



**OFFICE OF THE LEGISLATIVE AUDITOR**  
**STATE OF MINNESOTA**

PROGRAM EVALUATION REPORT

# State Employee Compensation



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## Office of the Legislative Auditor

State of Minnesota • James Nobles, Legislative Auditor

February 3, 2000

Members

Legislative Audit Commission

In April 1999, the Legislative Audit Commission directed us to conduct a study of state employee compensation. Legislators expressed interest in learning how state government salaries and benefits compared to compensation offered by other employers in the private and public sectors. Some legislators also wanted to know which jobs were causing the greatest recruitment and retention problems for state agencies.

Not including the University of Minnesota, the state employs about 50,000 workers in a wide variety of jobs. We found the state to be generally competitive in the salaries and benefits it offers, but like public employers in general, state pay is relatively high for lower-skilled jobs and relatively low for upper-level professional and managerial jobs.

Almost all state agencies reported some problems recruiting and retaining various types of employees. State agency human resource directors attribute many recruitment problems to the current tight labor market, but also identified compensation as a factor of secondary importance in certain situations.

This report was researched and written by Elliot Long (project manager), Jennifer Moenck Feige, and Craig Helmstetter, with assistance from Beth Haney. We thank staff of the Department of Employee Relations and the Minnesota State Colleges and Universities for their assistance.

Sincerely,

*/s/ James Nobles*

James Nobles  
Legislative Auditor

*/s/ Roger Brooks*

Roger Brooks  
Deputy Legislative Auditor

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## OFFICE OF THE LEGISLATIVE AUDITOR

STATE OF MINNESOTA

# State Employee Compensation

February 3, 2000

## Major Findings:

- State government's workforce includes a higher proportion of white collar jobs than the private sector and, as a result, the state's average wage rate is higher than the private sector's. (p. 25 in the full report)\*
- Lower-skill jobs in state employment pay relatively more than comparable private sector jobs, and higher-skill jobs pay relatively less. As a result, there is less variation between the highest and lowest-paid jobs. (p. 27)
- Minnesota pays its state employees higher salaries than most other states. (p. 21)
- State government salaries do not vary across Minnesota as much as wages in general. Twin Cities area wages are about 15 to 20 percent higher than wages in most outstate metropolitan areas and the nonmetropolitan balance of the state, while state pay is about 5 percent higher in the Twin Cities area than outstate. (p. 31)
- Faculty at MnSCU four-year institutions are paid at about the national average for similar institutions. Faculty at the two-year technical and community colleges are paid above the national average. (p. 36)
- Minnesota employee benefits equal about 31 percent of total compensation. This percentage is comparable to public employers and large private employers nationally, but distinctly higher than small private employers. (p. 39)
- State agencies are experiencing a variety of problems recruiting and retaining employees. Compensation is one of several factors mentioned by state agencies as part of the problem, but it is not the dominant factor. The three job categories that human resource directors report as having the most serious recruiting and retention problems are information technology, accounting, and office clerical positions. (p. 49)

\*For the full evaluation report, *State Employee Compensation* (#PE00-05), which includes the agency's response, call 651/296-4708 or download from:

[www.auditor.leg.state.mn.us/ped/2000/PE0005.htm](http://www.auditor.leg.state.mn.us/ped/2000/PE0005.htm)

## Report Summary:

Minnesota employs about 50,000 people in executive branch agencies. The state is engaged in a wide variety of operations and employs people in over 2,200 different jobs. It is useful to periodically compare state compensation with that offered by the public and private employers with which the state competes for workers.

Minnesota statutes direct the Department of Employee Relations to work toward a compensation structure that is internally consistent, with equivalent jobs receiving equal pay, and that bears a reasonable relationship to the external job market. These goals are themselves partially incompatible, but Minnesota's employee compensation structure is not the result of rational planning so much as it is the result of budgeting and bargaining processes in which political influence is exercised and trade-offs are made. Most state employees belong to unions which bargain for them on matters affecting pay and working conditions, and the funds potentially available for employee compensation are set through the budget process every two years.

### **As a Group, State Employees Earn More than Private Sector Employees**

As a group, state employees are paid more than private sector employees because the state workforce contains a higher concentration of professional workers and a lower concentration of sales, craft, and assembly-line positions. According to data from the Current Population Survey, 37.5 percent of state employees work in professional occupations, for example, compared to 12.4 percent of private sector employees. In the private sector, a far higher percentage of workers are

employed in sales, craft, or assembly line positions.

### **State Pay is Highly Compressed**

Compared to the private sector, the range of salaries in state employment is highly compressed. Upper level managers and professional positions pay more in the private sector, and lower-complexity jobs pay more in state government. For example, state-employed guards, janitors, and general repair workers all average over 30 percent more than similar positions in the private sector. Clerical occupations pay between 10 and 20 percent more than comparable private sector jobs. Entry level buyers and contracting specialists earn 20 percent more in state government.

By law, salaries of upper-level managerial and professional positions in state agencies are limited by department head salaries, and department heads are limited by the governor's salary. Upper level managerial and professional positions pay much less in state government than in the private sector, but comparisons are difficult to make because compensation and job responsibilities tend to be unique rather than standardized at this level. The state of Minnesota uses a job evaluation system, the Hay system, that is also used by many private and public employers to help achieve proportionality and equity in employee compensation. A numerical Hay rating is calculated for most state jobs. Data from about 400 employers using the Hay system nationally show that private sector salaries are more than twice as high as state salaries for upper level professional and managerial positions with similar Hay ratings.

### **Minnesota State Employees are Paid More than Employees of Other States**

Minnesota paid its state employees higher salaries in 1998 than most of the 24 states participating in a widely used salary survey. Minnesota's salaries ranked in the upper third of participating states for 87 of 107 comparable positions, and Minnesota paid the highest salary of all participating states for 21 positions. Minnesota salaries were above the average paid by a subset of Midwestern states for over 80 percent of the positions.

### **State Employee Salaries Vary Little Across Minnesota**

Economic conditions vary widely across Minnesota. According to data from the Minnesota Department of Economic Security, wages in the Twin Cities area are at least 20 percent higher than wages in outstate metropolitan areas and the nonmetropolitan balance of the state. State pay, however, is set by statewide salary schedules (and bargained for by statewide bargaining units). While there is some variation in the pay of state employees around the state, it is much less than the geographic variation in pay offered by employers in general.

### **MnSCU Faculty Pay is At or Above Average**

There are over 8,500 faculty positions in the Minnesota State Colleges and Universities system (MnSCU), thus faculty are a sizable proportion of state employees. In general, full-time faculty at MnSCU's four-year institutions are paid very near the national average for similar institutions. MnSCU salaries are also near the average for comparable positions in Illinois, Indiana, Iowa, Michigan, and Wisconsin.

Full-time faculty at MnSCU's two-year institutions (community and technical colleges) are paid above the national average for similar institutions, but Minnesota's average for two-year colleges is similar to the average for comparable faculty jobs in Illinois, Indiana, Iowa, Michigan, and Wisconsin.

### **Minnesota Offers Competitive Employee Benefits**

Employee benefits are an important part of total compensation and must be considered when making comparisons among employers. Although benefits have been extended among private employers in recent decades, government employees are still more likely to receive most kinds of benefits.

Minnesota state employees, like government employees in general, receive more paid holidays, vacation days, and paid sick leave than employees of private companies. Minnesota employees receive 11 paid holidays per year, compared to the national average of 9.3 days for employees in medium and large private establishments, 7.6 days for employees in small private establishments, and 11.5 days for all state and local government employees. Minnesota employees receive 13 to 29 days of vacation (depending on years of service) compared to lower vacation accrual rates for public and private employees nationally.

The state of Minnesota offers a benefit package that, measured by cost, is generally equal to or better than benefits offered by other states, other public employers in Minnesota, and private and public employers nationally. About 31 percent of Minnesota state employee compensation is in the form of benefits. This compares to 29 percent for state and local governments nationally, and

27 percent for private employers. Large private employers, those with over 500 employees, pay 30 percent of compensation in the form of benefits, a level close to that paid by Minnesota and other government employers.

### **Most State Agencies Report Problems with Recruitment**

Almost all large state agencies reported some problems with employee recruitment and retention. The three job categories identified as presenting the greatest problem currently are information technology, office administration (clerical), and accounting jobs.

Inadequate compensation was not identified as the most important factor in these cases, although it was a strong second in the case of information technology jobs, and mentioned by nearly 60 percent of state agency human

resource directors. The top problem in all three cases was an insufficient labor pool with the needed skills or experience. One-third of the human resource directors suggested that raising salaries to competitive levels would help address the problems, but even more suggested improving the hiring process and strengthening recruitment efforts.

### **Summary of Agency Response:**

**I**n response to the study Deputy Commissioner Jim Lee wrote on January 20, 2000: “The portion of the report that compares state salaries and benefits to other employers in the public and private sectors is reminiscent of the Public Employment Study . . . released in 1979. The earlier study also found that state and local governments tend to pay more than the private sector for jobs at similar levels of complexity, except for high level managerial positions.”

“The Legislature did provide significant relief to the salary compression at the upper end of the salary structure with the passage of the agency head pay bill in 1997. However the new salary limits for agency heads still put the Executive Branch at a disadvantage in comparison to local units of government.”

Deputy Commissioner Lee also noted: “In spite of the fact that your data indicates that state salaries for clerical jobs are at least 20 percent above the private sector, 21 percent of human resources directors surveyed identified inadequate compensation as contributing to their difficulty in recruiting and retaining employees in these classifications. This indicates that salary data and actual recruiting experience can tell two different stories.”

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# Introduction

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**I**n 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.

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# Background

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## SUMMARY

*The state of Minnesota executive branch agencies employ about 50,000 workers in 2,200 jobs. State employment has grown quite slowly over the last 19 years and the payroll per employee adjusted for inflation was almost unchanged during this period. The process by which state employee compensation is determined rests on merit-system principles and the collective bargaining process. State compensation policy directs the Department of Employee Relations to achieve a pattern of compensation which is internally consistent and competitive in the larger economy.*

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**I**n order to provide a context for our study of state employee compensation, this chapter asks:

- **How many employees work for the state? How are they divided among the major divisions of state government? What are the most populous job classes? How has state employment changed since 1980?**
- **How is the human resources function organized in Minnesota state government?**
- **What is the process by which employee compensation is determined? What are the state's compensation policies?**

## CHARACTERISTICS OF STATE EMPLOYMENT

As of December 1999, 49,853 people were employed in executive branch state agencies including the Minnesota State Colleges and Universities system (MnSCU).<sup>1</sup> Our study of state employee compensation is restricted to executive branch employment; over 96 percent of state employees work in executive branch

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<sup>1</sup> This count also includes employees of the Minnesota State Retirement System, the Public Employee Retirement Association, and the Teachers Retirement Association. This count includes active employees and those on paid or unpaid leave. University of Minnesota employees are not included in this total and are not covered by this report.

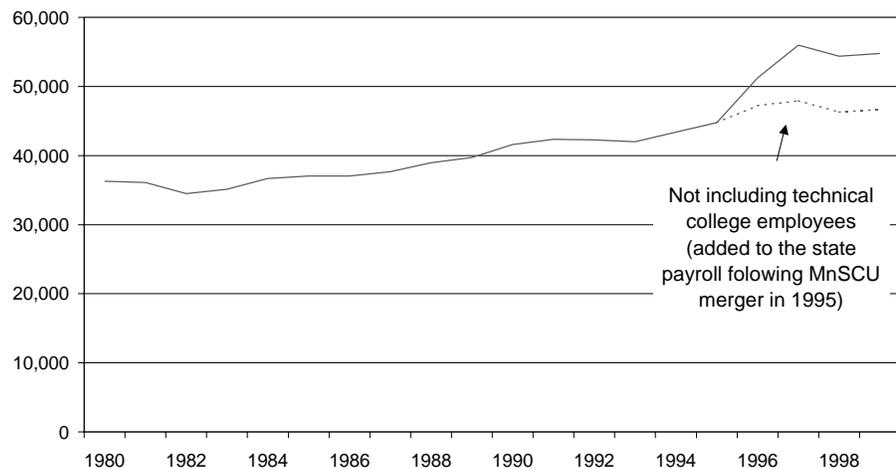
agencies.<sup>2</sup> The non-executive branch state employees are distributed as follows: Approximately 860 employees (including temporary employees) work in the legislative branch and 1,250 state employees work in the judicial branch.<sup>3</sup>

A look at the trend in state employment shows:

- **State employment has grown slowly over the last 19 years.**

Figure 1.1 shows how the number of state employees has changed between 1980 and 1999. The figure shows a dip in state employment around 1982, a time of recession and state budget cuts. From this point state employment grew relatively slowly until 1995, when the community and technical colleges became part of MnSCU and the state annexed a group of about 8,000 technical college employees that had been previously counted as local school district employees. Figure 1.1 shows the trend line with and without the addition of these employees. Between 1980 and 1999 state employment grew 51 percent, but only 29 percent not counting the additional technical college employees. As a point of reference, the state's population grew 17 percent between 1980 and 1998.

**Figure 1.1: Number of Minnesota State Employees (Total Appointments), 1980-99**



NOTE: This figure is based on total appointments. A small percentage of employees holds more than one job.

SOURCE: Minnesota Department of Employee Relations.

<sup>2</sup> Statistics on state employee compensation come from data systems used by the departments of Employee Relations and Finance; they do not generally cover employees outside the executive branch. However, a few hundred employees of the Office of the Legislative Auditor and the retirement association employees mentioned in the previous footnote are included in the state's payroll system (SEMA4), and are included in some tables in this report.

<sup>3</sup> As of March 1999, approximately 264 permanent and 91 temporary employees worked for the House of Representatives and 230 permanent and 94 temporary employees worked for the Senate. About 47 additional legislative employees worked for the Legislative Coordinating Commission and 48 permanent full-time and 15 part-time and session employees worked for the Office of the Revisor of Statutes.

We also found:

- **The state’s payroll adjusted for inflation grew slowly between 1980 and 1998. The payroll per employee adjusted for inflation was almost unchanged during the same period.**

The state’s payroll grew from \$580 million in 1980 to \$1.73 billion in 1998, a growth rate of nearly 200 percent over the period. Figure 1.2 shows payroll growth over the period in current dollars and in 1980 dollars. In 1980 dollars, the state’s payroll grew by 51 percent over the same period.

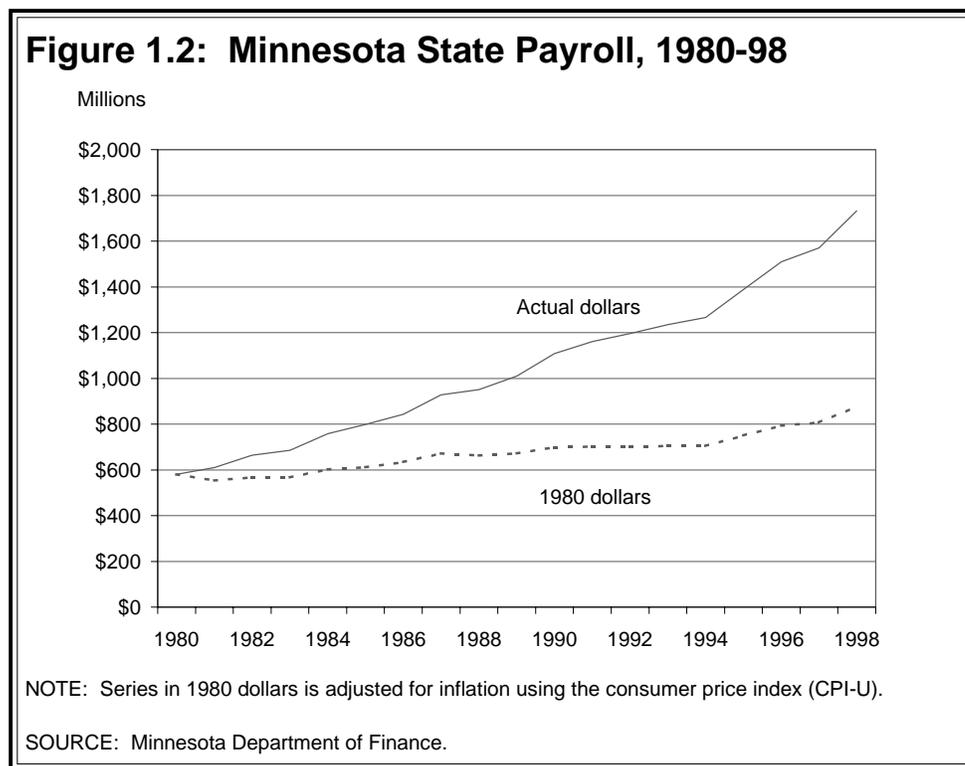


Figure 1.3 shows the growth of the payroll per state government employee in Minnesota compared to the national average for state governments. The payroll per employee adjusted for inflation has grown very little (less than 1 percent) between 1980 and 1998. This trend is roughly in line with the national average.<sup>4</sup>

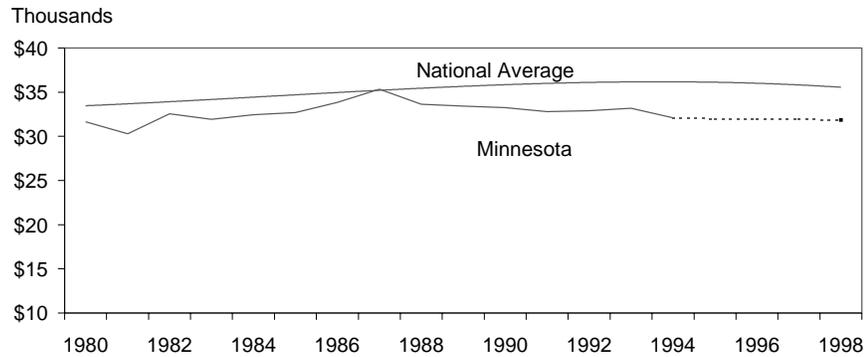
Although most state agencies are headquartered in the Twin Cities area, state employees are widely distributed across Minnesota. State employees work in all but three counties, and about 47 percent of state employees work outside the seven-county metro area.<sup>5</sup> In the next chapter we examine the question of how state employee compensation, and employee compensation in general, varies across Minnesota.

<sup>4</sup> Figure 1.3 is presented to compare rates of change and should not be interpreted to mean that state of Minnesota pay is lower than the national average. The national data is calculated per full-time equivalent employee and the Minnesota data is calculated per employee. Data presented in the next chapter show that Minnesota pay is higher than the national average.

<sup>5</sup> The three counties, according to DOER statistics, are Lincoln, Norman, and Red Lake.

**State payroll per employee adjusted for inflation has changed little in Minnesota and the nation between 1980 and 1998.**

**Figure 1.3: Payroll per State Government Employee, National Average and Minnesota, 1980-98**



NOTE: Both series are adjusted for inflation using the consumer price index (CPI-U; adjusted to 1998 dollars). 1995-97 data for Minnesota are imputed due to payroll system changes. National average is payroll divided by the number of full-time equivalents while Minnesota's payroll is divided by the number of employees (full- and part-time).

SOURCE: Legislative Auditor's Office analysis of U.S. Bureau of Census data (Census of Governments) and data provided by the Minnesota Departments of Employee Relations and Finance.

