
Introduction

In May 1999 the Legislative Audit Commission directed us to conduct an analysis of Minnesota state employee compensation. Legislators wanted to know how state employee compensation compared to pay and benefits offered by other public and private employers with which the state competes for workers. Some legislators were concerned about the state's ability to recruit workers with skills in short supply.

By any reckoning, the state of Minnesota is a large employer. The state employs about 50,000 workers in 2,200 different jobs. Counting state executive branch agencies and the Minnesota state colleges and universities (MnSCU), the state's payroll reached \$2.3 billion in fiscal year 1999. As an employer, the state of Minnesota is larger than all but a few private companies in the nation. Government operations are also highly diverse compared to those of many private companies. Achieving internal consistency and external competitiveness of employee compensation is a significant challenge, especially in a time of rapid change in the nature of work and the skills required in many state jobs.

This study addresses the following research questions:

- **How is the state's human resources system organized? What is the process by which employee compensation is determined? What is the state's compensation policy? What are the significant features of state employment?**
- **How do state employee pay and benefits compare with compensation provided by other public and private employers? Are there certain types of state jobs for which compensation is higher or lower than market averages? How do state employee compensation and compensation offered by other employers vary across Minnesota?**
- **What jobs are state agencies now having difficulty filling? What are the reasons behind recruitment and retention problems? What steps can the state take to address these problems?**

This report compares state data on compensation with data from a variety of government and non-governmental sources including the Bureau of Labor Statistics, the United States Census Bureau, the Minnesota Department of Economic Security, and several national and local salary surveys. We also conducted our own survey of human resources staff in state agencies and the Department of Employee Relations.

In this report, Chapter 1 presents descriptive information on how the human resource function is organized in state government. It provides data on significant features of state employment that we anticipate will be of interest to

policy-makers including trends in employment and the mix of jobs in state government.

Chapter 2 presents a comparison of state salaries and benefits with compensation offered by other public and private employers in Minnesota and nationally.

Chapter 3 presents the results of a survey of state agency human resources directors who were asked to identify general and specific recruitment problems and also asked for their recommendations on how to address these problems.