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A SPECIAL MESSAGE
TO THE
LEGISLATURE
RELATIVE TO THE
LEGISLATIVE NEEDS OF PRIVATE AND PUBLIC EMPLOYEES.

Governor Elmer L. Andersen,

April 8, 1961

Lab
Public Employees

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May I beg your indulgence in another special message as you make the final decisions of this legislative session.

STATE EMPLOYEE PAY RATES

It is encouraging to note that the Senate Finance Committee has approved the state employee pay raise plan. If you cannot provide both, the pay raise plan is more important than the merit increases. Under merit increases the longer tenure experienced employees now at the top of their range, would get no increase, and an adjustment is long overdue.

In 1956, under the Self-Survey of State government, a committee was set up under the chairmanship of Mr. Phillip Pillsbury, to study wages and fringe benefits of state employees. This committee was composed of legislators, leaders in industry and labor and other prominent public citizens. It was the committee's recommendation that wages of state employees be comparable to those employees doing like work in private industry. Although this recommendation has been supported in principle, no legislation has been passed specifically authorizing the Civil Service Board to follow this doctrine. It is my recommendation that this principle be made a part of the Civil Service law. First, in order to fully follow the intent of the Civil Service law, temporary riders to the appropriation acts amending the Civil Service laws should be eliminated; secondly, it is necessary to repeal the archaic language providing for economic salary adjustments and permission should be given the

Civil Service Board to adjust salaries when necessary; and thirdly, I believe that the merit increase program should follow the Civil Service law presently in effect and not be subject to artificial limitations which make it difficult to keep faith with the employees and recruitment, and retain qualified and desirable employees. In addition, it is my belief that it will be necessary to allocate money to the Legislative Advisory Committee in order to finance interim adjustments needed before the legislature convenes again in 1963.

HOSPITALIZATION PLAN

From the studies of the Interim Commission on Public Employee-Employer Relations, bills have been introduced which would provide that the state participate in the payment of employee hospitalization plans. Employer contributions are now common in private industry and other units of government. In order for the State of Minnesota to continue to recruit desirable and qualified employees, the adoption of this type of fringe benefit should be carefully considered. The Commission's proposal is very modest and deserves your thoughtful attention.

THE "NO-STRIKE" LAW

Since 1951, public employees have been governed in their labor relations by the Public Employees "No-Strike" Law. Under such a law it is my feeling that to alleviate problems of conflict between governmental units and their employees that the law be amended to provide, 1) the conciliation services of the State Labor Conciliator and, 2) that the fact-finding panel now authorized by law to make findings be further authorized to make recommendations. A bill providing for these amendments has been introduced and I wish to urge the adoption of these changes in order to provide for a just and orderly method of resolving grievances or disputes of governmental employees.

UNEMPLOYMENT COMPENSATION

The Unemployment Compensation fund, which had a balance of \$134,000,000 on December 31, 1953 is now under \$60,000,000 and falling fast. It is simply imperative that this trend be reversed by adjustments in rates of contribution to the fund.

Minnesota has not revised its benefit schedule since 1957 so it is gratifying to note bills progressing toward enactment that will increase the maximum weekly benefit and extend the duration schedule.

To avoid wrangle over weekly benefits at every legislative session it would be constructive to enact legislation providing the benefit as a percentage of the average weekly wage in covered employment, so operation of the benefit schedule would equitably and more quickly reflect changes in pay levels.

WORKMEN'S COMPENSATION

Minnesota was one of the first states in the nation to pass a workmen's compensation law. For the two year period ending June 30, 1960 the Industrial Commission reports 31,000 cases of injuries to Minnesota employees. I know you look with consideration on the needs of these workers and their families. Our benefit program is currently inadequate -- in weekly benefit, and injury and death compensation. In fatal cases the payment should not be less than \$25,000. Clearly identifiable occupational diseases should have compensation on the same basis as accidents.

PUBLIC EMPLOYEE PENSION FUNDS

Notable progress has been made through legislative interim commissions in recent years to improve the actuarial soundness of Public Employee benefit funds. This is to be commended.

One important principle I would urge be uppermost in considering new legislation -- that no change be approved that has the result of reducing benefits to a present employee or pensioner. Any lessening of benefits deemed advisable should only be applicable to new employees. This principle protects the validity of the contractual arrangement that I believe the state enters into with an employee when he joins public service.

I believe it would be in the interest of public employees to have the Public Employees' Retirement Association become a state agency and thus subject to budgetary control. It is also my feeling that integration with Social Security is in the long range best interests of the public employee.

Retirement income provisions are of the greatest importance, frequently more important than increased salary payments, to teachers, state, county and municipal employers as well as private employees. There is need for regular review of amount of income serving as base for contribution as well as level of retirement payments. This is important, of course, to the individual employee -- but a great stabilizing influence on our economy and social welfare needs in relation to a growing percentage of people over 65.

CONCLUSION

I am sure you realize as well as I do that the economic well being of private and public employees is of the greatest importance. Let's let the results of this legislative session reflect our mutual concern.

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