Nine departments of state government employ at least 1,000 workers. As Table 1.1 shows, these are (in order of decreasing size): MnSCU, Human Services, Transportation, Corrections, Natural Resources, Public Safety, Economic Security, Health, and Revenue. Table 1.1 also shows the number of full-time permanent employees in each agency. In some cases, agencies employ a large number of part-time or temporary workers. Each of the state departments at the top of the list is a large employer in its own right. By comparison, only 2 percent of private firms in Minnesota employ 500 or more workers.<sup>6</sup> Maintaining a rational, proportional pay structure is difficult in a large, diverse employer. Later in this chapter we describe how this problem is addressed in Minnesota.

State government is not only a large employer, it employs a highly diverse workforce. The state employs people in over 2,200 separate job classifications. The Department of Employee Relations (DOER) has grouped these job classes into broader categories called "career families." Table 1.2 shows the number of employees in the 14 largest career families. The largest category is the faculty of the four-year and two-year colleges in the MnSCU system. The second largest category is Office Administration careers, mainly composed of office clerical workers. The third largest class is Human Services/Development, which consists of jobs such as human services technician that are involved in counseling, administrative, and therapeutic roles in state treatment centers.<sup>7</sup> Appendix A presents a list of job classes within each career family.

<sup>6</sup> U.S. Small Business Administration, Office of Advocacy, based on data provided by the U. S. Department of Commerce, Bureau of the Census.

<sup>7</sup> Further descriptions of these career families are presented on DOER's web page: <http://www.doer.state.mn.us/stf-bltn/Famlydef.htm>.

**Table 1.1: Employees by Executive Branch Agency, 1999**

<u>Agency or Department</u>	<u>Full-Time Employees</u>	<u>All Employees</u>
MnSCU	8,531	15,352
Human Services	4,505	6,725
Transportation	4,803	5,560
Corrections	3,373	3,586
Natural Resources	1,950	2,995
Public Safety	1,764	1,928
Economic Security	1,673	1,893
Health	1,076	1,306
Revenue	1,018	1,220
Administration	832	921
Pollution Control	730	847
Agriculture	378	551
Children, Families & Learning	415	522
Attorney General	412	485
Labor and Industry	357	389
Military Affairs	245	324
Employee Relations	173	306
Minnesota Zoo	146	304
Commerce	225	261
Trade and Economic Development	156	253
Lottery	196	208
Finance	168	178
Housing Finance	164	172
State Auditor	115	140
Public Service	111	118
Planning	54	91
Governor's Office	3	85
Secretary of State	63	77
Environmental Assistance	55	72
Human Rights	45	64
Veterans Affairs	33	37
State Treasurer	11	13
All Other Departments <sup>a</sup>	<u>1,448</u>	<u>2,366</u>
Total All Agencies	35,228	49,349

NOTE: Data are from July 1999.

<sup>a</sup>"All Other Departments" includes 54 boards, councils, task forces, and commissions.

SOURCE: Minnesota Department of Employee Relations.

**Nine state departments each employ at least 1,000 workers.**

The rate at which various job categories are growing is a point of some interest. Although it has been difficult to assemble data showing changes in employment because of changing definitions of job classes and career families, we have been able to put together some data. Table 1.3 shows the growth of the larger "job families." "Job Family" is an occupational category used by the Department of

**Table 1.2: Largest Career Families, 1999**

Career Family	Number of Employees
MnSCU Faculty <sup>a</sup>	8,577
Office Administration	7,272
Human Services and Development	3,619
Facilities Operation and Maintenance	2,345
Corrections	2,174
Medical, Dental, and Nursing	1,960
Information Technology	1,865
Transportation Operations and Regulation	1,798
Engineering, Architecture, and Appraisal	1,772
Natural Resource and Environmental	1,762
Planning, Research, and Analysis	1,488
Education and Teaching	1,407
Protective Service	1,380
Accounting, Auditing, and Financial	1,367
Number of Employees Represented	38,786
Percentage of Total Number of State Employees	73.5%

NOTE: Data are from September 1999.

<sup>a</sup>MnSCU Faculty come from the career family "Undesignated/All Other Careers."

SOURCE: Minnesota Department of Employee Relations.

Employee Relations (DOER) between 1985 and 1998, not to be confused with the "career families" shown in Table 1.2 that are currently in use.<sup>8</sup>

Among the fastest growing job families is Higher Education Program careers. This category excludes faculty jobs, but includes a wide variety of other jobs at MnSCU campuses and reflects, in part, the 1995 addition of technical college employees. This category grew by 385 percent. Other fast growing categories are: Organizational/Management Analysis jobs which grew 293 percent; Information Technology jobs which grew by 243 percent; and Corrections jobs which grew 94 percent. On the other end of the spectrum, the following categories declined in the number of jobs between 1985 and 1998: Laborers declined by 61 percent, Jobs and Training jobs by 29 percent, and Human Services and Nursing Home jobs by 19 percent.

It is interesting to note that despite growth in the use of electronic data processing in state government, and despite rapid growth in information technology careers, the Clerical General category, the second largest job category in state government, grew 15 percent between 1985 and 1998 to a total of 6,171 jobs. At least so far, computers do not seem to have replaced many clerical staff in state government.

<sup>8</sup> This table includes all job families with 400 or more employees at either the start or the end of the 1985-98 period.

**The state  
employs a  
diverse  
workforce.**

**Table 1.3: Job Family Growth, 1985-98<sup>a</sup>**

Job Family	Number of Employees		Percent Change
	1985	1998	
Higher Education Programs	262	1,271	385.1%
Organizational/Management Analysis	178	699	292.7
Income Maintenance, Medical Assistance and Regulation	204	732	258.8
Information Systems	442	1,515	242.8
Environmental Management and Preservation	300	636	112.0
Corrections Programs	1,170	2,281	95.0
Revenue Collection, Gaming Promotion and Regulation	467	738	58.0
Planning, Research, and Grants	498	784	57.4
Law	333	515	54.7
Personnel	360	544	51.1
Nursing	1,111	1,618	45.6
Accounting, Auditing, Fiscal Management	1,034	1,394	34.8
Natural Resource Programs	1,187	1,511	27.3
General Management Assistance	611	743	21.6
Buildings and Grounds Operation	1,361	1,598	17.4
General Clerical	5,373	6,171	14.9
Law Enforcement, Security, and Related	944	1,036	9.8
Vocational Rehabilitation Programs	433	452	4.4
Building Maintenance	839	871	3.8
Engineering	1,816	1,869	2.9
Highway Maintenance	1,600	1,607	.4
Nutrition, Clothing, Household Management	592	555	-6.3
Human Services Nursing Home Residential Programs	3,319	2,675	-19.4
Jobs and Training Programs	980	700	-28.6
Laborers	430	168	-60.9

NOTE: 1985 and 1998 data are from April.

<sup>a</sup>“Job Families” are different than “Career Families.” DOER used “Job Families” through 1998 to group job classifications. In 1999, DOER replaced “Job Families” with “Career Families.”

SOURCE: Minnesota Department of Employee Relations.

## ORGANIZATION OF HUMAN RESOURCES IN STATE GOVERNMENT

Human resources includes various personnel functions such as classification of jobs, recruitment of candidates to fill open positions, testing or evaluating applicants, and certification of candidates as eligible for employment. The



State employees work in a wide variety of occupations.

**In state government, hiring and promotions are based on merit system principles; compensation and working conditions are determined through collective bargaining.**

Minnesota Department of Employee Relations (DOER) is the state's central human resources agency.<sup>9</sup>

In 1939, Minnesota became one of the first states to enact civil service reforms linking hiring and promotion to evaluation of skills related to the job, and establishing the Department of Civil Service, a forerunner of the Department of Employee Relations. Collective bargaining was authorized by The Public Employee Labor Relations Act (PELRA) enacted in 1971 and amended in 1973 to permit a limited right to strike for many employees. PELRA was further amended in 1980 to create statewide bargaining units and extend the right to strike.<sup>10</sup> These laws established the two key elements of Minnesota's human resources policy: to base employee selection and promotion on merit rather than personal or political relationships,

and to rely on collective bargaining to establish employee compensation and working conditions.

As late as the 1970s human resources services were substantially centralized in what was then called the Department of Personnel. This arrangement emphasized the regulatory responsibility of the central human resources department to prevent any departure from merit system principles. However, centralized expertise over the staffing needs of agencies proved difficult to maintain, and complaints about poor service grew.<sup>11</sup> Over the last two decades the system has evolved so that greater functional responsibility is now placed in the human resource sections of state agencies and service rather than regulation is increasingly emphasized as the central responsibility of DOER. The Department of Employee Relations still serves as the single employer for the executive branch, however, and is still expected to provide expertise and statewide consistency in personnel management.<sup>12</sup>

DOER delegates control of many human resources functions to the larger state agencies while providing comprehensive services only for small agencies. The delegated functions typically include development of experience and training

<sup>9</sup> Minnesota Statutes Chapter 43A defines the power and duties of the department and contains the state's compensation policies.

<sup>10</sup> *Minn. Stat.* §179A.10.

<sup>11</sup> The Program Evaluation Division of the Office of the Legislative Auditor conducted a comprehensive study of the state's central human resources agency, then known as the Department of Personnel, in 1978.

<sup>12</sup> DOER is the employer of executive branch employees excluding the faculty and top administrators of MnSCU, which bargains with several faculty organizations representing these employees.

ratings, eligible list establishment and maintenance, administration of examinations, approval of non-list appointments (such as transfer, mobility assignment, temporary appointment), and various other functions. Hiring for classes used by more than one agency continues to be restricted to statewide lists administered by DOER. As our survey of agency human resources directors presented in Chapter 3 shows, this is a continuing source of friction between DOER and state agencies. Among the departments with full delegation of authority from DOER are: Administration, Finance, Health, Human Services, Minnesota Planning, Natural Resources, Revenue, and Transportation. These are generally large departments with sizable human resources divisions.

The DOER responsibilities directly relating to employee compensation include:<sup>13</sup>

- **Classification of jobs and evaluation of job complexity.**
- **Labor relations, including negotiation and administration of collective bargaining agreements between the state and the unions representing state employees.**
- **Administration of the compensation plans for unrepresented employees.**
- **Administration of employee insurance programs.**

## Job Classification and Evaluation

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**Minnesota has about 2,200 separate job classifications.**

An employer as large and diverse as the state of Minnesota necessarily employs people to perform many jobs. Not counting academic positions, most jobs in the executive branch (about 89 percent) are in the “classified” civil service.<sup>14</sup> “Classified” jobs are those filled on the basis of formal tests or ratings of the applicant’s ability to perform specific job requirements. DOER tries to group positions similar in duties and responsibilities in the same job classification in order to maintain consistency in compensation across state agencies. Despite efforts to group similar jobs into a limited number of job classes, Minnesota has around 2,200 separate job classifications, many with only one employee.<sup>15</sup> “Unclassified” jobs in the executive branch are not subject to the same hiring requirements as classified jobs. Unclassified jobs include department heads and top management of state agencies, elected officials, confidential secretaries or assistants, as well as temporary and student workers and a variety of other specific job categories spelled out in law.<sup>16</sup>

The Department of Employee Relations is responsible for maintaining, revising, and administering the state’s job classification plan. New positions need to be

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<sup>13</sup> *Minn. Stat.* Ch.#43A.

<sup>14</sup> As of January 6, 1999.

<sup>15</sup> Additional job classes allow more specific job qualifications or job duties to be incorporated into the recruiting process, as well as a different salary range than that of otherwise similar classes. In general, agencies have more control over the job classes that are unique to the agency.

<sup>16</sup> *Minn. Stat.* §43A.08.

allocated to an appropriate class or a new class established. A salary range or rate must be assigned to each class. If a class is in a bargaining unit, the salary range is assigned pursuant to the applicable collective bargaining agreement.<sup>17</sup>

Since the 1970s DOER has used a job evaluation system developed by the Hay Group, a large international human resources consulting firm. The Hay system is used by many private and public employers to help achieve proportionality and equity in employee compensation. The Hay system was first used in Minnesota in 1970 to measure managerial jobs, and used in 1978 to measure all executive branch jobs. Today about 1,900 job classifications in state government have Hay ratings. Hay evaluations are conducted for new positions that do not fit into existing classes, when a job needs to be evaluated because of disagreement about the appropriate level of a position, if a position is part of a broader job classification study, or if the position has not been evaluated for many years and there is concern that the job has changed.

The Hay method calculates a numerical rating for each job. Table 1.4 summarizes the four factors that are considered in calculating Hay ratings: Know-How, Problem Solving, Accountability, and Working Conditions. As Table 1.4 shows, each factor has several sub-factors. For example, “Know-How” refers to the skills required for acceptable job performance, including practical procedures, specialized techniques, and learned disciplines. “Know-How” also includes managerial and human relations skills involved in the job. “Problem Solving” has two dimensions: the environment in which the problem solving takes place and the challenge presented by the thinking to be done. “Accountability” is measured on three dimensions: freedom to act, job impact on end results, and magnitude in dollars of the programs or activities primarily affected by the job. Evaluation of

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**To promote internal consistency, the Department of Employee Relations calculates a numerical rating of job complexity for most state job classes.**

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**Table 1.4: Hay Job Evaluation Factors**

Know How

- Technical or Specialized Knowledge
- Managerial Skills
- Human Relations Skills

Problem Solving

- Environment in Which Thinking Takes Place
- Challenge Presented by Thinking

Accountability

- Freedom to Act on Decisions
- Job Impact on the End Results of the Agency
- Size of Budget or Magnitude of Influence

Working Conditions

- Physical Effort
- Environment
- Hazards

SOURCE: Minnesota Department of Employee Relations.

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<sup>17</sup> *Minn. Stat.* §43A.07, subd. 2.

“Working Conditions” involves consideration of physical effort, environment, and hazards associated with the job. The various factors are combined in a somewhat complex fashion which will not be described here. To be clear, Hay ratings are not based on what a job is paid in the marketplace or on the performance of state employees in the job.

Hay ratings range from under 100 for food service workers or traffic recorders to 1,500 to 2,000 for deputy commissioners in large state departments. Agency heads are not rated, but under the system, department heads in larger departments would have ratings between 1,800 and 2,400. In the next chapter we examine data on how salaries are related to Hay points within state government in comparison to private employers nationally who use the Hay system.

Ratings are calculated by a committee of three to five trained raters drawn from DOER, agency human resource staff, or agency management knowledgeable about the jobs being rated. Committee members evaluate the positions separately using charts developed for the purpose, then reach a consensus. Between July and December 1998, 18 Hay committees performed 51 Hay evaluations. The number of annual Hay evaluations has ranged between 70 and 139 per year in recent years. A total of 549 ratings were performed between July 1993 and December 1998. DOER periodically evaluates the Hay ratings performed by its staff and others. In April 1998, a consultant from the Hay group reviewed 166 Hay ratings and found that 7 percent required revision and a change in total Hay points, indicating a generally high level of performance by raters.

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**Jobs with similar ratings should receive similar pay.**

Hay ratings are an important tool in assigning a salary range to a job classification. Jobs with similar Hay points ideally should receive similar pay, but DOER’s policy allows salaries to be set one or two ranges up or down from the ideal salary range associated with the job’s Hay points. DOER’s Compensation Division periodically reviews Hay ratings as a measure of internal consistency in compensation. The Compensation Division also examines the pay of female-dominated job classes and moves any up in pay that are more than two salary ranges below the ideal range.

## **Determination of Employee Compensation**

While the classification system establishes the overall framework of employee compensation, changes in compensation are determined through collective bargaining for represented employees. Collective bargaining agreements also indirectly help determine compensation for unrepresented employees. The pattern of employee compensation for government typically differs from that of private employment. As we will see in the next chapter, the range of state employee compensation is quite compressed compared to the range of private sector compensation.

DOER represents the state in bargaining, except in the case of the bargaining units composed of MnSCU faculty where MnSCU represents the state. The Minnesota Public Employment Labor Relations Act (PELRA) defines 17 bargaining units for

executive branch employees.<sup>18</sup> Sixteen of these have elected exclusive representatives and are shown in Table 1.5 along with the labor unions that have been certified as exclusive representatives for the bargaining units.<sup>19</sup>

**Table 1.5: State Employees by Bargaining Unit, 1999**

Union and Bargaining Unit	State Employees	
	Number	Percent
American Federation of State, County, and Municipal Employees (AFSCME)		
Craft, Maintenance, and Labor Unit	2,539	4.8%
Service Unit	3,201	6.1
Health Care Non-Professional Unit	3,205	6.1
Clerical and Office Unit	7,706	14.6
Technical Unit	3,624	6.9
Correctional Officers Unit	1,639	3.1
Middle Management Association (MMA)		
Supervisory Employees Unit	2,930	5.6
Minnesota Association of Professional Employees (MAPE)		
General Professional Unit	10,612	20.1
Minnesota Government Engineer's Council (MGEC)		
Professional Engineering Unit	840	1.6
Minnesota Law Enforcement Association (MLEA)		
Law Enforcement Unit	735	1.4
Minnesota Nurse's Association (MNA)		
Health Care Professional Unit	947	1.8
State Residential Schools Education Association (SRSEA)		
Professional State Residential Instructional Unit	192	.4
Inter-Faculty Organization (IFO)		
State University Instructional Unit	3,020	5.7
Minnesota Community College Faculty Association (MCCFA)		
Community College Instructional Unit	1,893	3.6
United Technical College Educators (UTCE)		
Technical College Instructional Unit	4,375	8.3
Minnesota State University Association of Administrative and Service Faculty (MSUAASF)		
State University Administrative Unit	454	.9
Unrepresented <sup>a</sup>	4,837	9.2

NOTE: Data are from June 1999.

<sup>a</sup>“Unrepresented” are employees who do not bargain any terms or conditions of their employment, and include confidential employees, agency heads, health treatment professionals, and others.

SOURCE: Minnesota Department of Employee Relations.

<sup>18</sup> *Minn. Stat.* §179A.10.

<sup>19</sup> All but one of the bargaining units (the Health Treatment Professional unit) have chosen to elect exclusive representatives to bargain for the employees of the unit.

Table 1.5 also shows the number of employees in each bargaining unit as of June 1999, plus the number of unrepresented employees. About 9.2 percent of state employees are unrepresented. The compensation and working conditions of unrepresented employees is governed by several plans, including the Commissioner's Plan and the Managerial Plan, which are administered by DOER, MNSCU, and several constitutional offices.

In Minnesota state government the collective bargaining cycle is tied to the budget cycle. Agency budgets are determined every two years as the Legislature appropriates money for each department and program. As part of the appropriations process, the Legislature may enact a salary supplement based on an assumption about how much salaries will or should increase during the biennium, but neither this amount (if any), nor the percentage change in agency budgets, places any necessary limit on the size of salary increases reached through bargaining.

Of course, agencies need to budget for purposes other than employee compensation. Both parties in the collective bargaining negotiations must consider trade offs between compensation increases and the ability to fund positions and programs. Bargaining agreements have a varying impact across state government. Agencies vary quite widely in terms of how much of their spending goes to employee compensation or to compensation for employees in particular bargaining units.

Employment contracts typically cover a two year period. Bargaining can begin once the budget is enacted, but collective bargaining agreements are not usually reached before the first fiscal year of the new biennium which begins in July. It is customary for DOER to first concentrate on negotiations with the largest employee unions, the American Federation of State, County, and Municipal Employees (AFSCME) and the Minnesota Association of Professional Employees (MAPE). AFSCME Council No. 6 represents six bargaining units with 21,914 employees, and MAPE represents 10,612 employees. Together these unions represent over half of all state employees (see Table 1.5). Bargaining agreements between the state and these unions set a pattern for other negotiations with smaller unions, and also set a pattern for compensation and other issues for unrepresented employees. It is frequently the case, however, that bargaining continues into the time of the legislative sessions held in even numbered years.

