, planning, executing, controlling, and evaluating.
- ••• Active, practicing skills in the area of human relationships.

GUIDE HAY CHART

KNOW-HOW

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MEASURING KNOW-HOW: Know-How has both scope (variety) and depth (thoroughness). Thus, a job may require some knowledge about a lot of things, or a lot of knowledge about a few things. The total Know-How is the combination of scope and depth. This concept makes practical the comparison and weighing of the total Know-How content of different jobs in terms of: "HOW MUCH KNOWLEDGE ABOUT HOW MANY THINGS".

•	•• MANAGERIAL KNOW-HOW																		
	I. LIMITED — Performance or supervision of an activity (or activities) highly specific as to objective and content, with appropriate awareness of related activities.			II. INTERMEDIATE — Operational or conceptual integration or coordination of activities which are relatively homogeneous in nature and objective.			III. BROAD — Operational or conceptual integration or coordination of activities which are diverse in nature and objectives, in an important management area.			IV. COMPREHENSIVE — Comprehensive integration and coordination of diversified activities and functions in a major management area.			V. MAJOR — Management at the level of policy making which affects the overall management and operation of the State.			VI. TOTAL			
••• Human Relations Skills →	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	
LEARNED DISCIPLINES — SPECIALIZED TECHNIQUES — PRACTICAL PROCEDURES																			
A. PRIMARY — Elementary plus some secondary (or equivalent) education; plus work indoctrination.	50	57	66	66	76	87	87	100	115	115	132	152	152	175	200	200	230	264	
	57	66	76	76	87	100	100	115	132	132	152	175	175	200	230	230	264	304	A
	66	76	87	87	100	115	115	132	152	152	175	200	200	230	264	264	304	350	
B. ELEMENTARY VOCATIONAL — Familiarization in uninvolved, standardized work routines and/or use of simple equipment and machines.	66	76	87	87	100	115	115	132	152	152	175	200	200	230	264	264	304	350	
	76	87	100	100	115	132	132	152	175	175	200	230	230	264	304	304	350	400	B
	87	100	115	115	132	152	152	175	200	200	230	264	264	304	350	350	400	460	
C. VOCATIONAL — Procedural or systematic proficiency, which may involve a facility in the use of specialized equipment.	87	100	115	115	132	152	152	175	200	200	230	264	264	304	350	350	400	460	
	100	115	132	132	152	175	175	200	230	230	264	304	304	350	400	400	460	528	C
	115	132	152	152	175	200	200	230	264	264	304	350	350	400	460	460	528	608	
D. ADVANCED VOCATIONAL — Some specialized (generally nontechnical) skill(s), acquired on or off the job giving additional breadth or depth to a generally single function.	115	132	152	152	175	200	200	230	264	264	304	350	350	400	460	460	528	608	
	132	152	175	175	200	230	230	264	304	304	350	400	400	460	528	528	608	700	D
	152	175	200	200	230	264	264	304	350	350	400	460	460	528	608	608	700	800	
E. BASIC SPECIALIZED — Sufficiency in a technique which requires a grasp either of involved practices and precedents; or of scientific theory and principles; or both.	152	175	200	200	230	264	264	304	350	350	400	460	460	528	608	608	700	800	
	175	200	230	230	264	304	304	350	400	400	460	528	528	608	700	700	800	920	E
	200	230	264	264	304	350	350	400	460	460	528	608	608	700	800	800	920	1056	
F. SEASONED TECHNICAL — Proficiency, gained through wide exposure or experiences in a specialized or technical field, in a technique which combines a broad grasp either of involved practices and precedents; or of scientific theory and principles; or both.	200	230	264	264	304	350	350	400	460	460	528	608	608	700	800	800	920	1056	
	230	264	304	304	350	400	400	460	528	528	608	700	700	800	920	920	1056	1216	F
	264	304	350	350	400	460	460	528	608	608	700	800	800	920	1056	1056	1216	1400	
G. SPECIALIZED MASTERY — Determinative mastery of techniques, practices and theories gained through wide seasoning and/or special development.	264	304	350	350	400	460	460	528	608	608	700	800	800	920	1056	1056	1216	1400	
	304	350	400	400	460	528	528	608	700	700	800	920	920	1056	1216	1216	1400	1600	G
	350	400	460	460	528	608	608	700	800	800	920	1056	1056	1216	1400	1400	1600	1840	
H. PROFESSIONAL MASTERY — Exceptional competence and unique mastery in economic, judicial, educational and/or political affairs.	350	400	460	460	528	608	608	700	800	800	920	1056	1056	1216	1400	1400	1600	1840	
	400	460	528	528	608	700	700	800	920	920	1056	1216	1216	1400	1600	1600	1840	2112	H
	460	528	608	608	700	800	800	920	1056	1056	1216	1400	1400	1600	1840	1840	2112	2432	