Once DOER and union representatives reach an agreement, union members must vote to accept or reject it. The Legislature must ultimately approve collective bargaining agreements, so union members actually are voting on "tentative" contracts. Since 1995, responsibility and authority for oversight of collective bargaining and employee relations have rested with the Legislative Coordinating Commission, which has established a subcommittee on employee relations.<sup>20</sup> The commission reviews and, as appropriate, approves the contracts which then go into effect pending final ratification by the Legislature. Contracts are almost always approved by the commission.

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**Pay and working conditions are determined through collective bargaining once the state budget is set.**

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<sup>20</sup> *Minn. Stat.* §3.855. Before 1995, these functions were carried out by the Legislative Commission on Employee Relations.

## Administration of Employee Benefits

The Department of Employee Relations administers employee insurance programs for state employees and other active and retired employees, including employees of the University of Minnesota. In recent years, the state has moved to standardize health insurance benefits and to assume greater underwriting risk for health and dental insurance. The state also self-insures for workers' compensation coverage and manages workers' compensation claims for state employees.

Retirement benefits are not administered by DOER, nor are they determined through the collective bargaining process. State employees participate in various retirement plans. Pension policy is set by the Legislature through the Legislative Commission on Pension and Retirement which oversees most public employee pensions in the state. The great majority of state employees are covered by a defined benefit plan administered by MSRS and financed by a 4 percent of salary contribution by the state and the employee.<sup>21</sup> There are other plans for unclassified employees, public safety workers, and others.

This report does not examine the many policy questions involving pensions and retirement, although they are a concern of the Legislature. Our office, for example, recently examined early retirement incentives.<sup>22</sup> Also, last year the Legislature asked the Legislative Commission on Pensions and Retirement to do a study comparing public and private pension benefits and report by January 2000.

## COMPENSATION POLICY

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**State employee compensation should be internally consistent and externally competitive to the degree possible.**

We have noted above that employment in Minnesota state government is grounded on two statutory principles: hiring and promotion is to be based on merit as determined by tests based on the requirements of the job (rather than personal or political relationships), and pay and conditions of work are to be negotiated by the state and organizations representing employees. In addition, there are other statutory goals relating to human resource management that govern compensation. State law requires personnel decisions to be nondiscriminatory as defined by the Minnesota Human Rights Act.<sup>23</sup> Minnesota also enacted a "pay equity" policy in 1981 to establish equitable compensation relationships between female-dominated, male-dominated, and balanced classes of employees in the executive branch.<sup>24</sup>

Furthermore, Minnesota statutes instruct the Commissioner of Employee Relations to pursue several objectives in collective bargaining negotiations, including:<sup>25</sup>

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<sup>21</sup> Defined benefit plans pay benefits based on average salary and years of service. Defined contribution plans pay benefits based on employee and employer contributions and investment results.

<sup>22</sup> Office of the Legislative Auditor, *Early Retirement Incentives* (St. Paul, March 1995); <http://www.auditor.leg.state.mn.us/ped/1995/retire.htm>.

<sup>23</sup> *Minn. Stat.* Ch. 363

<sup>24</sup> *Minn. Stat.* §43A.01, subd. 3.

<sup>25</sup> *Minn. Stat.* §43A.18, subd. 8.

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**The State's  
compensation  
policy goals are  
not compatible  
with one another.**

- Compensation for positions in the classified and unclassified service should compare reasonably to one another;
- Compensation for state positions should bear a reasonable relationship to compensation for similar positions outside state service;
- Compensation for management positions should bear a reasonable relationship to compensation of represented employees managed;
- Compensation for positions within the classified service should bear a reasonable relationship among related job classes and among various levels within the same occupation; and
- Compensation for positions which require comparable skill, effort, responsibility, and working conditions should be comparable, and compensation for positions requiring different skill, effort, responsibility, and working conditions should be proportional to the skill, effort, responsibility, and working conditions required.

These goals are not entirely compatible with one another. A salary structure that is competitive will not necessarily be internally consistent and proportional. The collective bargaining process may not result in salaries that are either internally consistent or competitive with market rates. In addition, it is an element of our political culture that public employees at the upper levels should not receive monetary compensation equivalent to upper level management or professional positions in the private sector.

## SUMMARY

About 50,000 people are employed in the executive branch of state government in over 2,200 different jobs. Excluding technical college employees added through reorganization, the number of state employees grew 29 percent between 1980 and 1999. The state payroll per employee, adjusted for inflation has remained almost constant between 1980 and 1998. Minnesota employees are fairly evenly divided between the Twin Cities area and the balance of the state.

The process by which state employee compensation is determined rests on merit-system principles established by civil service reforms dating to the 1930s and the right of state employees to organize and bargain collectively, established and extended in the 1970s. Among other objectives, state laws direct the Department of Employee Relations to work through the bargaining process to achieve a pattern of state compensation which is internally consistent and competitive in the larger economy.

While Minnesota's compensation policy is not entirely consistent, it has guided our analysis of compensation presented in the following chapter. We examine the internal equity and proportionality of state salaries, and we compare state compensation to compensation offered by other employers in Minnesota and other states.

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# Compensation

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## SUMMARY

*As a group, Minnesota state employees receive higher pay than private sector employees, however this difference is largely due to the difference in the mix of jobs employed in the public and private sectors. Comparisons of pay rates for specific jobs show that the state tends to pay relatively more for entry-level and lower-skilled positions and less for upper-level management and professional occupations. Minnesota pays its employees more than most other state governments. While wages are about 20 percent higher in the Twin Cities area than the balance of the state, state government pay varies much less because it is set by statewide salary schedules. The cost of state employee benefits equals about 31 percent of total compensation, an amount that is comparable to state and local government employers and large private employers nationally.*

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**T**his chapter addresses the central issue of the study:

- **How does Minnesota state employee compensation compare with the pay and benefits offered by other employers?**

We address this question by comparing both the salary and the benefits received by Minnesota state employees to several other groups of employees. First, we compare state of Minnesota wages to those of other public sector employers, both nationally and locally. We also compare the state's wages to those of private sector employers in Minnesota. We then provide a more complete picture of state employee compensation by comparing the benefits provided by the state of Minnesota to those provided by other employers, including other state and local governments as well as the private sector.

## SALARY COMPARISONS

Wages are the major part of employee compensation. We first compare the wages and salaries of Minnesota state employees to those of other public employees, including employees of other states and employees of local governments in the Twin Cities area. We also compare Minnesota state wages to those provided by private sector employers in Minnesota. The data available for salary comparisons are not perfect: ideally we would be able to compare the wages of equally-qualified and experienced employees working in very similar jobs across settings (different states, local governments, and the private sector). However,

this type of data is not available. In an effort to overcome shortcomings in the data we make comparisons based on similar job titles and, when comparing broad averages, we control for the different mix of jobs when possible. Despite the limitations a fairly clear picture of Minnesota state wages emerges from the data.

## Other State Governments

The relationship of state and local government is different in Minnesota than most other states. In Minnesota, local governments are provided state financing to carry out functions performed by state governments elsewhere. Partly as a consequence:

- **The state of Minnesota directly employs fewer workers per capita than most other state governments.**

As shown Table 2.1, Minnesota state government ranks 36<sup>th</sup> among the states in the number of employees per capita.<sup>1</sup> However, Minnesota ranks high (8<sup>th</sup>) in the number of local government employees compared to other states. As a result, Minnesota ranks in the mid-range (18<sup>th</sup>) in terms of all government employees (state and local) per capita.

**Compared to other state governments, Minnesota has a relatively small and well-paid workforce.**

**Table 2.1: National Rankings of Minnesota State and Local Government Employment, 1998**

	State Government	Local Government	State and Local Governments
Full-Time Equivalent Employees (FTE) Per Capita	36	8	18
Payroll Per Capita	19	6	6
Payroll Per FTE	7	18	15

SOURCE: U.S. Bureau of Census, 1998 Census of Governments.

Possibly because Minnesota administers many of its activities through local governments, the state tends to have a higher percentage of employees in professional and managerial positions than other states. Thus, Minnesota state government ranks relatively high (7<sup>th</sup>) in average monthly compensation compared to other states.<sup>2</sup>

- **The state of Minnesota tends to pay its employees higher wages than other states.**

<sup>1</sup> These rankings are based on data from the U.S. Bureau of Census' annual survey of public employment and payroll. The survey measures the number of government civilian employees and their gross payrolls for one month. Each state is surveyed annually, whereas data on local government payroll and employment is collected from a representative sample (see <http://www.census.gov/govs/www/apes.html>).

<sup>2</sup> Minnesota's high ranking appears to hold even when state employee compensation is adjusted for each state's cost of living (Steven Gold and Sarah Ritchie, "Compensation of State and Local Employees: Sorting Out the Issues," in *Revitalizing State and Local Public Service*, ed. Frank J. Thompson (San Francisco: Jossey-Bass Publishers, 1993), 184).

**In a survey of 24 state governments, Minnesota’s salaries appear highly competitive.**

Minnesota is one of 24 state governments that participated in the 1998 Central States Salary Survey.<sup>3</sup> This annual survey asks each state to report average salaries for over 100 benchmark positions, the majority of which are professional and managerial positions. According to the survey, Minnesota’s salaries are highly competitive, ranking in the upper third of participating states for 87 of 107 comparable positions. Minnesota paid the highest salary of all participating states for 21 positions (see Table 2.2). Job categories that are particularly highly paid in Minnesota state government relative to other state governments include engineering, information technology, public safety, and corrections. The overall pattern of higher-than-average wages in Minnesota holds even when comparisons are restricted to a sub-set of Midwestern states.<sup>4</sup> Minnesota’s salaries are above

**Table 2.2: Minnesota Positions with Top-Ranking Salaries in Central States Survey, 1998**

Position	Average Annual Salary	
	Minnesota	Central States Participants
Information Systems Manager	\$72,307	\$45,425
Engineer, Principal	63,621	52,608
Information Technology Specialist 5	63,183	48,201
Pilot	61,680	40,863
Systems Analysis Unit Supervisor	61,492	49,054
Information Technology Specialist 4	54,935	44,883
Special Agent	53,620	40,044
Engineering Specialist	49,047	35,476
Planner, Principal State	47,231	39,452
Corrections Officer 4	47,147	29,717
Natural Resources Specialist 2 (Conservation Officer)	45,894	34,903
Health Care Program Investigator	43,138	32,032
Real Estate Representative	41,927	33,989
Dietitian 1	41,259	34,567
Medical Technologist	39,881	32,075
Grain Inspector 2	37,897	27,845
Interpretive Naturalist 2	37,730	26,917
Graphic Arts Specialist	36,874	29,832
Corrections Officer 2	33,888	25,450
Licensed Practical Nurse 1 and 2	33,512	24,140
Human Services Technician	30,527	18,896

NOTE: Job titles listed are those used by the state of Minnesota. Central States average salaries are weighted to the number of employees in responding states. Weighted averages may differ from survey results published by the Central States Compensation Association, due to the exclusion of Indiana in printed results and adjustment of the weight given to Illinois in certain instances. See Appendix B for a more comprehensive summary of the salary comparisons available from the Central States Survey.

SOURCE: Legislative Auditor’s Office analysis of Central States Salary Survey, 1998.

<sup>3</sup> Participants in the 1998 Central States Salary Survey include: Arizona, Arkansas, Colorado, Idaho, Illinois, Indiana, Iowa, Kansas, Louisiana, Michigan, Minnesota, Missouri, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Texas, Utah, Wisconsin, and Wyoming. The survey is jointly sponsored by the primary human resource department in each state; survey administration rotates from state to state annually.

<sup>4</sup> These states are: Illinois, Indiana, Iowa, Michigan, and Wisconsin.

the average paid by Midwestern states for over 80 percent of the positions (see Appendix B for a tabular summary of comparisons available from the Central States Salary Survey).<sup>5</sup>

## Twin Cities Area Public Employers

In this section we ask:

- **How do state salaries compare to those offered by other public employers in the Twin Cities area?**

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**We compared Minnesota state wages to those of other large government employers in the Twin Cities.**

The best source of information on how state salaries compare to those of other public employers in Minnesota is an annual salary survey conducted by DCA Stanton and Associates.<sup>6</sup> Stanton collects data on salaries for a group of 106 jobs, many of which are positions used by both state and local government. We have chosen to compare state salaries to the larger public employers in the metropolitan area. We were able to compare monthly salary data on 42 jobs shared by the state and larger Twin Cities public employers.<sup>7</sup> Of course, not all employers use each of the 42 jobs, so some comparisons are based on fewer jobs.

As Table 2.3 shows, we compared average monthly salaries for the state of Minnesota and four employer groups: (1) metropolitan agencies; (2) Hennepin County, Ramsey County, Minneapolis, and St. Paul (Minnesota's two largest counties and cities); (3) suburban municipalities with populations over 25,000; and (4) suburban municipalities with populations between 10,000 and 25,000.

Five employer group salary averages are presented in Table 2.3. A comparison of averages weighted by the number of employees in each employer group shows that average monthly pay for state jobs, \$2,821, is lowest of the five groups. The four other groups are fairly close in their average monthly wage. Suburbs with populations over 25,000 have the highest average monthly pay at \$3,626, followed by metropolitan agencies at \$3,609. But the fourth highest employer group, suburbs with populations of 10,000 to 25,000, still has an average wage of over \$3,517, distinctly higher than the state.

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<sup>5</sup> For additional data showing that employees of state and local government in the Twin Cities tend to earn higher wages than employees of state and local governments around the nation, see: <http://www.auditor.leg.state.mn.us/ped/2000/pe0005.htm>.

<sup>6</sup> *1999 Twin Cities Metropolitan Area Salary Survey* (Minnetonka, Minnesota: DCA Stanton Group, 1999). The data produced by this survey are the property of the Association of Metropolitan Municipalities.

<sup>7</sup> The list of jobs includes all jobs with at least 100 employees among all employers represented in the survey: Accountant 1, Accountant 2, Accountant 3, Accounting Clerk 1, Accounting Clerk 2, Accounting Clerk 3, Applications Programmer, Auto Service Worker, Civil Engineer 2, Civil Engineer 3, Clerk-Typist, Custodian, Data Entry Operator, Law Enforcement Dispatcher, Engineering Aide 1, Engineering Technician 2, Engineering Technician 3, Engineering Technician 4, Environmentalist 2, Environmentalist 3, Executive Secretary, General Clerk, Inspector 2, Junior Programmer, Laborer, Maintenance Supervisor, Office Administrator/Supervisor, Patrol Officer/Deputy Sheriff, Personal Computer Technician, Police/Sheriff's Lieutenant, Police/Sheriff's Sergeant, Secretary A, Secretary C, Senior Attorney, Senior Clerk-Typist, Senior Personnel Representative, Senior Planner, Skilled Mechanic, Streets Maintenance Worker, Superintendent, Systems Analyst-Programmer, Telephone Operator and/or Receptionist.

**Table 2.3: Public Sector Monthly Pay in Minnesota, 1999**

	Average	Percent Difference from State	
		Unstandardized	Standardized
State of Minnesota	\$2,821	—	—
Metro Agencies Hennepin, Ramsey, Minneapolis, and St. Paul	3,609	24.7%	10.1%
Suburbs over 25,000	3,546	24.7	2.0
Suburbs 10,000-25,000	3,626	29.1	3.0
	3,517	26.7	-2.7

NOTE: Data are for large public sector employers in the Twin Cities area, based on 42 jobs common to all jurisdictions. Standardized differences are based on the occupational distribution of the state of Minnesota.

SOURCE: Legislative Auditor's Office analysis of data from DCA Stanton Group, 1999 Twin Cities Metropolitan Area Salary Survey.

**On average, state employees appear to be paid less than employees of local governments in the Twin Cities.**

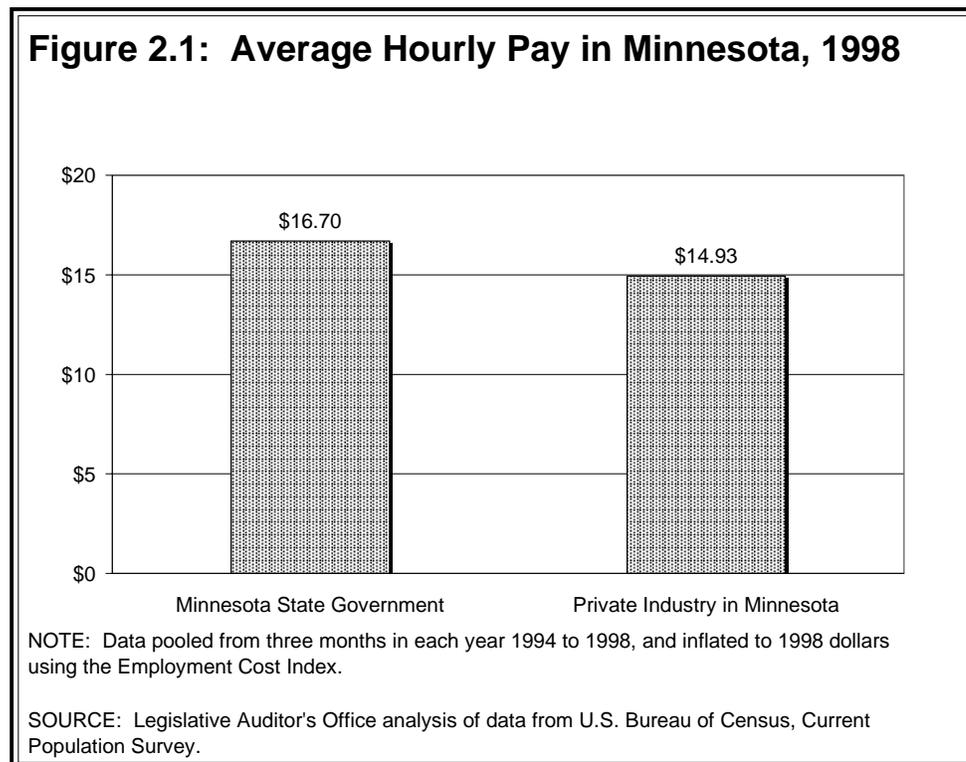
We investigated whether these comparisons reflect differences in the distribution of employees across the 42 jobs by calculating averages of monthly pay rates that are standardized on the occupational distribution of state employment in the survey data. We computed standardized averages based on the pay rates of each employer group weighted by the number of employees working for the state. Table 2.3 shows these results in the third column. State pay is still lower than three of the four groups by percentages that range from about 2 to 10 percent. State pay is about 3 percent higher than the Suburbs 10,000 to 25,000 in population. These differences are not large. However, we do not have comparative data for many state and local government jobs. A number of human resource directors we interviewed believe that many state jobs do not pay as well as jobs with government employers in the Twin Cities area. The data presented here lends some support to a conclusion that state jobs do not pay as well as comparable jobs of larger government employers in the Twin Cities area, but our finding is somewhat tentative due to a lack of comprehensive data.

### Private Sector Employees

While it is difficult to make precise comparisons of wages paid by the public and private sectors in Minnesota, a fairly clear general picture emerges from the available data. Comparing the average wages provided by the state of Minnesota to those provided by private sector employers resulted in three interrelated findings, each of which is discussed below:

- **In the aggregate, state employees are paid more than private sector employees in Minnesota.**
- **The difference in average wages is due to a difference in the types of jobs in Minnesota state government and the private sector.**
- **In comparison to the private sector, the pay scale for Minnesota state employees is compressed.**

Many analysts have observed that government employees tend to earn higher wages than those working for employers in the private sector.<sup>8</sup> This patterns holds for Minnesota as well. For example, according to data from the Current Population Survey (CPS), in 1998 state government employees in Minnesota averaged \$16.70 per hour compared to \$14.93 for private sector employees (see Figure 2.1).<sup>9</sup>



<sup>8</sup> Mark Musell and Neal Masia, "Reconciling Differences in Federal and Private Sector Pay Comparisons," *Public Budgeting and Finance*, Spring 1998: 68-77; Charles O. Kroncke and James A. Long, "Pay Comparability in State Governments," *Journal of Labor Research*, 19, no. 2 (Spring 1998): 371-385; Micheal A. Miller, "The Public-Private Pay Debate: What Do the Data Show?" *Monthly Labor Review*, May 1996: 18-29; John E. Buckley, "Pay in Private Industry and State and Local Governments, 1994," *Compensation and Working Conditions*, September 1996: 22; Dale Belman and John S. Heywood, "State and Local Government Wage Differentials: An Intrastate Analysis," *Journal of Labor Research*, XVI, no. 2 (Spring 1995): 187-201; Kristen Brunner and William A. Blazar, "Public Sector Compensation: Performance Driven? Affordable?" Prepared for the Minnesota Chamber of Commerce, January 1993; Bradley R. Braden and Stephanie L. Hyland, "Cost of Employee Compensation in Public and Private Sectors," *Monthly Labor Review*, May 1993: 14-21; Wendell Cox and Samuel Bunelli, "America's Protected Class: Why Excess Public Employee Compensation is Bankrupting the States," *The State Factor*, 18, no. 3 (February 1992): 3-31; Greg Hundley, "Public- and Private-Sector Occupational Pay Structures," *Industrial Relations*, 30, no. 3 (Fall 1991): 417-434.

<sup>9</sup> The Current Population Survey (CPS) is a nation-wide monthly survey of approximately 50,000 households conducted by the U.S. Bureau of Census. Despite the large monthly sample size, the number of interviews collected from Minnesota in a given month averages 820. We pooled data from three months in each year 1994 to 1998 in order to attain a reasonably representative number of state employees (272; for a similar use of CPS data see Kroncke and Long, "Pay Comparability in State Governments"). The CPS serves a variety of purposes, including providing estimates of employment, unemployment, and earnings (see <http://www.bls.census.gov/cps/>).

Several national studies have found that the higher average wages for government employees are due to differences in the mix of jobs in the public versus the private sector.<sup>10</sup> This pattern is also true for the state of Minnesota. We found:

- **A higher percentage of state employees work in professional occupations, and a higher percentage of private sector employees work in sales, craft, and assembly-line positions.**



Compared to Minnesota's private sector workforce, Minnesota state government employs a large proportion of professional employees.

We used data from the 1994 to 1998 CPS to compare the types of jobs held by Minnesota state workers to the types of jobs held by workers in Minnesota's private sector (see Figure 2.2).<sup>11</sup> According to the CPS, 37.5 percent of state employees work in relatively high-paid professional occupations, compared to only 12.4 percent of the private sector. In the private sector a far higher percentage of workers are employed in sales occupations (12.2 percent compared to 5.5 percent in the state), "precision production, craft and repair" occupations (11.6 percent compared to 5.5 percent of state workers), and "machine operators, assemblers, and inspectors" occupations (7.4 percent compared to 0.4 percent of state workers).

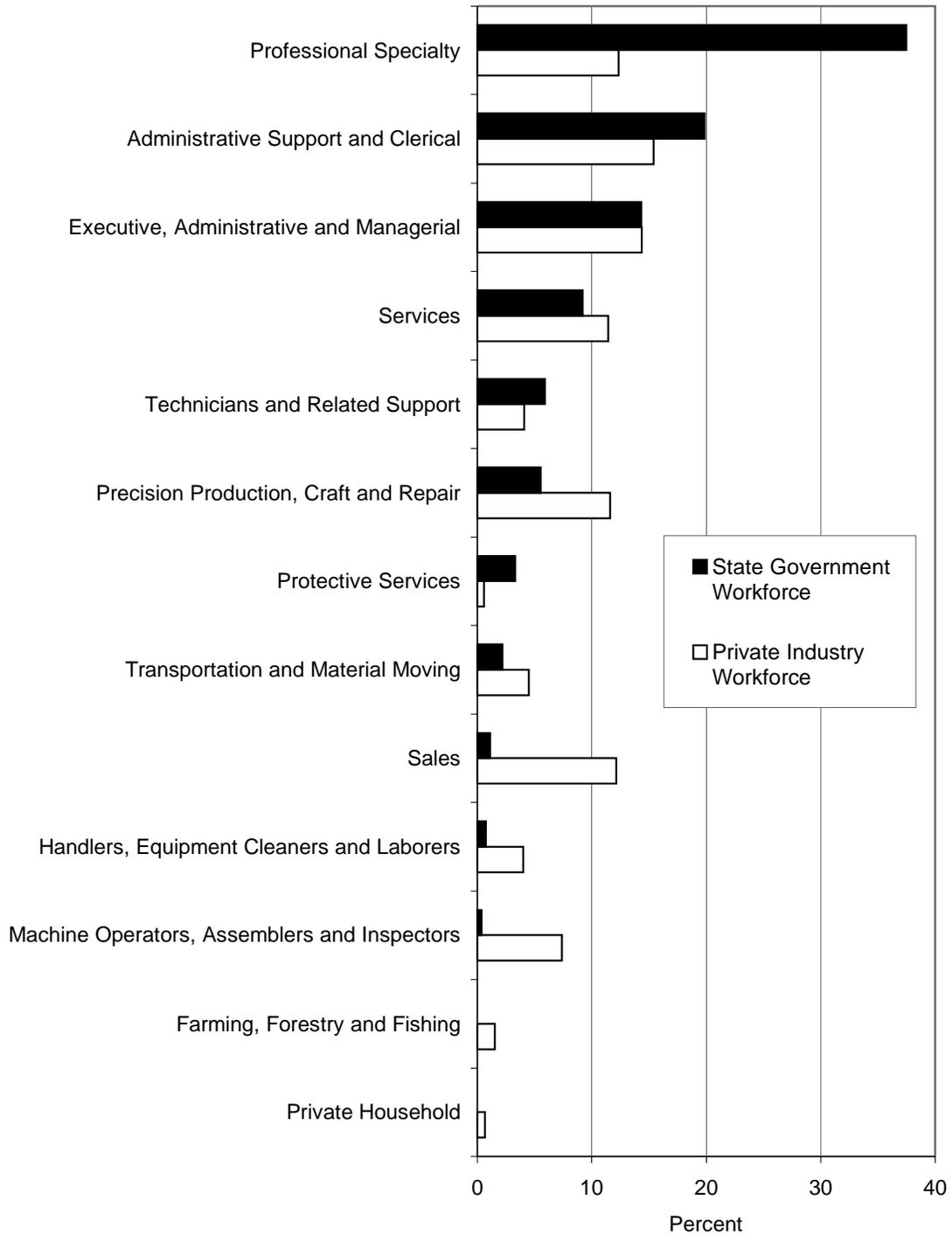
Additionally, several positions in state government, such as highway patrol officers, do not exist in private industry.

As noted above, we found that the difference in types of jobs in the public and private sectors accounts for much of the difference in average wage between the two sectors. For example, we assigned each Minnesota state employee in the 1994 to 1998 CPS data set a private sector wage based on the occupational groups represented in Figure 2.2. We then re-calculated the overall average wage for Minnesota state employees in the sample and found that it rose 3 cents per hour. This suggests that adjusting Minnesota state employee wages to match those in the private sector would have

<sup>10</sup> Musell and Masia, "Reconciling Differences in Federal and Private Sector Pay Comparisons"; Kroncke and Long, "Pay Comparability in State Governments"; Miller, "The Public-Private Pay Debate"; Buckley, "Pay in Private Industry and State and Local Governments, 1994"; Belman and Heywood, "State and Local Government Wage Differentials"; Braden and Hyland, "Cost of Employee Compensation in Public and Private Sectors"; Hundley, "Public- and Private-Sector Occupational Pay Structures."

<sup>11</sup> For a more precise indication of the number of state employees in various job categories see Appendix A.

**Figure 2.2: Occupational Distribution for State Government and Private Industry in Minnesota**



SOURCE: Legislative Auditor's Office analysis of data from U.S. Bureau of Census, Current Population Survey, 1994-98.

little overall impact on the size of the state's payroll.<sup>12</sup> However, compensating state employees at the same rate as private sector employees would change the distribution of wages within Minnesota's payroll. Lower-skilled positions would receive lower wages and higher-skilled occupations would receive a significant raise, because:

- **Lower-skilled occupations in Minnesota state government tend to receive higher wages than their counterparts in the private sector.**
- **Higher-skilled occupations in Minnesota state government tend to receive lower wages than their counterparts in the private sector.**

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**Lower-skilled positions in state government are paid relatively more, and highly-skilled positions are paid less, than in the private sector.**

As noted in the beginning of this section, we found that the wage structure in Minnesota state government follows the common pattern of "government pay scale compression."<sup>13</sup> Relative to the private sector, the state's pay scale is compressed, with higher-than-average wages at the lower end of the spectrum and relatively low wages at the upper end of the spectrum.

Table 2.4 shows a comparison of average state wages to average private sector wages for a wide range of positions.<sup>14</sup> The most dramatic differences are for guards, janitors, and general maintenance workers, all of whom average over 30 percent more as state employees than in private industry.<sup>15</sup> The table also reveals substantial state-employee premiums for a range of entry level positions, including entry-level accountants, buyers, personnel specialists, drafters, and accounting clerks.<sup>16</sup>

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*12* We repeated this analysis using data from the Minnesota Department of Employee Relations (DOER), the Bureau of Labor Statistics (BLS), and the Hay Group (see Table 2.4 and Figure 2.4, below, and accompanying text for additional use and explanation of BLS and Hay Group data). We first estimated the state's wage-related payroll for 1999 using the employee counts and average wages provided by DOER. We then substituted private sector wages based on each position's Hay rating, using BLS-derived estimates for those with ratings less than 240 (approximately 60 percent of state employees) and Hay Group-derived estimates for those with Hay ratings above 240. Finally, we estimated a salary-related payroll based on the substituted private sector average wages. Despite data limitations the results were very similar to the analysis that relied on Current Population Survey data: adjusting the salaries of Minnesota state employees to mirror private sector wages for similar jobs would increase the amount Minnesota state government pays in salaries by approximately 1 percent.

*13* Miller, "The Public-Private Pay Debate," 22-26; Hundley, "Public- and Private-Sector Occupational Pay Structures."

*14* Private sector data is from the U.S. Bureau of Labor Statistics' (BLS) Occupational Compensation Survey Program (OCSP), a stratified survey of establishments with at least 50 employees (<http://stats.bls.gov/ocshome.htm>). Due to the sophistication of sampling techniques and the role of professional field economists in BLS data collection, the OCSP is the best available data. However, note that the original data was collected in February 1996 and inflated to 1999 levels using a common wage inflator (the Employment Cost Index; see <http://stats.bls.gov/ecthome.htm>). Also note that the average wages for the private sector are from the Twin Cities, while the average state wages apply to all state of Minnesota employees around the state. We feel that this is a valid comparison because the state has one pay schedule for all employees throughout the state. Since private sector pay is lower in areas outside of the Twin Cities metropolitan area, the differences between state and private sector wages would change somewhat if wages from the entire state were available for comparison (see the section on geographic variation, below).

*15* Table 2.4 uses the Bureau of Labor Statistics' job titles; for a listing of the cross-references to the Minnesota state government job titles see: <http://www.auditor.leg.state.mn.us/ped/2000/pe0005.htm>.

*16* The available data suggest that the pay scale for engineers employed by the state of Minnesota is not compressed. The Department of Transportation indicated that this data does not reflect the experience of the department and suggested that the pay scale for engineers employed by Minnesota is compressed compared to the local market.

**Table 2.4: Average Hourly Wages, State of Minnesota and Private Sector Employees, 1999**

	Number of State Employees	Average Hourly Wage		State Wage as Percentage of Private Wage
		State	Private	
<u>Professional Occupations</u>				
Accountants				
Level I	85	\$17.47	\$14.86	118%
Level II	170	19.62	16.62	118
Level III	91	22.46	22.73	99
Level IV	27	26.27	28.05	94
Level V	8	31.12	38.50	81
Attorneys (Level III)	10	33.68	38.66	87
Engineers				
Level I	10	15.74	19.64	80
Level II	55	19.51	22.73	86
Level III	321	25.85	26.67	97
Level IV	214	30.64	32.00	96
Level V	25	39.36	37.97	104
<u>Administrative Occupations</u>				
Buyers/Contracting Specialists				
Level I	21	17.24	14.33	120
Level II	43	21.21	18.53	114
Computer Programmers				
Level I	198	16.05	17.07	94
Level II	348	19.21	18.23	105
Level III	498	23.48	20.79	113
Computer Systems Analysts (Level II)	300	27.93	27.24	103
Computer Systems Analyst Supervisors/Managers				
Level I	52	31.44	33.70	93
Level II	35	35.69	39.36	91
Personnel Specialists				
Level I	39	18.18	14.53	125
Level II	78	20.23	17.42	116
Level III	89	23.21	21.32	109
Level IV	6	25.53	28.40	90
Level V	7	29.54	35.41	83
Personnel Supervisors/Managers (Level II)	3	34.51	41.86	82
<u>Technical Occupations</u>				
Computer Operators (Level III)	31	15.67	15.52	101
Drafters (Level II)	6	18.53	15.06	123
<u>Clerical Occupations</u>				
Clerks, Accounting				
Level II	222	13.71	10.96	125
Level III	257	15.12	12.47	121
Level IV	177	16.44	13.85	119
Clerks, General				
Level I	941	11.12	9.05	123
Level II	1,603	12.86	10.04	128
Level III	1,509	14.23	11.64	122
Level IV	886	15.65	13.01	120
Personnel Clerks/Assistants (Level III)	62	15.04	13.64	110
<u>Maintenance and Toolroom Occupations</u>				
General Maintenance Workers	126	16.49	12.37	133
Maintenance Electricians	44	18.68	22.94	81
Maintenance Machinists	4	18.48	20.82	89
Maintenance Mechanics, Machinery	10	18.92	18.54	102
Motor Vehicle Mechanics	190	18.69	18.22	103
Maintenance Pipefitters	2	18.34	23.12	79
Tool and Die Makers	1	22.05	20.41	108
<u>Material Movement and Custodial Occupations</u>				
Guards (Level I)	94	12.69	8.44	150
Janitors	1,207	12.50	8.78	142

NOTE: Private sector wages have been inflated to 1999 levels using the Bureau of Labor Statistic's Employment Cost Index. The job titles above are those used by the Bureau of Labor Statistics (see <http://www.auditor.leg.state.mn.us/ped/2000/pe005.htm> for a listing of Minnesota state job titles that match to each of the above titles).

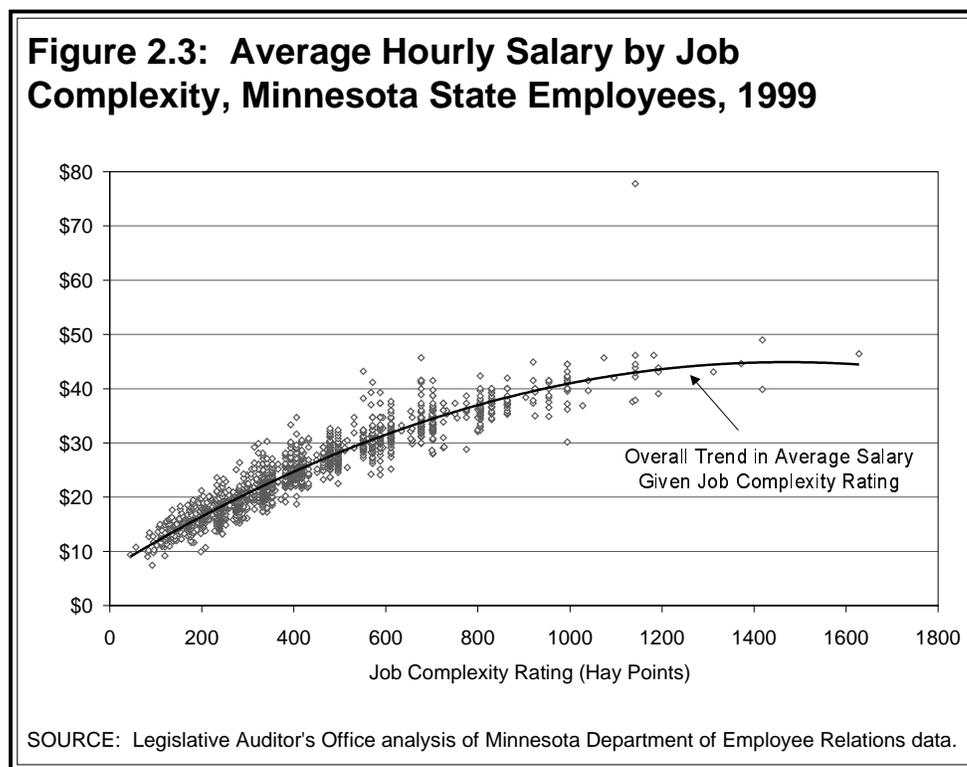
SOURCE: Legislative Auditor's Office analysis of Minnesota Department of Employee Relations data, June 1999, and Bureau of Labor Statistics, *Occupational Compensation Survey, Minneapolis-St. Paul, MN-WI, Metro Area, February 1996*, Tables A-1 through A-5.

Table 2.4 also reveals disparities at the upper end of the pay scale. For example, upper-level accountants, personnel specialists, and information technology professionals are paid approximately 10 percent more in the private sector than they are in Minnesota state government.

The general shape of Minnesota’s pay scale is illustrated in Figure 2.3, where the average pay for positions in state government is plotted according to each position’s job complexity rating (Hay points).<sup>17</sup> Obviously, there is a steady increase in average pay as the ratings increase from 50 points to around 500. Above job complexity ratings of 500 the trend starts to level off. Generally speaking, a state employee receiving a promotion from a job rated at 100 points to a job rated at 150 points would receive an increase in hourly pay of approximately \$2.39, whereas a state employee promoted from a job rated at 800 points to one rated at 850 points would receive a raise of only 99 cents.<sup>18</sup> Most state employees (97 percent) work in positions rated below 500 points and nearly 50 percent work in positions rated below 200 points.