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••• HUMAN RELATIONS SKILLS		
1. **BASIC:** Ordinary courtesy and effectiveness in dealing with others.	2. **IMPORTANT:** Understanding, influencing, and/or serving people are important, but not critical considerations.	3. **CRITICAL:** Alternative or combined skills in understanding, selecting, developing and motivating people are important in the highest degree.

KH

STATE OF MINNESOTA

JUNE 1978

GUIDE HAY CHART

PROBLEM-SOLVING

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DEFINITION: Problem Solving is the original "self-starting" thinking required by the job for analyzing, evaluating, creating, reasoning, arriving at and making conclusions. To the extent that thinking is circumscribed by standards, covered by precedents, or referred to others, Problem Solving is diminished and the emphasis correspondingly is on Know-How.

Problem Solving has two dimensions:

- ● The environment in which the thinking takes place.
- ●● The challenge presented by the thinking to be done.

MEASURING PROBLEM SOLVING: Problem Solving measures the intensity of the mental process which employs Know-How to: (1) identify, (2) define, and (3) resolve a problem. "You think with what you know." This is true of even the most creative work... The raw material of any thinking is knowledge of facts, principles, and means; ideas are put together from something already there. Therefore, Problem Solving is treated as a percentage utilization of Know-How.

STEP VALUES	● THINKING ENVIRONMENT: Thinking guided or circumscribed by:	●● THINKING CHALLENGE 1. REPETITIVE — Identical situations requiring solution by simple choice of learned things.	2. PATTERNED — Similar situations requiring solution by discriminating choice of learned things.	3. INTERPRETIVE — Differing situations requiring search for solutions within area of learned things.	4. ADAPTIVE — Variable situations requiring analytical, interpretive, evaluative, and/or constructive thinking.	5. UNCHARTED — Novel or nonrecurring pathfinding situations requiring the development of new concepts and imaginative approaches.	
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200							
175							
152							
132							
115							
100							
87	A. **STRICT ROUTINE** — Simple rules and detailed instructions.	10% / 12%	14% / 16%	19% / 22%	25% / 29%	33% / 38%	A
76	B. **ROUTINE** — Established routines and standing instructions.	12% / 14%	16% / 19%	22% / 25%	29% / 33%	38% / 43%	B
66	C. **SEMI-ROUTINE** — Somewhat diversified procedures and precedents.	14% / 16%	19% / 22%	25% / 29%	33% / 38%	43% / 50%	C
57	D. **STANDARDIZED** — Substantially diversified procedures and specialized standards.	16% / 19%	22% / 25%	29% / 33%	38% / 43%	50% / 57%	D
50	E. **CLEARLY DEFINED** — Clearly defined policies and principles.	19% / 22%	25% / 29%	33% / 38%	43% / 50%	57% / 66%	E
43	F. **BROADLY DEFINED** — Broad policies and specific objectives.	22% / 25%	29% / 33%	38% / 43%	50% / 57%	66% / 76%	F
38	G. **GENERALLY DEFINED** — General policies and ultimate goals.	25% / 29%	33% / 38%	43% / 50%	57% / 66%	76% / 87%	G
33	H. **ABSTRACTLY DEFINED** — General laws of nature or science, within a framework of cultural standards and business philosophy.	29% / 33%	38% / 43%	50% / 57%	66% / 76%	87%	H
29							
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STEPS BELOW 100%

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PS

STATE OF MINNESOTA

JUNE 1978

DEFINITION: Accountability is the answerability for an action and for the consequences thereof. It is the measured effect of the job on end results. It has three dimensions in the following order of importance:

- • **Freedom to Act** - the degree of personal or procedural control and guidance as defined in the left-hand column below.
- • • **Job Impact on End Results** - as defined at upper right.
- • • • **Magnitude** – indicated by the general dollar size of the area(s) most clearly or primarily affected by the job (on an annual basis), stated in terms of Constant Dollars, 1965 Base.