**Nearly 73 percent of state employees work in positions rated at 300 or fewer Hay points.**

The pay scale compression illustrated in Figure 2.3 is further demonstrated in Figure 2.4, which compares the general trend in Minnesota’s salary structure to

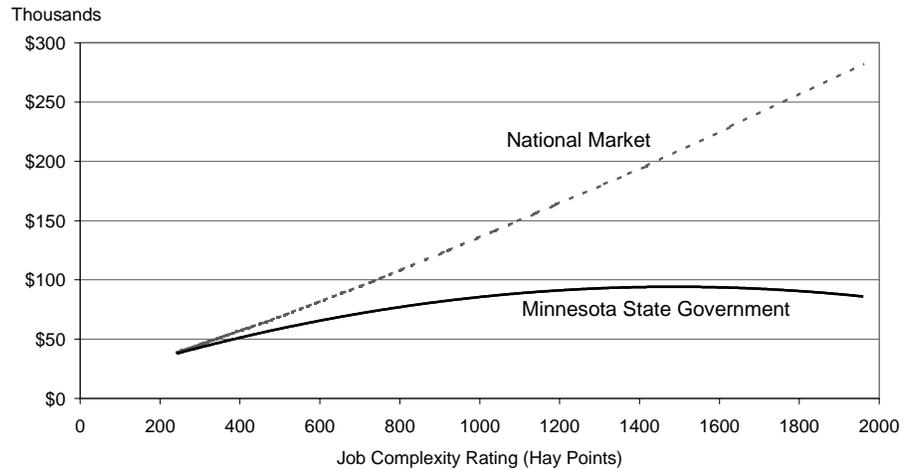


<sup>17</sup> Minnesota’s Department of Employee Relations assigns Hay ratings to nearly all positions in state government in an effort to maintain proportionality and consistency in compensation across a wide variety of job types. The ratings are based on an evaluation of the duties, responsibilities, and working conditions of each position. (For more detail on the Hay point rating system, see Chapter One of this report.)

<sup>18</sup> The comparison can also be made in terms of percentages: On average, a Minnesota state employee starting with a Hay rating of 100 and receiving a promotion equivalent to 50 percent in Hay points (to 150) would receive a 20 percent raise in salary, whereas a state employee starting in a position with a Hay rating of 800 who received a promotion equivalent to 50 percent in Hay points (to 1200) would receive a 14 percent raise.

**Private employers pay much more than the state for upper-level managerial and professional positions.**

**Figure 2.4: Average Annual Salary by Job Complexity Rating, Minnesota State Government and National Market, 1999**



SOURCE: Hay Group (National Market), Minnesota Department of Employee Relations (Minnesota State Government).

**By law, state salaries are generally capped at 85 percent of the Governor’s salary.**

that of the national market. The national market data were provided by the Hay Group and are based on the wages of employees reported by over 400 clients of the Hay Group, most of which are large private businesses. Note that Figure 2.4 compares the trendline associated with state employees in positions rated at 240 points or higher; this includes 38 percent of the state’s workforce, most of whom are in professional and managerial positions. Obviously, the disparity in salaries paid to professionals and managers in Minnesota state government versus the national market grows dramatically with increased levels of responsibility and job complexity ratings (Hay points). In reference to the earlier comparison, according to national market averages an employee receiving a job promotion from a position rated at 800 to one rated 850 points would receive a raise of \$3.34 per hour.<sup>19</sup>

In Minnesota one source of pay scale compression is *Minn. Stat.* §15A.0815, which limits the salaries of commissioners of large agencies at 85 percent of the governor’s salary and the commissioners of small agencies at 75 percent of the governor’s salary.<sup>20</sup> *Minn. Stat.* §43A.17 further restricts state employee compensation by designating the salary of the head of a state agency as “the upper limit on the salaries of individual employees in the agency” except in unique circumstances. In contrast, salaries of local government employees in Minnesota are limited to 95 percent of the governor’s salary (*Minn. Stat.* §43A.17, subd. 9).

<sup>19</sup> In this case the percentage comparison for an employee given a promotion equivalent to 50 percent in Hay points (from 800 to 1200) would result in a salary increase of nearly 53 percent according to the national market averages.

<sup>20</sup> Prior to 1997, commissioners’ salaries were set through a more cumbersome legislative process department by department, but remained below the governor’s salary.

The same limit (95 percent) was proposed for state commissioners by the Ventura administration in 1999, but was not adopted.

## Geographic Variation

As noted in Chapter 1, state employees are located in almost every county of the state. About 47 percent of state employees work outside the seven-county Twin Cities metropolitan area. This section asks:

- **How do private sector wages and salaries vary across the state of Minnesota?**
- **How does state employee pay vary across the state?**

### Wage and Salary Variation

The best information on variation in wages and salaries across Minnesota comes from the 1997 Minnesota Salary Survey carried out by the Minnesota Department of Economic Security (MDES) in coordination with the United States Department of Labor.<sup>21</sup> The 1997 survey covers non-agricultural establishments with five or more employees.<sup>22</sup>

Looking at the MDES salary data, it is clear that:

- **Pay varies considerably around the state. On average, wages are highest in the Twin Cities area.**
- **Duluth, Rochester, and St. Cloud have relatively high pay for outstate metropolitan areas, but are still 11 to 16 percent below the Twin Cities average.**
- **Pay for the non-metropolitan balance of the state is even lower, around 19 percent below the Twin Cities area average.**

Table 2.5 compares the average salary in the Minneapolis-St. Paul metropolitan area to salaries in six outstate metropolitan areas and the non-metropolitan balance of the state.<sup>23</sup> The table is based on the 50 most common jobs in Minnesota, as reported by the Minnesota Department of Economic Security

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**In general, wages in outstate Minnesota are 15 to 20 percent below those for similar positions in the Twin Cities area.**

<sup>21</sup> The 1997 Minnesota Salary Survey is a product of the Occupational Employment Statistics (OES) Wage Survey, a federally-directed program carried out by the Minnesota Department of Economic Security (MDES) Research and Statistics Office. The data we use come from an MDES bulletin dated May 1999.

<sup>22</sup> The 1997 report includes data from 1996 and 1997. The combined 1996 and 1997 sample was 15,054 employers from whom 11,527 responses were obtained, a rate of 76.6 percent.

<sup>23</sup> Several Minnesota metropolitan areas include one or more non-Minnesota counties. We were unable to obtain Minnesota-only data. However the percent of population and jobs in the non-Minnesota part of the Twin Cities metropolitan area is too small to materially affect the analysis and conclusions. The combined population of Pierce and St. Croix counties in Wisconsin is 3 percent of the Twin Cities metropolitan area population.

(MDES).<sup>24</sup> We grouped the jobs into seven occupational categories, and computed averages for each category for sake of comparison. Table 2.5 presents the average wage for employees in the Minneapolis-St. Paul area and percent

**Table 2.5: Regional Variation in Pay in Minnesota, 1996-97**

Occupation Type	Percent Difference from Minneapolis-St. Paul Average Wage						
	Minneapolis-St. Paul	Duluth-Superior	Fargo-Moorhead	Grand Forks	Rochester	St. Cloud	Non-Metro Balance of the State
Clerical and Administrative Support Staff	\$11.96	-15.5%	-17.6%	-20.5%	-4.9%	-15.6%	-17.9%
Professional, Paraprofessional, and Technical	21.84	-13.0	-21.2	-35.1	5.3	-19.3	-20.6
Sales Related	12.31	-30.4	-13.2	-26.6	-25.8	-21.0	-23.5
Service	7.74	-11.8	-14.3	-10.8	-1.6	-8.3	-10.1
Managerial and Administrative	31.59	-29.8	-15.2	-24.5	-20.5	-30.1	-27.8
Production, Construction, Operating, and Maintenance	13.73	-6.4	-15.0	-21.3	-14.4	-14.6	-20.0
Agricultural, Forestry, and Fishing	10.28	-19.1	-13.1	-15.8	-6.8	-12.9	-18.4
<b>Overall Average</b>	<b>\$14.60</b>	<b>\$11.57</b>	<b>\$11.35</b>	<b>\$9.93</b>	<b>\$12.31</b>	<b>\$11.10</b>	<b>\$10.79</b>
Unstandardized Difference	--	-20.4%	-19.2%	-28.2%	-9.5%	-21.2%	-23.1%
Standardized Difference	--	-16.2	-17.3	-20.6	-11.2	-15.3	-18.6

NOTE: The table is based on the 50 most common jobs in Minnesota; however, average wages for various jobs were not reported for areas other than Minneapolis-St. Paul. Percent differences are based on average wages for only those jobs with complete data in a given area. Standardized differences are based on the occupational distribution of the Minneapolis-St. Paul metropolitan area.

SOURCE: Legislative Auditor's Office analysis of data from Minnesota Department of Economic Security, *1997 Minnesota Salary Survey*.

<sup>24</sup> Minnesota Department of Economic Security, *1997 Salary Survey*. The 50 occupations are grouped as follows: *Clerical and Administrative Support Occupations*: General Office Clerks, Secretaries (except legal and medical), Receptionists and Information Clerks, Clerks (Bookkeeping, Accounting, and Auditing), Order Clerks (Materials, Merchandise, and Service), First-Line Supervisors and Managers/Supervisors (Clerical and Administrative Support Workers), Clerks (Shipping, Receiving, and Traffic), Stock Clerks (Stockroom, Warehouse, or Storage Yard), Adjustment Clerks; *Professional, Paraprofessional, and Technical Occupations*: Registered Nurses, Licensed Practical Nurses, Physicians and Surgeons, Secondary School Teachers, Elementary School Teachers, Paraprofessional Teacher's Aide, Accountants and Auditors, Electronic Data Processing Systems Analysts, Computer Programmers, Social Workers (except Medical and Psychiatric); *Sales and Related Occupations*: Retail Salespersons, Cashiers, Sales Floor Stock Clerks, Sales Representatives, Sales Representatives for Scientific and Related Products and Services, First-Line Supervisors and Managers/Supervisors (Sales and Related Workers); *Service Occupations*: Waiters and Waitresses, Restaurant Cooks, Food Preparation Workers, Combined Food Preparation and Service Workers, Bartenders, Janitors and Cleaners, Maids and Housekeeping Cleaners, Medical Service (Nursing Aides, Orderlies, and Attendants), Home Health Aides, Amusement and Recreation Attendants, Guards and Watch Guards; *Managerial and Administrative Occupations*: General Managers and Top Executives, Financial Managers, Managers (Marketing, Advertising, and Public Relations); *Production, Construction, Operating, Maintenance, and Material Handling Occupations*: First-Line Supervisors and Managers/Supervisors (Production and Operating Workers), Light Truck Drivers, Heavy or Tractor Trailer Truck Drivers, School Bus Drivers, Assemblers and Fabricators (except Machine, Electrical, Electronic, and Precision), General Utility Maintenance Repairers, Automotive Mechanics, Hand Packers and Packers, Carpenters, Electricians; *Agricultural, Forestry, Fishing, and Related Occupations*: Landscaping and Groundskeeping Laborers.

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**Outside the Twin Cities area, wages are highest in Rochester.**

differences from Minneapolis-St. Paul wages for each of the other areas.<sup>25</sup> The table also presents an overall average, weighted by the number of employees working in each job, for each area. Throughout the table salary averages are presented in bold type and deviations from the Minneapolis-St. Paul metropolitan area average are in regular type.

As Table 2.5 shows, wages and salaries are consistently highest in the Minneapolis-St. Paul metropolitan area. The overall average salary for the 50 jobs in the Minneapolis-St. Paul metropolitan area is \$14.60. The average is \$11.57 in Duluth, about 20 percent lower than the Twin Cities average, \$12.31 in Rochester, about 9.5 percent lower, and \$11.10 in St. Cloud, about 21 percent below the Twin Cities average. Average wages are even lower in the Grand Forks area and the nonmetropolitan balance of the state.

Wages are highest in the Twin Cities area in each of the seven occupational categories as well. For example, clerical and administrative jobs pay an average of \$11.96 in the Twin Cities, and are 5 to 20 percent below this level in the other areas shown. With only one exception, wages are lower outside the Twin Cities area for each job category, usually by double-digit percentages.

The weighted averages discussed above reflect not only rates of pay, but also the distribution of employment across jobs with varying pay rates. Even if there were no differences between two areas in the rate of pay for each job, one area could have a higher average wage if it had a concentration of workers in high-paying jobs. For this reason, we calculated standardized averages for each area applying the occupational distribution of the Twin Cities area to the pay rates of each outstate area. We found a pattern very similar to the pattern for the unstandardized averages.<sup>26</sup> As shown in the bottom row of Table 2.5, the standardized averages range from about 11 percent below the Twin Cities in Rochester to nearly 21 percent below in the Grand Forks area. This means that the sizeable geographic variation in pay across Minnesota is not due differences in the occupational distribution, but to actual differences in local pay rates.

### **Variation in State Employee Salaries**

Having determined the approximate statewide variation in pay for a representative sample of Minnesota's employers, we sought to learn how state government salaries vary. State salaries are set by statewide salary schedules that result from collective bargaining with the representatives of statewide bargaining units. While statewide salary schedules are used in Minnesota state government employment, there still can be *de facto* variation in salaries across the state because of several factors: the salary step at which people are hired can vary, seniority on the job can vary, and the mix of jobs can vary.

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<sup>25</sup> Averages for the outstate metropolitan areas are shown as percentage differences from the Minneapolis-St. Paul metropolitan area average. The averages on which the differences are calculated are not always based on all 50 jobs, since not all metropolitan areas have employment in each job. All differences are based on the set of jobs that each metropolitan area shares with the Minneapolis-St. Paul area.

<sup>26</sup> We also compared medians and found little difference between means and medians.

We compared state jobs around Minnesota, both between the Twin Cities area and the balance of the state and for several metropolitan areas. We found:

- **There is some variation in state government salaries between the Twin Cities area and the balance of the state, but it is significantly less than the variation in pay for Minnesota employers as a whole.**

Table 2.6 shows that Twin Cities average salaries for state employees are somewhat higher than outstate salaries: \$19.44 for workers in the seven-county Twin Cities area compared to \$17.02 for state employees in the rest of the state. This represents a difference of about 12 percent, however much of the difference is due to a difference in the occupational distribution between the Twin Cities area and the balance of the state. If outstate rates are applied to the Twin Cities area occupational distribution, the outstate average is \$18.63 per hour compared to \$19.44 per hour for the Twin Cities area, or 4.1 percent less. This is much less than the 11 to 21 percent variation in the standardized averages shown in Table 2.5.<sup>27</sup>

**Wages of Minnesota state employees are set through statewide schedules, resulting in very little geographic variation.**

**Table 2.6: Variation in Average State Employee Wages, Twin Cities and Outstate Minnesota, 1999**

	Number of Employees	Average Hourly Wage	Percent Difference from Twin Cities Average
Twin Cities Area	22,326	\$19.44	—
Outstate Minnesota	17,275	17.02	-12.5%
Outstate Minnesota with Twin Cities' Occupational Distribution	17,275	18.63	-4.1

SOURCE: Legislative Auditor's Office analysis of Minnesota Department of Employee Relations data.

Finally, we looked at how state employee salaries vary across several outstate metropolitan areas. As Table 2.7 shows, pay for state jobs is highest in the Twin Cities area, but pay in Rochester, St. Cloud, Duluth, and the balance of the state is quite close.<sup>28</sup> Holding the differences in occupational distributions constant, we found about a 5 to 7 percent difference between the Twin Cities and outstate metropolitan areas and the non-metropolitan balance of the state.<sup>29</sup> This compares to significantly greater variation for labor market rates in the broader economy, as we saw in Table 2.5.

<sup>27</sup> It would be nice to make a direct comparison using the same geographic areas, but this is not possible using the MDES data.

<sup>28</sup> The average pay for the Twin Cities area differs somewhat from the amount in Table 2.6 because fewer job comparisons were possible when looking at pay across individual metropolitan areas.

<sup>29</sup> Again, we held the occupational distribution constant by applying the pay rates of each geographic area to the occupational distribution of the Twin Cities area.

**Table 2.7: Regional Variation in Average State Employee Wages, Minnesota Metro Areas, 1999**

MSA (County)	Number of Employees	Average	Percent Difference from Twin Cities	Standardized	
				Average	Percent Difference from Twin Cities
Twin Cities (7 County Area)	19,034	\$19.11	—	\$19.11	—
Rochester (Olmsted)	688	18.00	-5.8%	18.08	-5.4%
St. Cloud (Stearns and Benton)	1,028	16.58	-13.3	17.98	-5.9
Duluth (St. Louis)	1,666	16.49	-13.7	17.88	-6.5
Balance of Minnesota	11,834	17.00	-11.0	18.11	-5.2

NOTE: Standardized averages and percent differences are based on the occupational distribution of Minnesota state employees in the Twin Cities.

SOURCE: Legislative Auditor's Office analysis of Minnesota Department of Employee Relations data.

**Adjustment of Salaries by Location**

**Most of the large private employers we contacted vary pay by location.**

Our findings on geographic differences in wages and salaries across the state raise a question about whether the state can or should adopt a policy of adjusting salaries according to measures of regional employment costs. To evaluate the feasibility of varying pay, we contacted nine large private companies operating in Minnesota, five states, and the federal government. We found:

- **Eight of the nine private companies adjust pay across the geographic regions in which they operate.**

A number of the companies operate nationwide and only vary salaries in different states. However, five of the eight companies use different salary schedules within Minnesota. Most of these use two or three different schedules within the state.

We also contacted Illinois, Iowa, Michigan, and Wisconsin and found:

- **None of the Midwestern states we contacted varies state employee salaries by region.**

Iowa has a provision in law that allows state agencies to request premium pay in certain cases, but the option has not been used. Two states, Illinois and Wisconsin, have experienced recruitment problems in their large metropolitan areas, but the other states report no problems. We also determined that at least one state, New York, does vary pay by region. New York has two independent ways of dealing with regional pay differences: (1) location pay is negotiated with unions and (2) the New York Department of Civil Service can adjust pay by county in response to hiring and retention problems.

The federal government has varied pay by region since 1994 using the employment cost index calculated by the Bureau of Labor Statistics. For white-collar jobs, the federal government pays 7.92 percent over its base schedule

for the Twin Cities area and 5.87 percent for the remainder of the state.<sup>30</sup> There are 157 pay plans nationwide.

Under Minnesota's present system of statewide bargaining units, regional variation in pay is unlikely to be achieved through collective bargaining. Before the early 1980s when there was a different system of bargaining units in Minnesota, some geographic variation in compensation for the same job could be negotiated.

One goal of Minnesota's compensation policy is to offer employee compensation that is competitive with the compensation offered by competing employers. Statewide salary schedules make this difficult to achieve. While a system as large as state government cannot be expected to match private sector pay in every location, the example of large private companies and the federal government suggest that some adjustment could be implemented if desired.

## Faculty at Minnesota State Colleges and Universities

We looked at faculty in the Minnesota State Colleges and University (MnSCU) system separately from other occupations.<sup>31</sup> We did so for three reasons: (1) MnSCU faculty are a significant proportion of state employees, (2) faculty in higher education have work contracts and schedules that make hourly wage comparisons difficult, and (3) there is a separate system of salary surveys for faculty in higher education.<sup>32</sup>

We obtained institution-by-institution average salaries from MnSCU and compared them to the average salaries in nationwide salary surveys for similar institutions. We found:

- **In general, full-time faculty at MnSCU's four year institutions are paid very near the national average for similar institutions.**

Full-time faculty at MnSCU's four year institutions are employed in jobs ranging from instructor to tenured full professor. The average salaries paid to each of these ranks are very near the national averages for comparable institutions, and very near the average for a sub-set of Midwestern states (Illinois, Indiana, Iowa, Michigan, and Wisconsin) as Table 2.8 shows. Salaries for full-time faculty at the four year institutions are set through the collective bargaining process between the Inter Faculty Organization and MnSCU. The salary schedule is uniform throughout the state and for the different academic disciplines.