GUIDE HAY CHART

ACCOUNTABILITY

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•• IMPACT OF JOB ON END RESULTS

INDIRECT

- **REMOTE:** Informational, recording, or routine services for use by others in taking action.
- **CONTRIBUTORY:** Interpretive, advisory, or facilitating services for use by others in taking action.

DIRECT

- **SHARED:** Participating with others (except own subordinates and superiors), within or outside the organizational unit, in taking action.
- **PRIMARY:** Controlling impact on end results, where shared accountability of others is subordinate.

AMI for use with 1978 dollars is 200.

• FREEDOM TO ACT	• • IMPACT	(1) VERY SMALL OR INDETERMINATE Under $100M				(2) SMALL $100 M - $2 MM				(3) MEDIUM $2 MM - $20 MM				(4) LARGE $20 MM - $200 MM				(5) VERY LARGE $200 MM - $2 MMM				(6) Over $2 MMM				• FREEDOM TO ACT
	• • • MAGNITUDE →																									
	AMI EQUIVALENT →																									
		R	C	S	P	R	C	S	P	R	C	S	P	R	C	S	P	R	C	S	P	R	C	S	P	
	A. PRESCRIBED These jobs are subject to: Direct and detailed instructions Close supervision	10	14	19	25	14	19	25	33	19	25	33	43	25	33	43	57	33	43	57	76	43	57	76	100	
		12	16	22	29	16	22	29	38	22	29	38	50	29	38	50	66	38	50	66	87	50	66	87	115	A
		14	19	25	33	19	25	33	43	25	33	43	57	33	43	57	76	43	57	76	100	57	76	100	132	
	B. CONTROLLED These jobs are subject to: Instructions and established work routines Close supervision	16	22	29	38	22	29	38	50	29	38	50	66	38	50	66	87	50	66	87	115	66	87	115	152	
		19	25	33	43	25	33	43	57	33	43	57	76	43	57	76	100	57	76	100	132	76	100	132	175	B
		22	29	38	50	29	38	50	66	38	50	66	87	50	66	87	115	66	87	115	152	87	115	152	200	
	C. STANDARDIZED These jobs are subject, wholly or in part, to: Standardized practices and procedures General work instructions Supervision of progress and results	25	33	43	57	33	43	57	76	43	57	76	100	57	76	100	132	76	100	132	175	100	132	175	230	
		29	38	50	66	38	50	66	87	50	66	87	115	66	87	115	152	87	115	152	200	115	152	200	264	C
		33	43	57	76	43	57	76	100	57	76	100	132	76	100	132	175	100	132	175	230	132	175	230	304	
	D. GENERALLY REGULATED These jobs are subject, wholly or in part, to: Practices and procedures covered by precedents or well-defined policy Supervisory review	38	50	66	87	50	66	87	115	66	87	115	152	87	115	152	200	115	152	200	264	152	200	264	350	
		43	57	76	100	57	76	100	132	76	100	132	175	100	132	175	230	132	175	230	304	175	230	304	400	D
		50	66	87	115	66	87	115	152	87	115	152	200	115	152	200	264	152	200	264	350	200	264	350	460	
	E. DIRECTED These jobs, by their nature or size, are subject to: Broad practice and procedures covered by functional precedents and policies Managerial direction.	57	76	100	132	76	100	132	175	100	132	175	230	132	175	230	304	175	230	304	400	230	304	400	528	
		66	87	115	152	87	115	152	200	115	152	200	264	152	200	264	350	200	264	350	460	264	350	460	608	E
		76	100	132	175	100	132	176	230	132	175	230	304	175	230	304	400	230	304	400	528	304	400	528	700	
	F. GUIDANCE These jobs, by their nature or size, are broadly subject to: Functional policies and goals General managerial direction	87	115	152	200	115	152	200	264	152	200	264	350	200	264	350	460	264	350	460	608	350	460	608	800	
		100	132	175	230	132	175	230	304	175	230	304	400	230	304	400	528	304	400	528	700	400	528	700	920	F
		115	152	200	264	152	200	264	350	200	264	350	460	264	350	460	608	350	460	608	800	460	608	800	1056	
	G. GENERAL GUIDANCE These jobs, by reason of their nature or size, independent complexity and high degree of effect on State operations, are subject only to guidance from the Governor's office.	132	175	230	304	175	230	304	400	230	304	400	528	304	400	528	700	400	528	700	920	528	700	920	1216	
		152	200	264	350	200	264	350	460	264	350	460	608	350	460	608	800	460	608	800	1056	608	800	1056	1400	G
		175	230	304	400	230	304	400	528	304	400	528	700	400	528	700	920	528	700	920	1216	700	920	1216	1600	
	H. STRATEGIC GUIDANCE These jobs, by reason of guidance of the Chief Executive Officer or his appointed Boards, are characterized by a comprehensive and controlling effect on operations of the State and on the people of the State.	200	264	350	460	264	350	460	608	350	460	608	800	460	608	800	1056	608	800	1056	1400	800	1056	1400	1840	
		230	304	400	528	304	400	528	700	400	528	700	920	528	700	920	1216	700	920	1216	1600	920	1216	1600	2112	H
		264	350	460	608	350	460	608	800	460	608	800	1056	608	800	1056	1400	800	1056	1400	1840	1056	1400	1840	2432	
	I. GOVERNOR/CHIEF JUSTICE These jobs are subject only to the limitations of the State Constitution as it pertains to the Executive or Judicial Branch.	304	400	528	700	400	528	700	920	528	700	920	1216	700	920	1216	1600	920	1216	1600	2112	1216	1600	2112	2800	
		350	460	608	800	460	608	800	1056	608	800	1056	1400	800	1056	1400	1840	1056	1400	1840	2432	1400	1840	2432	3200	I
		400	528	700	920	528	700	920	1216	700	920	1216	1600	920	1216	1600	2112	1216	1600	2112	2800	1600	2112	2800	3680	

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STATE OF MINNESOTA

PUBLIC EMPLOYMENT STUDY

APPENDIX B

State of Minnesota Guide Charts - Non-Exempt

STATE OF MINNESOTA

JUNE 1978

NONEXEMPT

MEASURING KNOW-HOW: Know-How has both scope (variety) and depth (thoroughness) Thus, a job may require some knowledge about a lot of things, or a lot of knowledge about a few things. The total Know-How is the combination of scope and depth This concept makes practical the comparison and weighing of the total Know-How content of different jobs in terms of: "HOW MUCH KNOWLEDGE ABOUT HOW MANY THINGS".

DEFINITION: Know-How is the sum total of every kind of skill, however acquired, needed for acceptable job performance. Know-How has two dimensions – the requirements for

- Practical procedures, techniques and skills including manual dexterity gained through formal training and education or on-the-job training and experience.
- • Active, practicing, person-to-person skills in the area of human relationships; or group leadership.

GUIDE HAY CHART

KNOW-HOW

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FORMAL KNOWLEDGE, TECHNIQUE, PRACTICAL PROCEDURES AND SKILL •	UNIVERSAL GUIDE CHART LANGUAGE	APPLIED GUIDE CHART LANGUAGE FOR CLERICAL, TECHNICAL AND LABOR/TRADES JOBS	ILLUSTRATIVE JOB FAMILY TITLES					• • HUMAN RELATIONS SKILLS		
			CLERICAL & RELATED	COMPUTER RELATED	PUBLIC SAFETY	LABOR/ TRADES	SPECIALIST	1. BASIC Ordinary courtesy and effectiveness in dealing with others through normal contacts, and request for, or providing information	2. IMPORTANT Understanding, influencing, and/or serving people are important considerations in performing the job; causing action or understanding in others.	3. CRITICAL Alternative or combined skills in understanding, developing, and motivating people are critical to successful job performance.
	A. PRIMARY Elementary plus some secondary (or equivalent) education; plus work indoctrination.	A. Ability to follow oral and written instructions; perform basic arithmetic calculations; operate very simple equipment (fork-lift, drill press); preceded by work indoctrination. (Education Equivalent – primary plus some secondary education.)	File Clerk Stock Clerk		School Crossing Guard	Flagman Janitor		50 57 66	57 66 76	66 76 87
	B. ELEMENTARY VOCATIONAL Familiarization in uninvolved, standardized work routines and/or use of simple equipment and machines.	B. Ability to perform uninvolved standardized work routines (clerical procedures); operate office equipment (keyed devices); working with decimals and fractions; follow simple drawings; operate basic machines (light truck, production lathe). (Education Equivalent – primary plus substantial secondary education.)	Clerk Typist Switch Board Operator	Data Entry Operator	Security Guard	Bus Driver	Public Health Aide Recreation Aide	66 76 87	76 87 100	87 100 115
	C. VOCATIONAL Procedural or systematic proficiency, which may involve a facility in the use of specialized equipment.	C. Ability to perform procedural work routines requiring systematic proficiency and complexity (bookkeeping, coding); operating specialized equipment (computer main peripherals, laboratory); performing basic algebraic calculations or shop math; interpreting complex prints or operating machinery (automatic screw machine, road maintenance equipment); or performing a maintenance trade work (carpentry, painting). (Education Equivalent – secondary with additional formalized training in specific skill area(s).)	Stenographer Steno Clerk	Data Control Clerk Tape Librarian	Police Communication Operator Firefighter	Painter Carpenter Water Plant Operator	Water Utility Lab Technician EKG Technician Drafter	87 100 115	100 115 132	115 132 152