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<sup>30</sup> Blue collar jobs are similarly adjusted but on a different schedule.

<sup>31</sup> Faculty employed by the University of Minnesota are outside the scope of this study.

<sup>32</sup> Two national salary surveys are used in the following comparisons. The first is the survey conducted by the American Association of University Professors (AAUP), published annually in the March-April edition of the Journal *Academe*. The second source is the Integrated Postsecondary Education Data System's (IPEDS) Faculty Salaries Survey (see [http://nces.ed.gov/IpedS/faculty\\_salaries.html](http://nces.ed.gov/IpedS/faculty_salaries.html)). IPEDS is a program of the U.S. Department of Education's National Center for Educational Statistics. Both the AAUP and the IPEDS provide similar data and very comparable average salaries, however the AAUP survey provides more timely data, while the IPEDS data allow more targeted comparisons.

**Table 2.8: Average Salaries, Faculty at MnSCU Four Year Institutions, FY1999**

	<u>Professor</u>	<u>Associate</u>	<u>Assistant</u>	<u>Instructor</u>	<u>All Ranks</u>	<u>Part-Time/ Adjunct</u>
Bemidji	\$58,655	\$46,944	\$40,120	\$29,685	\$47,131	\$30,610
Mankato	61,075	52,983	42,979	31,810	51,699	31,936
Metropolitan	60,971	51,455	44,668	31,996	50,898	39,044
Moorhead	59,321	48,443	40,864	30,489	46,536	27,468
Southwest	61,916	50,818	41,456	31,524	49,078	31,386
St. Cloud	59,755	49,453	42,159	31,818	50,153	35,882
Winona	<u>60,552</u>	<u>48,747</u>	<u>40,462</u>	<u>30,924</u>	<u>49,832</u>	<u>36,061</u>
<b>All MnSCU Four Year</b>	<b>\$60,143</b>	<b>\$50,023</b>	<b>\$41,722</b>	<b>\$31,052</b>	<b>\$49,528</b>	<b>\$35,384</b>
National Average	\$61,369	\$49,706	\$41,114	\$31,883	\$49,196	—
Five Midwestern States	61,046	49,232	41,554	—	49,141	—

NOTE: All figures are for full-time, tenure-track appointments, except part-time/adjunct. Part-time averages are annualized base salaries. National and Midwestern states averages include only public, non-doctoral four year institutions.

SOURCE: MnSCU, American Association of University Professors (national averages), Legislative Auditor's Office analysis of Integrated Postsecondary Educational Data System data (Midwestern states).

We made similar comparisons between faculty at MnSCU's two year institutions, and found:

- **On average, full-time faculty at MnSCU's two year institutions are paid above the national average for similar institutions.**

**On average, MnSCU faculty are paid at or slightly above national and regional averages for similar institutions.**

According to the annual salary survey produced by the U.S. Department of Education's Integrated Postsecondary Education Data System, the national average salary for faculty at two year institutions is \$43,234. This is over \$2,500 per year less than the average at MnSCU's two year institutions (\$46,096). However, Minnesota's average salary is slightly below the average of \$46,784 for a sub-set of Midwestern states (Illinois, Indiana, Iowa, Michigan, and Wisconsin) as shown in Table 2.9.

Faculty at the technical colleges are covered by the United Technical College Educators (UTCE) collective bargaining agreement, faculty at community colleges are covered by the Minnesota Community College Faculty Association (MCCFA) agreement, and faculty at the consolidated community and technical colleges are divided between the two plans according to academic discipline (see Table 2.9). Although the salary schedules of the two agreements include comparable dollar ranges, full-time faculty covered by the MCCFA agreement averaged \$51,401 in fiscal year 1999, compared to \$42,651 for full-time faculty under the UTCE plan. According to MnSCU, the difference is largely due to seniority, with full-time MCCFA faculty tending to stay in their positions far longer than faculty covered by the UTCE plan.

- **MnSCU's two year institutions rely heavily on part-time and adjunct faculty.**

**Table 2.9: Average Salaries, Faculty at MnSCU Two Year Institutions, FY1999**

	Full-Time	(Percent Full-Time)	Part-Time (Annualized Base Salaries)
<u>Technical Colleges<sup>a</sup></u>			
Alexandria Technical College	\$45,425	(72%)	\$34,612
Anoka-Hennepin Technical College	44,150	(84)	33,710
Dakota County Technical College	44,560	(78)	33,108
Hennepin Technical College	44,632	(93)	35,652
Northwest Technical College	38,233	(74)	30,782
Pine Technical College	38,002	(49)	35,620
South Central Technical College	41,416	(76)	31,071
Southeast Technical College	45,529	(72)	29,021
St. Cloud Technical College	43,906	(71)	31,658
St. Paul Technical College	45,998	(80)	34,218
<u>Community Colleges<sup>b</sup></u>			
Anoka-Ramsey Community College	52,280	(47)	33,177
Fergus Falls Community College	47,717	(36)	32,827
Fond du Lac Tribal and Community College	45,900	(46)	32,164
Inver Hills Community College	52,083	(38)	34,515
Itasca Community College	51,763	(51)	33,714
Normandale Community College	53,466	(57)	34,979
North Hennepin Community College	52,733	(41)	35,483
Rainy River Community College	49,387	(58)	31,916
<u>Consolidated Community and Technical Colleges<sup>c</sup></u>			
Central Lakes Community and Technical College	44,502	(65)	33,372
Century College	48,734	(53)	36,213
Hibbing Community College	47,526	(61)	32,233
Lake Superior College	45,028	(55)	34,297
Laurentian District Community and Technical College	48,409	(62)	34,556
Minneapolis Community and Technical College	48,536	(39)	32,936
Minnesota West Community and Technical College	42,970	(56)	33,865
Northland Community and Technical College	42,543	(77)	32,817
Ridgewater College	43,256	(63)	30,291
Riverland Community College	45,158	(59)	31,624
Rochester Community and Technical College	48,469	(51)	33,403
<b>All MnSCU Two-Year Institutions</b>	<b>46,096</b>	<b>(60)</b>	<b>33,529</b>
UTCE Faculty	42,651	(72)	33,319
MCCFA Faculty	51,401	(47)	33,648
National Average	\$43,234	--	--
Five Midwestern States	46,784	--	--

NOTE: Average salaries include both tenure-track and fixed-term appointments. Part-time averages are annualized base salaries. National and Midwestern states averages include only public two-year institutions.

<sup>a</sup>Faculty covered by the United Technical College Educators (UTCE) collective bargaining agreement.

<sup>b</sup>Faculty covered by the Minnesota Community College Faculty Association (MCCFA) agreement.

<sup>c</sup>Faculty covered by either UTCE or MCCFA, depending on discipline.

SOURCE: MnSCU, Legislative Auditor's Office analysis of Integrated Postsecondary Educational Data System data (national and Midwestern states averages).

Part-time and adjunct appointments make up 40 percent of all faculty appointments at MnSCU's two year institutions, including over 50 percent of those covered by the MCCFA agreement. By comparison part-time faculty make up only 14 percent of all appointments at MnSCU's four year institutions.<sup>33</sup>

## EMPLOYEE BENEFITS

**We compared the employee benefits offered by Minnesota state government to those offered by other employers nationally.**

Employee benefits are an important part of total employee compensation. Traditionally government jobs have offered better benefits than jobs in the private sector.<sup>34</sup> However, there has been a significant extension of benefits offered by private employers in recent decades.<sup>35</sup>

This section asks:

- **What types of benefits are offered to state employees?**
- **How do the benefits offered by the state of Minnesota compare to benefits offered by public and private employers nationally?**
- **What is the cost of benefits provided by the state of Minnesota? What percentage of total compensation is provided in the form of benefits? How does that compare to other employers?**

In general we found that the state of Minnesota offers benefits that are comparable in scope and cost to benefits offered by other government employers and larger private employers. A higher percentage of state employees receive certain benefits than private sector employees, but employees of medium and larger private firms are likely to receive a package of benefits similar to those provided by the state. We also found that the amount spent by the state of Minnesota on employee benefits, both as a percentage of total compensation and in dollars per employee-hour, is similar to the national average for state and local governments. Minnesota spends more on employee benefits than the average private sector

<sup>33</sup> Nearly half of all appointments (48%) at Metropolitan State are part-time appointments. The second highest usage of part-time faculty among four year institutions is at Southwest State, where part-time appointments make up 16% of all appointments. According to the American Association of University Professors, the proportion of MnSCU's faculty appointments that are part-time is very close to the proportion of part-time appointments in higher education nationally (see American Association of University Professors, "The Status of Non-Tenure-Track Faculty" (Washington DC, June 1993); <http://www.aaup.org/Rbnonten.htm>; accessed November 15, 1999).

<sup>34</sup> For example, by 1962 all Minnesota state employees under 65 were eligible for health insurance, which was only offered to 62-63 percent of office and plant workers in metropolitan areas nationally during the period 1960-61 (Dean E. Clabaugh, *Fringe Benefits in State Government Employment* (Chicago: Council of State Governments, August 1962); William J. Wiatrowski, "Family-Related Benefits in the Workplace," *Monthly Labor Review*, March 1990: 28-33). By 1968 the state of Minnesota's health insurance included catastrophic medical coverage, which was only offered to 73 percent of office workers and 40 percent of plant workers in 1965-66 (Leo F. Kennedy, *Fringe Benefits in State Government Employment* (Chicago: Council of State Governments, May 1968); Wiatrowski, "Family-Related Benefits").

<sup>35</sup> The proportion of total compensation comprised of benefits grew from 18.3 percent in 1959 to 33.8 percent in 1998 for private production workers; for all private workers the proportion grew from 19.2 percent in 1966 to 27.7 percent in 1998 (William J. Wiatrowski, "Tracking Changes in Benefit Costs," *Compensation and Working Conditions*, Spring 1999: 32-37).

employer, but the costs are very comparable to those paid by larger private employers.

Unfortunately, there is less comparative data available on benefits than there is on salaries. Therefore, it is generally necessary to compare Minnesota state employee benefits to national averages. However, before making any comparisons we provide a brief outline of the benefits received by Minnesota state employees.

## Minnesota Employee Benefits

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**Minnesota offers a package of benefits that includes insurance, retirement, and paid leave.**

Full-time employees of the state of Minnesota receive the following basic and optional benefits:

- Insurance, including basic health, dental, and life insurance, as well as optional life and disability insurance;
- Retirement and pre-tax savings programs; and
- Paid leave, including holidays, vacation, and sick leave.

All full-time employees receive health, dental, and life insurance. Employees may elect dependent health, dental, and life insurance. In addition, the state offers optional accidental death and dismemberment insurance, short- and long-term disability insurance, and additional employee life insurance.

Most state of Minnesota employees participate in a retirement program that automatically sets aside 4 percent of gross salary in a tax-deferred account, matched by an equal contribution from the state.<sup>36</sup> The state also offers pre-tax benefit accounts, including health and dental premium accounts that allow payment of insurance premiums with pre-tax dollars; dependent care expense accounts; and medical/dental expense accounts. Additionally, the state offers an employee assistance program and a health promotion program. Of course, the state offers vacation, sick leave, and paid holidays.

## Benefit Incidence

This section presents national data on the rate at which employees in different sectors are covered by various benefits, including a comparison of the average number of days of paid leave. Table 2.10 presents data from the Bureau of Labor Statistics' Employee Benefits Survey, comparing benefit coverage for employees of state and local governments, small private establishments, and medium and

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<sup>36</sup> This is the General Employees Retirement Plan. There are other plans covering small employee groups, such as the Correctional Employee Retirement Plan and the State Employees Retirement Plan, with larger employee and employer contributions.

large establishments across the nation.<sup>37</sup> As discussed in the previous section, the state of Minnesota offers nearly all types of benefits listed in Table 2.10 to full-time employees, although some are optional. Table 2.10 shows:

- **Nationally, government employees are more likely than private employees to receive most types of employee benefits.**

**Table 2.10: Full-Time Employees Receiving Selected Benefits**

	State and Local Governments, 1994			Small Private Establishments, 1996	Medium and Large Private Establishments, 1997
	All Full-Time	White-Collar, Except Teachers	Blue-Collar and Service	All Full-Time	All Full-Time
<b>Paid Time Off</b>					
Holiday	73%	86%	91%	80%	89%
Vacations	66	84	91	86	95
Personal Leave	38	30	31	14	20
Funeral Leave	62	59	70	51	81
Jury Duty Leave	94	94	93	59	87
Military Leave	75	80	82	18	47
Sick Leave	94	93	94	50	56
Family Leave	4	4	6	2	2
<b>Unpaid Time Off</b>					
Family Leave	93	93	90	48	93
Insurance					
Short-Term Disability	95	94	96	29	55
Long-Term Disability	30	31	23	22	43
Medical Care	87	89	86	64	76
Dental Care	62	62	66	31	59
Life	87	87	87	62	87
<b>Retirement</b>					
All Retirement	96	96	95	46	79
Defined Benefit	91	90	91	15	50
Defined Contribution	9	10	9	38	57
Savings & Thrift	2	3	2	23	39
Deferred Profit Sharing	-	-	-	12	13
Employee Stock Ownership	-	-	-	1	4
Money Purchase Pension	7	7	7	4	8
<b>Tax Deferred Earnings Arrangements</b>					
With Employer Contributions	7	8	8	24	46
Without Employer Contributions	17	18	16	4	9

NOTE: Small establishments are those with fewer than 100 employees. Medium and large establishments are those with at least 100 employees.

SOURCE: U.S. Department of Labor, Bureau of Labor Statistics, *Employee Benefits in State and Local Governments, 1994*, May 1996 (Bulletin 2477); *Employee Benefits in Small Private Establishments, 1996*, April 1999 (Bulletin 2507); *Employee Benefits in Medium and Large Private Establishments, 1997*, September 1999 (Bulletin 2517).

<sup>37</sup> The Bureau of Labor Statistics' (BLS) Employee Benefits Survey is a large representative survey of public and private non-farm establishments. The data for medium and large private establishments are based on a national sample of 1,945 establishments yielding 10,172 occupational observations. The data for small private establishments are based on a sample of 2,202 establishments yielding 5,378 occupational observations. The data for state and local governments are based on a sample of 860 establishments, yielding 4,680 occupational observations. For more details see the individual bulletins (2477, 2507, and 2517) and the BLS website (<http://stats.bls.gov/ebshome.htm>).

The data presented in Table 2.10 pertains to slightly different years, so comparisons should be made cautiously.<sup>38</sup> Additionally, some benefits are optional and therefore percentages are somewhat influenced by the number of employees electing to participate.<sup>39</sup> Despite these limitations, the table suggests a distinctly higher rate of benefit coverage in the public sector as opposed to the private sector. However, the rate of benefit coverage for those working at establishments with 100 or more employees is much higher than the rates for those employed by smaller establishments. The table shows that 80 percent or more of all employees of all types of establishments received paid holidays and vacations.<sup>40</sup> Ninety-four percent of government employees but only 50 to 56 percent of private employees received paid sick leave. Eighty-seven percent of government employees but only 76 percent of employees of medium and large private establishments and 64 percent of employees of small establishments received medical insurance coverage.<sup>41</sup> Over 95 percent of government employees but only 79 percent of medium and large private employees and 62 percent of small private employees were covered by retirement plans. In sum, while state and local government employees are more likely to receive most benefits than are private sector employees, employees of larger private establishments are more likely to receive benefits than are employees of smaller private establishments.

### **Paid Leave**

The Bureau of Labor Statistics' Employee Benefits Survey includes national data on days of paid leave for employees of various sectors. We compared the national data to the paid leave provisions of the various employment plans in Minnesota state government and found:

- **Minnesota state employees, like government employees nationally, receive more paid holidays, vacation days, and paid sick leave than employees of private companies.**

Minnesota employees receive 11 paid holidays per year, compared to the national averages of 9.3 days for employees in medium and large private establishments, 7.6 days for employees in small private establishments, and 11.5 days for all state and local government employees (see Table 2.11).

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**Minnesota state employees accrue 24 days of paid holiday and vacation in their first year compared to national private sector averages of 16 to 19 days.**

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<sup>38</sup> The data are also subject to a sampling error of about 1.5 to 2.6 percentage points for government employers. Standard errors are not provided for the small and medium and large private employers but the sample size for these groups is much larger than the government employer sample, and sampling error should be smaller.

<sup>39</sup> Obviously, no government employers can offer stock ownership or profit sharing benefits, although a few tie employee bonuses to budget savings.

<sup>40</sup> Percentages of full-time employees receiving paid holidays and vacations are depressed due to the inclusion of teachers. Teachers are also somewhat less likely than other government employees to receive military leave (61 percent compared to around 80 percent for non-teachers).

<sup>41</sup> Medium and large employers have over 100 workers.

**Table 2.11: Average Days of Paid Annual Leave After Specified Years of Employment**

	Minnesota	National Sample		
		State and Local Governments	Small Private Establishments	Medium and Large Private Establishments
Paid Holidays	11.0	11.5	7.6	9.3
Paid Vacation Days				
1 Year	13.0	12.3	8.1	9.6
3 Years	13.0	13.5	10.2	11.5
5 Years	16.3	15.3	11.9	13.8
10 Years	22.8	18.3	13.9	16.9
15 Years	24.4	20.3	14.8	18.8
20 Years	26.0	21.9	15.4	20.3
25 Years	27.6	22.6	15.7	21.5
30 Years	29.3	-	-	21.7
Paid Days of Sick Leave				
1 Year	13.0	13.2	8.0	11.2
3 Years	13.0	13.7	8.7	13.0
5 Years	13.0	13.8	9.5	15.2
10 Years	13.0	13.9	10.3	17.6
15 Years	13.0	14.0	10.5	18.8
20 Years	13.0	14.0	10.8	20.5
25 Years	13.0	-	10.9	21.1

SOURCE: Data for Minnesota are from collective bargaining agreements and employment plans covering most state employees, including those represented by AFSCME, MAPE, MGEC, MLEA, MMA, MNA, SRSEA, and most employees covered by the Commissioner's Plan and the Secretary of State's Compensation Plan. National data are from the U.S. Department of Labor, Bureau of Labor Statistics, *Employee Benefits in State and Local Governments, 1994*, May 1996 (Bulletin 2477); *Employee Benefits in Small Private Establishments, 1996*, April 1999 (Bulletin 2507); *Employee Benefits in Medium and Large Private Establishments, 1997*, September 1999 (Bulletin 2517).

The vast majority of Minnesota state employees accumulate 13 days of vacation in their first year of employment with the state.<sup>42</sup> This is similar to the average of 12.3 days received by employees of state and local governments nationally. However, Minnesota's starting level of paid vacation days is not typically matched by an employee of a medium or large private establishment until nearly 5 years of employment, and not until nearly 10 years of employment for an employee of a small private establishment. Minnesota state employees are given over 24 days of paid vacation by their 15<sup>th</sup> year, whereas employees of private establishments average 14.8 to 20.3 days. Vacation accumulation goes up to 29.25 days per year after 30 years of state employment, but only reaches 21.7 days per year in medium and large private establishments.

Nearly all Minnesota state employees accrue sick leave at the rate of 13 sick days per year regardless of years of service.<sup>43</sup> This is slightly lower than the 13.2 to 14 days per year received by state and local government employees nationally, but more than that of employees of small private establishments. On average,

<sup>42</sup> This rate of vacation accumulation applies only to the state of Minnesota employees noted in Table 2.11. Vacation accumulation is higher for employees in several other groups. For example, MnSCU administrators and employees of the Attorney General's Office receive more vacation days at the start of state employment, between 16.5 days and 22 days depending on the plan.