	D. ADVANCED VOCATIONAL Some specialized (generally nontheoretical) skill(s), however acquired, giving additional breadth or depth to a generally single functional element.	D. Ability to perform specialized vocational or technical (nontheoretical) skills giving additional depth or breadth to a substantive area of knowledge (bookkeeping system, administrative procedure, sales order process); operating specialized equipment (mainframe 4th generation computer, industrial photography), prescribed analysis or design (computer programming, drafting); set-up and operation of complex machinery (numeric turret lathe, heavy road construction equipment), a 4-year craft journeyman. (Education Equivalent – secondary plus two years plus formal training in a specialized body of knowledge.)	Administrative Secretary Legal Secretary	Computer Console Operator Programmer	Police Officer	Electrician Heavy Equipment Operator	LPN Property Appraiser Design Drafter	115 132 152	132 152 176	152 175 200
	E. BASIC TECHNICAL-SPECIALIZED Sufficiency in a technique which requires a grasp either of involved practices and precedents; or of scientific theory and principles; or both.	E. Sufficiency in job related techniques which require basic understanding, interpretation and application at the college academic level of abstraction of: either involved practices and precedents (government policies, legislative intent); or scientific theory or equivalent (physics, chemistry, electricity); or principles (accounting, human behavior); or any combination of the above.		Systems Analyst			Design Engr. Civil Engr. Budget Anal. Architect	152 175 200	176 200 230	200 230 264

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KH

STATE OF MINNESOTA

JUNE 1978

NONEXEMPT

DEFINITION: Problem Solving is the original, "self-starting" thinking required by the job for analyzing, evaluating, creating, reasoning, arriving at and making conclusions. To the extent that thinking is circumscribed by standards, covered by precedents, or referred to others, Problem Solving is diminished, and the emphasis correspondingly is on Know-How.

Problem Solving has two dimensions:

- The environment in which the thinking takes place.
- • The challenge presented by the thinking to be done.

GUIDE HAY CHART

PROBLEM-SOLVING

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MEASURING PROBLEM SOLVING: Problem Solving measures the intensity of the mental process which employs Know-How to: (1) identify, (2) define, and (3) resolve a problem. "You think with what you know." This is true of even the most creative work. . . The raw material of any thinking is knowledge of facts, principles, and means; ideas are put together from something already there. Therefore, Problem Solving is treated as a percentage utilization of Know-How.

STEP VALUES				
	230			
	200			
	175			
STEPS BELOW 100%	152			
	132			
	115			
	100			
1	87			
2	76			
3	66			
4	57			
5	50			
6	43			
7	38			
8	33			
9	29			
10	25			
11	22			
12	19			
13	16			
14	14			
15	12			
16	10			

THINKING ENVIRONMENT — Thinking guided or circumscribed by:	• • THINKING CHALLENGE			
	1. REPETITIVE Repetitive use of learned things (recall) in situations which are clearly predictable and which generally eliminate the need for independent thinking.	2. PATTERNED Some freedom of selection or choice among learned things, which in general follow a well-defined pattern. There are variations in the situations.	3. INTERPRETIVE Differing situations requiring search for solutions within area of learned things. The incumbent is confronted with a number of different questions/problems each having several different answers and must pick and choose from a variety of alternatives to determine a solution.	
A. STRICT ROUTINE Simple rules and detailed instructions.	10% 12%	14% 16%	18% 22%	A
B. ROUTINE Established routines and standing instructions.	12% 14%	16% 19%	22% 25%	B
C. SEMI-ROUTINE Somewhat diversified procedures and precedents.	14% 16%	19% 22%	25% 29%	C
D. STANDARDIZED Substantially diversified procedures and specialized standards.	16% 19%	22% 25%	29% 33%	D

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PS

STATE OF MINNESOTA

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NONEXEMPT

DEFINITION: Results of Work is the answerability for an action and for the consequences thereof. It is the measured effect of the job on end results. It has two dimensions:

- **Freedom to Act** - the degree of personal and/or procedural control, as defined in the left-hand column below.
- **Job Impact on End Results** – as defined below.