<sup>43</sup> Minnesota State College and University faculty accrue 15 to 20 sick days in their first year, but accrue only 8 to 10 days every year thereafter.

employees of medium and large private establishments start with 11.2 sick days, but this number increases to 21.1 after 25 years of experience.

## Benefit Cost

In this section we provide comparative data on the cost of employee benefits. The cost to employers of providing benefits is not necessarily equal to the value of benefits to employees; we do not attempt to measure the value of benefits to employees or analyze the issues involved in providing different types of benefits. The state has important choices to make in what types of benefits to offer and what degree of choice to offer employees, but these topics merit another study.

When we compared data on the costs of benefits for Minnesota state employees to national data on government and private company employees, we found:

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**We compared the cost of benefits paid by the state to benefit costs of other employers.**

- **Public employers nationally offer greater employee benefits than private employers measured either in dollars or as a percentage of total compensation.**
- **The state of Minnesota offers a benefit package that, measured by cost, is generally equal to or better than benefits offered by other states, other public employers in Minnesota, and private and public employers nationally.**

The Bureau of Labor Statistics (BLS) publishes data on the employer cost of employee compensation, including both wage and salary costs and benefit costs, in its annual Employer Costs for Employer Compensation series.<sup>44</sup> BLS compiles estimates for benefit categories including retirement, paid leave, and insurance, as well as legally required employee-paid benefits such as social security, unemployment insurance, and workers' compensation.

Comparing benefit costs among employers is difficult because average wages differ among employers and some costs are calculated as a percent of wages or salary.<sup>45</sup> For example, the cost of paid leave, retirement, and social security are a function of wage rates. Government employees in general and Minnesota state employees in particular are more highly paid than employees of private companies. As a consequence, the dollar value of benefits is higher for government employees than for private employees. One way around the problem of comparing benefits of groups with different average wages is to look at the percentage of total compensation accounted for by benefits.

Tables 2.12, 2.13, and 2.14 present a detailed look at average benefit costs for three categories of employees: private employees nationally, state and local government employees nationally, and Minnesota state employees.<sup>46</sup> First,

<sup>44</sup> See <http://stats.bls.gov/news.release/ecec.toc.htm>; accessed October 4, 1999.

<sup>45</sup> Sectoral variations in occupational distribution also complicate the comparison of employee benefits. See Bradley R. Braden and Stephanie L. Hyland, "Cost of Employee Compensation in Public and Private Sectors," *Monthly Labor Review* (May 1993): 14-21.

<sup>46</sup> Small differences between the various sectors should be interpreted with caution since all figures are subject to sampling and non-sampling errors, and because the composition of the workforce across employers and the level of compensation varies.

**Table 2.12: Employer Costs per Employee Hour, National Averages, 1999**

	All Private Employers		State and Local Government	
	Amount	Percent	Amount	Percent
Total Compensation	\$19.00	100.0%	\$28.00	100.0%
Wages and Salary	13.87	73.0	19.78	70.6
<b>Total Benefits</b>	<b>5.13</b>	<b>27.0</b>	<b>8.22</b>	<b>29.4</b>
<b>Paid Leave</b>	<b>1.20</b>	<b>6.3</b>	<b>2.17</b>	<b>7.8</b>
Vacation	0.59	3.1	0.74	2.6
Holiday	0.41	2.2	0.71	2.5
Sick	0.14	0.7	0.55	2.0
Other	0.05	0.3	0.17	0.6
<b>Supplemental Pay</b>	<b>0.55</b>	<b>2.9</b>	<b>0.24</b>	<b>0.9</b>
Premium	0.23	1.2	0.11	0.4
Shift Differentials	0.05	0.3	0.06	0.2
Nonproduction Bonuses	0.28	1.5	0.07	0.2
<b>Insurance</b>	<b>1.13</b>	<b>5.9</b>	<b>2.22</b>	<b>7.9</b>
Life	0.04	0.2	0.05	0.2
Health	1.03	5.4	2.12	7.6
Short-Term Disability	0.04	0.2	0.02	0.1
Long-Term Disability	0.03	0.1	0.03	0.1
<b>Retirement and Savings</b>	<b>0.57</b>	<b>3.0</b>	<b>1.91</b>	<b>6.8</b>
Defined Benefit	0.25	1.3	1.73	6.2
Defined Contribution	0.32	1.7	0.18	0.6
<b>Legally Required Benefits</b>	<b>1.65</b>	<b>8.7</b>	<b>1.64</b>	<b>5.9</b>
Social Security	1.16	6.1	1.31	4.7
OASDI	0.93	4.9	1.01	3.6
Medicare	0.23	1.2	0.29	1.0
Federal Unemployment Insurance	0.03	0.2	--	--
State Unemployment Insurance	0.10	0.5	0.03	0.1
Workers' Compensation	0.36	1.9	0.30	1.1
<b>Other Benefits</b>	<b>0.03</b>	<b>0.2</b>	<b>0.04</b>	<b>0.1</b>

NOTE: "Premium" includes additional pay for work outside of regular hours (overtime, weekends, and holidays). "Other Benefits" include severance pay and supplemental unemployment benefits.

SOURCE: U.S. Department of Labor, Bureau of Labor Statistics, *Employer Costs for Employee Compensation, March 1999*.

Table 2.12 compares the benefit costs of private employers with those of state and local government employers. State and local governments pay 29.4 percent of total compensation in the form of benefits compared to 27 percent for private employers. The only benefit categories where private employers pay a greater percentage than public employers are supplementary pay, such as premium pay and bonuses, and legally required benefits including social security and workers' compensation.

Larger private employers pay higher wages and better benefits than medium or small private employers. Table 2.13 shows benefit costs for three size categories of private employers. Total compensation goes from \$16.27 for employers with 1 to 99 workers to \$18.14 for employers with 100 to 499 employees, and \$26.37 for employers with 500 or more workers. Benefits are 24.5 percent, 27.4 percent, and

**Table 2.13: Employer Costs per Employee Hour, Private Industry by Size of Establishment, 1999**

	1 to 99 Employees		100 to 499 Employees		500+ Employees	
	Amount	Percent	Amount	Percent	Amount	Percent
Total Compensation	\$16.27	100.0%	\$18.14	100.0%	\$26.37	100.0%
Wages and Salary	12.29	75.5	13.17	72.6	18.37	69.7
Total Benefits	3.98	24.5	4.97	27.4	8.00	30.3
<b>Paid Leave</b>	<b>0.83</b>	<b>5.1</b>	<b>1.11</b>	<b>6.1</b>	<b>2.15</b>	<b>8.2</b>
Vacation	0.40	0.2	0.55	3.0	1.09	4.1
Holiday	0.30	0.8	0.38	2.1	0.71	2.7
Sick	0.10	0.6	0.14	0.8	0.25	0.9
Other	0.03	0.2	0.05	0.3	0.10	0.4
<b>Supplemental Pay</b>	<b>0.40</b>	<b>2.5</b>	<b>0.58</b>	<b>3.2</b>	<b>0.87</b>	<b>3.3</b>
Premium	0.16	1.0	0.25	1.4	0.35	1.3
Shift Differentials	--	--	0.05	0.3	0.13	0.5
Nonproduction Bonuses	0.23	1.4	0.28	1.5	0.39	1.5
<b>Insurance</b>	<b>0.84</b>	<b>5.2</b>	<b>1.12</b>	<b>6.2</b>	<b>1.83</b>	<b>6.9</b>
Life	0.03	0.2	0.04	0.2	0.07	0.3
Health	0.77	4.7	1.01	5.6	1.64	6.2
Short-Term Disability	0.02	0.1	0.04	0.2	0.07	0.3
Long-Term Disability	0.02	0.1	0.02	0.1	0.05	0.2
<b>Retirement and Savings</b>	<b>0.39</b>	<b>2.4</b>	<b>0.53</b>	<b>2.9</b>	<b>1.05</b>	<b>4.0</b>
Defined Benefit	0.14	0.9	0.21	1.2	0.55	2.1
Defined Contribution	0.25	1.5	0.32	1.8	0.50	1.9
<b>Legally Required Benefits</b>	<b>1.51</b>	<b>9.3</b>	<b>1.62</b>	<b>8.9</b>	<b>2.01</b>	<b>7.6</b>
Social Security	1.02	6.3	1.10	6.1	1.54	5.8
OASDI	0.83	5.1	0.89	4.9	1.23	4.7
Medicare	0.20	1.2	0.22	1.2	0.31	1.2
Federal Unemployment Insurance	0.03	0.2	0.03	0.2	0.03	0.1
State Unemployment Insurance	0.10	0.6	0.11	0.6	0.10	0.4
Workers' Compensation	0.35	2.2	0.38	2.1	0.34	1.3
<b>Other Benefits</b>	<b>0.00</b>	<b>0.0</b>	<b>0.02</b>	<b>0.1</b>	<b>0.09</b>	<b>0.3</b>

NOTE: "Premium" includes additional pay for work outside of regular hours (overtime, weekends, and holidays). "Other Benefits" include severance pay and supplemental unemployment benefits.

SOURCE: U.S. Department of Labor, Bureau of Labor Statistics, *Employer Costs for Employee Compensation, March 1999*.

30.3 percent of compensation for small, medium, and large employers respectively. Since the state of Minnesota is a large employer it should probably be compared to the largest category of private employers.<sup>47</sup>

Finally, Minnesota state employee compensation, both wages and benefits, compare quite closely to the average for state and local government employers nationally, as shown in Table 2.14.<sup>48</sup> Total compensation figured on an hourly

<sup>47</sup> Thirteen state departments employ over 500 workers. Together these departments employ over 90 percent of state employees.

<sup>48</sup> We compiled data from the Minnesota state payroll system (SEMA4) to derive the costs listed in Table 2.14. SEMA4 does not provide information for a detailed breakdown of insurance, retirement, or social security costs. However, for the state of Minnesota health insurance, including dental insurance, represents over 90 percent of employer-paid insurance costs; nearly all retirement benefits are in the form of defined benefits; and the old-age, survivors, and disability insurance (OASDI) portion of social security is roughly 4.5 percent.

**Table 2.14: Employer Costs per Employee Hour, State and Local Governments Nationally and Minnesota State Government, 1999**

	State and Local Government		Minnesota State Government	
	Amount	Percent	Amount	Percent
Total Compensation	\$28.00	100.0%	\$28.44	100.0%
Wages and Salary	19.78	70.6	19.55	68.7
<b>Total Benefits</b>	<b>8.22</b>	<b>29.4</b>	<b>8.89</b>	<b>31.3</b>
<b>Paid Leave</b>	<b>2.17</b>	<b>7.8</b>	<b>2.63</b>	<b>9.3</b>
Vacation	0.74	2.6	1.32	4.6
Holiday	0.71	2.5	0.71	2.5
Sick	0.55	2.0	0.59	2.1
Other	0.17	0.6	0.02	0.1
<b>Supplemental Pay</b>	<b>0.24</b>	<b>0.9</b>	<b>0.52</b>	<b>1.8</b>
Premium	0.11	0.4	0.40	1.4
Shift Differentials	0.06	0.2	0.06	0.2
Nonproduction Bonuses	0.07	0.2	0.05	0.2
<b>Insurance</b>	<b>2.22</b>	<b>7.9</b>	<b>2.27</b>	<b>8.0</b>
<b>Retirement and Savings</b>	<b>1.91</b>	<b>6.8</b>	<b>1.24</b>	<b>4.4</b>
<b>Legally Required Benefits</b>	<b>1.64</b>	<b>5.9</b>	<b>1.92</b>	<b>6.8</b>
Social Security	1.31	4.7	1.66	5.8
State Unemployment Insurance	0.03	0.1	0.05	0.2
Workers' Compensation	0.30	1.1	0.21	0.7
<b>Other Benefits</b>	<b>0.04</b>	<b>0.1</b>	<b>0.31</b>	<b>1.1</b>

NOTE: "Premium" includes additional pay for work outside of regular hours (overtime, weekends, and holidays). "Other Benefits" include severance pay and supplemental unemployment benefits.

SOURCE: U.S. Department of Labor, Bureau of Labor Statistics, *Employer Costs for Employee Compensation, March 1999*; Legislative Auditor's Office analysis of data from the state of Minnesota's payroll system (SEMA4).

basis is \$28.44 in Minnesota state government and \$28.00 per hour for state and local government employers nationally. Minnesota state employee benefits are 31.3 percent of total compensation compared to 29.4 percent for state and local government employers nationally. Note that this proportion is very similar to the 30.3 percent of total compensation paid in the form of benefits by large private employers (see Table 2.13). In sum, the data show:

- **The cost of benefits paid by the state of Minnesota is comparable to the cost of benefits paid by large private employers nationally and state and local government employers nationally.**

We also compared the costs of specific benefits offered by the state of Minnesota to the costs of similar benefits in other state governments.<sup>49</sup> We found that employer-paid health insurance costs for Minnesota rank relatively high: 6<sup>th</sup> highest of 33 reporting states for family medical coverage and 2<sup>nd</sup> highest of 15 reporting states for family dental coverage. However, Minnesota's current contribution to state employee retirement, 4 percent of gross salary, ranks 31<sup>st</sup> of 33 reporting states.

<sup>49</sup> These comparisons were made using data from the 1998 Central States Fringe Benefits Survey.

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**The state of Minnesota pays higher health insurance premiums, but lower retirement contributions, than many other public employers.**

We also compared the health and dental insurance payments made by the state of Minnesota to large public employers in the Twin Cities, the city of Duluth, and St. Louis and Olmsted counties. State health and dental insurance payments are above average for the 20 public employers for which we have data.<sup>50</sup> The state of Minnesota pays \$195 to \$203 per month for individual health and dental insurance and about \$462 to \$470 per month for family coverage. This amount is higher than most metropolitan agencies, metropolitan and larger outstate counties, and larger municipal governments in the Twin Cities area.

## SUMMARY

This chapter has presented various comparisons of Minnesota state employee compensation to compensation provided by other private and public employers. On average, the state of Minnesota tends to pay higher wages than other states. But Minnesota employs fewer workers than most other state governments and this may affect the comparison. Minnesota state government pays a higher average hourly wage than the private sector because government employment contains a higher percentage of professional employees and fewer production, sales, and assembly workers.

When specific job categories are compared, we found that Minnesota follows the national pattern of government pay scale compression by paying higher wages to entry-level and lower-skilled positions, and lower wages to upper-level professional and managerial employees. Thus, there are significant differences between many state salaries and market rates. However, the data suggest that if all state jobs were paid at rates comparable to the private sector, the state's payroll would not change greatly.

There is significant variation in pay around the state. Pay in the Twin Cities area is approximately 20 percent higher than in most other metropolitan areas and in the nonmetropolitan balance of the state. In contrast, state government employees are paid according to statewide salary schedules, and while there is some geographic variation in state salaries, it is much less than wages and salaries in general. Many private employers and some public employers, including the federal government, vary pay rates according to regional differences in employee compensation costs.

Minnesota employee benefits total approximately 31 percent of total employee compensation. This is about the same as government employers and large private employers nationally, but distinctly more than paid by most private employers. Minnesota provides vacation, sick leave, and holiday benefits that are competitive with other public employers and higher than private employers.

As we will see in the next chapter, employee compensation is one of several factors that human resources staff in state agencies believe are responsible for problems in recruitment and retention of employees.

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<sup>50</sup> The source of this information is the 1999 Stanton and Associates benefits survey.

# Recruitment and Retention

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## SUMMARY

*Most state agencies have experienced some recruitment and retention problems over the past two years, particularly in information technology, office administration, and accounting jobs. Agency human resource directors generally attribute these problems to the current labor market, not to inadequate compensation. To help solve recruitment and retention problems, human resource directors believe the Department of Employee Relations should simplify the selection and hiring process of employees. They also believe DOER should improve and expand its recruitment efforts.*

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**T**his chapter addresses the following questions:

- Which state jobs are currently hard to fill?
- To what extent is low employee compensation responsible for recruitment and retention problems?
- What do state human resource professionals recommend as solutions to recruitment and retention problems?

To answer these questions, we surveyed human resource directors from 34 state agencies.<sup>1</sup> All agencies responded to the survey.<sup>2</sup> We also spoke with several state human resource directors, as well as representatives from the Department of Employee Relations.

## CURRENT RECRUITMENT AND RETENTION PROBLEMS

Human resource directors, responsible for employee recruitment and retention in state agencies, have knowledge about hiring and compensation problems for the

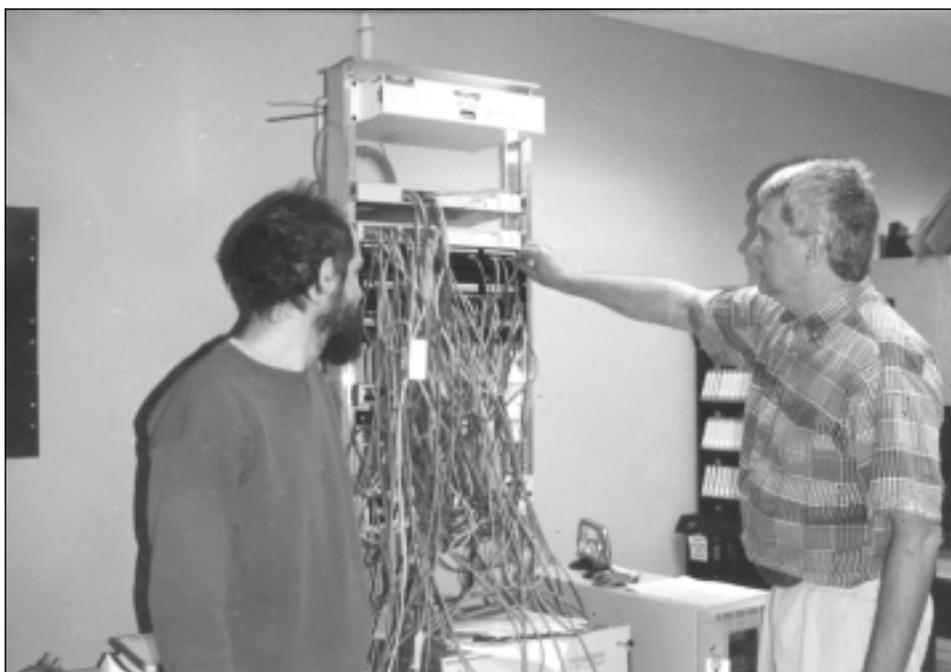
<sup>1</sup> The 34 state agencies we surveyed are: Administration; Agriculture; Attorney General; Children, Families, and Learning; Commerce; Corrections; Economic Security; Employee Relations; Environmental Assistance; Finance; Health; Housing Finance; Human Rights; Human Services; Labor and Industry; Lottery; MnSCU; Mediation Services; Military Affairs; Minnesota State Retirement System; Natural Resources; Planning; Pollution Control; Public Employment Retirement Association; Public Safety; Public Service; Revenue; Secretary of State; State Auditor; Teacher Retirement Association; Trade and Economic Development, Transportation; Veterans Affairs; and the Zoo.