GUIDE HAY CHART

RESULTS OF WORK

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• FREEDOM TO ACT	• • IMPACT OF JOB ON END RESULTS	(1) Informational, recording, or incidental services for use by others in relation to some important end result.	(2) Interpretive, advisory, or facilitating services for use by others in taking action.	(3) Participating with others (except own subordinates and superiors), within or outside the organizational unit, in taking action.	(4) Controlling impact on end results, where shared accountability of others is subordinate.	
A. PRESCRIBED These jobs are subject to: Direct and detailed instructions, and/or very close supervision.		10 12 14	14 16 19	19 22 25	25 29 33	A
B. CONTROLLED These jobs are subject to: Instructions and established work routines, and/or close supervision.		16 19 22	22 25 29	29 33 38	38 43 50	B
C. STANDARDIZED These jobs are subject, wholly or in part, to: Standardized practices and procedures General work instructions Supervision of progress and results.		25 29 33	33 38 43	43 50 57	57 66 76	C
D. GENERALLY REGULATED These jobs are subject, wholly or in part, to: Practices and procedures covered by precedents or well-defined policy Supervisory review.		38 43 50	50 57 66	66 76 87	87 100 115	D

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STATE OF MINNESOTA

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WORKING CONDITIONS

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DEFINITION: Working Conditions are made up of:

- ● **Physical Effort** - defined at right.
- ● ● **Environment** - defined at right.
- ● ● ● **Hazards** - the factors taken on the average which increase the risk of accident, as follows:
  - a. General absence of hazards.
  - b. Moderate hazards, fairly predictable and controllable.
  - c. Potentially heavy and somewhat unpredictable hazards.

Physical Effort, involves occasional, intermittent or steady handling of light, medium, or heavy weight materials in normal to difficult work positions, or unusual circumstances which produce physical fatigue.

Environment, includes occasional, intermittent, or continuous exposure, of varying intensities, to such things as dust, dirt, heat, cold, fumes, steam, moisture, and noise.

● PHYSICAL EFFORT	● ● ENVIRONMENT											
	1. NORMAL General office or other equivalent environment.			2. FAIR Occasional, unavoidable, abnormal variations in temperature, unfavorable fumes, noise, dust, and atmospheric conditions, rarely unavoidably exposed to outside conditions as part of job.			3. UNPLEASANT Intermittent requirements of unavoidable exposure to: unfavorable atmospheric conditions or extreme temperatures; or noisy, dusty, oily, wet environment, etc.			4. DISAGREEABLE Constant requirement of unavoidable exposure to: unfavorable atmospheric conditions or extreme temperatures; or working in cramped, very noisy, very dirty, or unpleasant surroundings.		
	a	b	c	a	b	c	a	b	c	a	b	c
A. EXTREMELY LIGHT Physical effort at the level normally found in clerical work or equivalent.	0	5	7	5	7	9	7	9	12	9	12	16
	0	6	8	6	8	10	8	10	14	10	14	19
	0	7	9	7	9	12	9	12	16	12	16	22
B. LIGHT Physical effort at the level represented by the use of hand tools and handling fairly light materials manually. (Lifts ten pounds frequently and up to about twenty-five pounds occasionally.)	5	7	9	7	9	12	9	12	16	12	16	22
	6	8	10	8	10	14	10	14	19	14	19	25
	7	9	12	9	12	16	12	16	22	16	22	29
C. MODERATE Continuous effort at the level represented by the use of heavy hand tools; handling medium weight materials. (Lifts twenty-five pounds frequently or up to fifty pounds intermittently.) Climbing and working from ladders or in awkward positions.	7	9	12	9	12	16	12	16	22	16	22	29
	8	10	14	10	14	19	14	19	25	19	25	33
	9	12	16	12	16	22	16	22	29	22	29	38
D. STRENUOUS Continuous effort at the level represented by handling heavy materials of about fifty pounds and over frequently.	9	12	16	12	16	22	16	22	29	22	29	38
	10	14	19	14	19	25	19	25	33	25	33	43
	12	16	22	16	22	29	22	29	38	29	38	50

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