<sup>2</sup> The complete survey can be found on our website at <http://www.auditor.leg.state.mn.us/ped/2000/pe0005.htm>.

job classes used in their agencies. In some cases, these officials are responsible for large human resource divisions with employees in various locations around the state. We surveyed human resource directors in 34 state agencies to identify current recruitment and retention problems. According to our survey of state agency human resource directors:

- **Nearly all state agencies have experienced employee recruitment and/or retention problems over the past two years.**

Of the 34 state agency human resource directors we surveyed, only 3 reported that they have not had any problems recruiting and/or retaining employees in the last two years. Agencies that experienced difficulties reported problems in various types of jobs.



Human resource directors report problems recruiting and retaining employees in information technology positions.

As explained in Chapter 1, the Minnesota Department of Employee Relations (DOER) groups the more than 2,200 state employee classifications into 39 broad employment categories called “career families.” (See Appendix A for a complete description of the career families.)<sup>3</sup> According to our survey, human resource directors reported problems recruiting and/or retaining employees in 31 of these career families. Three career families presented the greatest problems. As shown in Table 3.1:

- **The most frequently-reported recruitment and retention problems are in information technology, office administration, and accounting careers.**

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<sup>3</sup> A description of DOER’s career families can also be found on their website at <http://www.doer.state.mn.us/stf-bln/familydef.htm>.

Over 70 percent of state agency human resource directors reported problems recruiting and/or retaining employees in information technology positions. Another 59 percent reported recruitment and/or retention problems in office administration positions, and 47 percent in accounting positions.

**Table 3.1: State Agency Recruitment and Retention Problems**

Career Family	Human Resource Directors Reporting Recruitment/Retention Problems	
	Number	Percent
Information Technology	24	70.6%
Office Administration	20	58.8
Accounting, Auditing, and Financial	16	47.1
Human Resource Management	6	17.6
Planning, Research, and Analysis	6	17.6
Building and Construction	4	11.8
Education and Teaching	4	11.8
Executive Leadership	4	11.8
Natural Resource and Environmental	4	11.8
Facilities Operation and Maintenance	3	8.8
Industrial Safety and Regulation	3	8.8
Protective Service	3	8.8
Electronic Installation and Maintenance	2	5.9
Engineering, Architecture, and Appraisal	2	5.9
Food and Personal Service	2	5.9
Laboratory Sciences	2	5.9
Library and Information Resource	2	5.9
Loans and Grants	2	5.9
Manufacturing and Equipment Operation	2	5.9
Other <sup>a</sup>	2	5.9
Agriculture	1	2.9
Commerce	1	2.9
Corrections	1	2.9
Human Services and Development	1	2.9
Law	1	2.9
Medical, Dental, and Nursing	1	2.9
Printing and Graphic Arts	1	2.9
Psychology and Counseling	1	2.9
Public Relations and Marketing	1	2.9
Transportation Operations and Regulation	1	2.9
Diversity and Equal Employment Opportunity	0	0.0
Economic Development	0	0.0
Economic Security	0	0.0
Insurance and Benefits	0	0.0
Public Health	0	0.0
Purchasing and Administrative Services	0	0.0
Rehabilitation Therapy	0	0.0
Revenue and Gaming Regulation	0	0.0

NOTE: We surveyed 34 state agencies, all of which responded to the survey. Three agencies reported no recruitment and/or retention problems.

<sup>a</sup>“Other” refers to work not elsewhere classified in the career family system.

SOURCE: Legislative Auditor’s Office Survey of Human Resource Directors, 1999.

We asked human resource directors what they thought were the reasons behind their current recruitment and/or retention problems. According to our survey:

- **The reason most frequently cited for current recruitment and retention problems is an insufficient labor pool with the needed skills or experience.**

The current labor market is extremely tight. Unemployment is at its lowest rate in over two decades. While low unemployment is a national phenomenon, Minnesota's labor market appears particularly tough. In 1999, the average annual employment rate nationally was 4.2; in Minnesota, the average was 2.5.<sup>4</sup> State human resource directors reported that an insufficient labor pool was the principal reason for recruitment and/or retention problems in information technology, office administration, and accounting careers. Inadequate salaries or compensation appeared as a significant problem only in the area of information technology.

## Information Technology

**Mid- and higher-level information technology positions are difficult to fill.**

As noted, a large proportion of state agency human resource directors reported problems recruiting and/or retaining employees in information technology positions. As shown in Table 3.2, the specific classifications presenting the greatest problem are Information Technology Specialist positions.<sup>5</sup> While human resource directors have had problems recruiting and/or retaining employees for all levels, they have experienced much greater difficulty filling mid- and higher-level positions. Additionally, state agencies have had problems finding information technology specialists with specific experience in programming, networks, operating systems, and database applications. These problems exist even after a salary modification, adopted in early 1998, made it easier for information

**Table 3.2: Information Technology Recruitment/Retention Problems**

Problem Classifications	Human Resource Directors Reporting Problem (N=24)	
	Number	Percent
Information Technology Specialist 4	18	75.0%
Information Technology Specialist 3	18	75.0
Information Technology Specialist 2	12	50.0
Information Technology Specialist 5	10	41.7
Information Technology Specialist 1	9	37.5

SOURCE: Legislative Auditor's Office Survey of Human Resource Directors, 1999.

<sup>4</sup> Minnesota Department of Economic Security and U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics, Minnesota, 1999; [www.des.state.mn.us/lmi/laus/minn.htm](http://www.des.state.mn.us/lmi/laus/minn.htm); accessed January 25, 2000.

<sup>5</sup> The Information Technology Specialist series has five levels, with one being the entry level position and five the highest level position. As of September 1999, the state employed a total of 1,447 individuals in the Information Technology Specialist series.

technology employees to receive promotions, discretionary salary increases, and hiring incentives of up to \$5,000.<sup>6</sup>

When asked what the reasons are for the information technology recruitment and/or retention problems, over 70 percent of human resource directors cited an insufficient labor pool with the necessary skills or experience needed for the position (see Table 3.3). Another 58 percent think that inadequate compensation contributes to the recruitment/retention problem.

**Table 3.3: Reasons for Information Technology Recruitment/Retention Problems**

Reasons	Human Resource Directors Reporting Reason (N=24)	
	Number	Percent
Insufficient labor pool with needed skills/experience	17	70.8%
Inadequate pay/compensation	14	58.3
Inadequate benefits (especially bonuses)	5	20.8
Retention issues	5	20.8

SOURCE: Legislative Auditor's Office Survey of Human Resource Directors, 1999.

Some of the comments we received from human resource directors include:

“We continue to have difficulty finding sufficient numbers of qualified candidates...and we continue to lose current staff to outside businesses.”

“[There is a] shortage of applicants with needed skills and a lack of interest on the part of qualified candidates. Qualified candidates often are not interested in the state’s compensation for these positions.”

“[We are] unable to retain employees after making costly investments in training.”

“Too much outside competition is able to pay \$5,000 to \$10,000 more than we can. We can only keep the couple of positions we have filled for about 1 to 1-1/2 years before they move on to more money.”

“Salaries in the private sector continue to grow and the labor pool continues to decline.”

## Office Administration

Nearly 59 percent of human resource directors reported recruitment and/or retention problems in office administration (clerical) positions. Human resource directors have had the most problems recruiting/retaining employees in the Office

<sup>6</sup> See the *Salary Administration Policy for Employees in Information Technology Classes* at <http://www.doer.state.mn.us/lr-salary/i-t-adtl/sal-plcy.htm> for more information.

and Administration Specialist series.<sup>7</sup> Unlike information technology careers, however, lower-level positions have been more difficult to fill than higher levels (see Table 3.4).

**Table 3.4: Office Administration Recruitment/Retention Problems**

Problem Classifications	Human Resource Directors Reporting Problem (N=19)	
	Number	Percent
Office and Administration Specialist	11	57.9%
Office and Administration Specialist Intermediate	9	47.4
Office and Administration Specialist Senior	8	42.1
Office and Administration Specialist Principal	7	36.8
Office Specialist	5	26.3

SOURCE: Legislative Auditor's Office Survey of Human Resource Directors, 1999.

**Lower-level office administration positions and all levels of accounting are also difficult to fill.**

As shown in Table 3.5, nearly 85 percent of human resource directors believe that an insufficient labor pool with the needed skills or experience is the reason for office administration recruitment and/or retention problems. Twenty-six percent reported that the long and complex recruiting, exam, and hiring process has contributed to their recruitment/retention problems.<sup>8</sup> Another 26 percent cited the lack of inexpensive parking as a problem, and 21 percent noted inadequate compensation.<sup>9</sup>

**Table 3.5: Reasons for Office Administration Recruitment/Retention Problems**

Reasons	Human Resource Directors Reporting Reason (N=19)	
	Number	Percent
Insufficient labor pool with needed skills/experience	16	84.2%
Long and complex recruiting/exam/hiring process	5	26.3
Parking	5	26.3
Inadequate pay/compensation	4	21.1

SOURCE: Legislative Auditor's Office Survey of Human Resource Directors, 1999.

<sup>7</sup> The Office and Administration Specialist series has four levels: Office and Administration Specialist (the entry level position), Office and Administration Specialist Intermediate, Office and Administration Specialist Senior, and Office and Administration Specialist Principal (the highest level position). As of September 1999, the state employed a total of 4,232 individuals in the Office and Administration Specialist series.

<sup>8</sup> The exam process is discussed in more detail later in this chapter.

<sup>9</sup> Parking costs are high in certain areas. Until 1997, state law required state agencies to charge employees for parking (see *Minn. Laws* (1984), ch. 544, sec. 65). According to a 1998 DOER survey of state agencies, boards, councils, and task forces (n=84): 65.5 percent of respondents offered no parking subsidy, 13.1 percent offered a partial subsidy, and 21.4 percent offered a full subsidy. However, those offering a full subsidy were largely boards and councils. Cross-referencing the DOER survey with those 34 state agencies from our survey: 61.8 percent (21 agencies) offered no parking subsidy, 23.5 percent (8 agencies) offered a partial subsidy, and 5.9 percent (2 agencies) offered a full subsidy (3 agencies in our survey did not respond to the DOER survey).

Among the comments from human resource directors:

“An insufficient labor pool is the primary reason for recruitment problems experienced in the office and administrative specialist series.”

“A labor shortage and insufficient skill levels of eligible candidates...are problems.”

“An insufficient labor pool is available to us. [There is an] inability to recruit from the public at higher levels; at lower levels, [there are] insufficient skills.”

“Seventy percent of people on [eligible state employment] lists are not interested in interviewing, 20 percent of the other 30 percent don’t show up for interviews, [and] the last 10 percent decline offers based on downtown parking costs.”<sup>10</sup>

## Accounting

Forty-seven percent of human resource directors reported recruitment and/or retention problems in accounting careers, and they mentioned all levels of accounting positions as presenting recruitment and retention problems. As shown in Table 3.6, an equal number of human resource directors reported problems filling entry-level positions (Accounting Officer), mid-level positions (Accounting Officer Intermediate), and high-level positions (Accounting Officer Senior).<sup>11</sup>

**Table 3.6: Accounting Recruitment/Retention Problems**

Problem Classifications	Human Resource Directors Reporting Problem (N=14)	
	Number	Percent
Accounting Officer	6	42.9%
Accounting Officer Intermediate	6	42.9
Accounting Officer Senior	6	42.9

SOURCE: Legislative Auditor’s Office Survey of Human Resource Directors, 1999.

As in the case of information technology and office administration positions, human resource directors believe that an insufficient labor pool with the needed skills and experience is the principal reason for the recruitment/retention problems in accounting positions (see Table 3.7). However, many (50 percent) also think that the long and complex recruiting, exam, and hiring process associated with filling accounting positions is an important factor. Roughly one-third of human resource directors attributed the recruitment/retention problems to inadequate salaries.

<sup>10</sup> State eligibility lists are discussed in more detail later in this chapter.

<sup>11</sup> As of September 1999, the state employed a total of 255 individuals in the Accounting Officer series.

**Table 3.7: Reasons for Accounting Recruitment/Retention Problems**

Reasons	Human Resource Directors Reporting Reason (N=14)	
	Number	Percent
Insufficient labor pool with needed skills/experience	8	57.1%
Long and complex recruiting/exam/hiring process	7	50.0
Inadequate pay/compensation	4	28.6

SOURCE: Legislative Auditor's Office Survey of Human Resource Directors, 1999.

Comments from human resource directors reflect these views:

“[There is an] insufficient labor pool...[and] a lack of professional experience.”

“Outside candidates lack government accounting knowledge [and] require extensive training.”

“[The] long, complex exam process results in a loss of qualified applicants. People coming out of colleges can't wait for the state to get people on the list.”

“[The] job application process is ridiculously long and complex. Candidates are unwilling to take a written test and wait for test results before being interviewed. Jobs are too readily available elsewhere.”

**Agency human resource directors say that the state's selection and hiring process should be simplified and recruitment efforts improved.**

## SUGGESTIONS FOR CHANGE

Our survey asked human resource directors to identify potential solutions to their recruitment and retention problems. We specifically asked for suggestions directed toward the Department of Employee Relations and the Legislature. Although human resource directors identified numerous suggestions for how DOER and the Legislature could help solve current recruitment and/or retention problems, most suggested more significant changes for DOER (see Tables 3.8 and 3.9). The suggestions for change most frequently reported by human resource directors are simplifying the selection and hiring process and improving recruitment. While we did not independently examine these suggestions, we generally agree with them.

### Selection and Hiring

Human resource directors are strongly dissatisfied with the current hiring process. As explained in Chapter 1, agencies to which DOER has delegated hiring authority can administer the testing, examination, and hiring process for their

**Table 3.8: Suggestions for the Department of Employee Relations**

Suggestions	Human Resource Directors Reporting Suggestion (N=30)	
	Number	Percent
Simplify the selection and hiring process	22	73.3%
Improve recruitment efforts	15	50.0
Move salaries toward levels comparable to private industry and respond better to the market	10	33.3

SOURCE: Legislative Auditor's Office Survey of Human Resource Directors, 1999.

**Table 3.9: Suggestions for the Legislature**

Suggestions	Human Resource Directors Reporting Suggestion (N=20)	
	Number	Percent
Increase flexibility in compensation	6	30.0%
Simplify the selection and hiring process	5	25.0
Revise Chapter 43.A	5	25.0

SOURCE: Legislative Auditor's Office Survey of Human Resource Directors, 1999.

**DOER administers the testing, examination, and hiring process for many statewide classifications.**

agency-specific classes. However, for many statewide classifications (such as entry level office administration and accounting positions) DOER administers the testing/examination/hiring process. According to the human resource directors we surveyed, this process can takes weeks or months to complete.<sup>12</sup>

For example, an individual with an accounting degree seeking an entry-level accounting position in a given agency needs to go through several steps. If a potential employee responds to the recruiting efforts of a specific agency, that prospective candidate would first need to fill out a state employment application and submit it to DOER. DOER would then administer the testing process (which could be anything from scoring the application based on skills and experience to administering a written test on a specific date to the applicant). After calculating a score from the testing process, DOER would place the names of those applicants that passed on a state eligibility list for hiring. The agency that wants to hire the entry-level accountant must then request and obtain the eligible list from DOER, contact that applicant, and begin whatever hiring process it uses for employee selection.

<sup>12</sup> DOER is exploring ways to streamline the examination process. For example, it has been working with a group of human resource directors on the examination problems associated with the accounting series, and is considering adopting an "experimental exam" which would allow candidates to forego a written test if they have an accounting degree from a four-year, post-secondary institution.

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**Some  
higher-level  
positions are  
open only to  
current state  
employees.**

Human resource directors also believe that the process used for hiring or promoting into higher-level positions does not work well in recruiting the most qualified candidate for the position. DOER has statutory authority to determine whether to announce higher-level vacancies on a “competitive open” basis (meaning all applicants are welcome) or a “competitive promotional” basis (meaning the position is open only to current civil service employees).<sup>13</sup> DOER says that for most vacancies, it generally defers to whatever the agency requests. However, our survey of human resource directors indicates that especially for higher-level office administrative positions, the standard practice of using competitive promotional exams results in current state employees being placed into these positions instead of candidates that might be more qualified or better suited for the job had they been competitively recruited.

As shown in Table 3.8:

- **State agency human resource directors think that DOER should simplify the selection and hiring process.**

Among the more frequently reported suggestions for improving the hiring process were: (1) streamline the testing, examination, and hiring process (make it quicker, simpler, easier, and more flexible); (2) open tests competitively to the public (especially for AFSCME and MAPE positions, where current state employees have preference for hiring) and have the tests open continuously; (3) base hiring on education and past job performance instead of testing; (4) let agencies hire at any point within a salary range without DOER approval; (5) allow “on the spot” hiring at conferences, job fairs, or when highly-skilled candidates become available; and (6) allow immediate on-site testing and the ability to apply and test on-line.

The following comments from human resource directors reflect their views of the current hiring situation:

“DOER could assist by finding quicker, more effective evaluation devices, instead of relying on written exams that have questionable validity...The selection process needs to be streamlined and updated. In the current market, agencies cannot afford to wait three to four months for the results of a written exam process.”

“The hiring process is lengthy and cumbersome...Agencies often cannot act in a timely manner to recruit and/or retain qualified staff.”

“DOER needs to be proactive in revamping selection and classification systems. Currently they do not have enough staff that are skilled or interested in doing this. To the contrary, current staff are rigid and not in tune with the needs of agencies as they try to fill their job vacancies. Decentralization of certain authorities to agencies has helped, however, many jobs...are statewide classifications where DOER still runs the selection process. There have been attempts over the last few years to re-engineer this process but DOER has not had enough staff nor have they had the right staff available to sustain these efforts over the long period...So we are still operating cut and paste selection systems which are cumbersome

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<sup>13</sup> See *Minn. Stat.* §43A.09, subd. 6 and *Minn. Rules*, ch. 3900.3100.

to job applicants, take way too long to keep any qualified applicant interested in state employment, and therefore do not produce sufficient numbers of qualified job applicants. As the labor shortage continues, we are not making the changes we need to be competitive in the job selection market.”

“The current testing process, which requires applicants to apply for generic jobs, wait for several weeks to be scheduled for an exam, take the written test, wait again for several weeks for a test score, have their name placed on an eligible list, then wait again for an undetermined period of time to be contacted for a vacancy, is simply not adequate to meet our needs. This situation is only exacerbated given low unemployment and a very tight job market.”

“The process needs to be changed to allow agencies to recruit for specific vacancies, advertise, administer an appropriate and timely selection process, interview quickly, hire and get employees on the job.”

“[DOER should] simplify the exam process for all job classes that maintains fairness, follows merit principles, and does not take four months to get a statewide promotion eligible list.”

“[DOER should] open up the exams on a statewide competitive basis and in some cases redesign the exams to meet agencies’ current needs.”

Human resource directors also think the Legislature could assist in simplifying the hiring and selection process. Their suggestions center around revising the language governing specific applicant qualifications:

“The legislation governing examining is quite specific as to how lists of qualified candidates are established and how many candidates should be referred to a supervisor. It should be replaced with language that retains the need for a process of assessing qualifications but does not define specifically what that entails.”<sup>14</sup>

“[The Legislature should] eliminate the concept of ranked eligible lists and allow for an open number of applicants for consideration for exam processes that are not pass/fail.”

“[The Legislature should look at] language that allows for more flexibility in hiring and examinations.”

## Recruitment

Employee recruitment is another area where many human resource directors expressed dissatisfaction. Human resource directors believe that recruitment is essential to attracting skilled workers to state employment, and they find DOER’s recruitment efforts lacking. According to our survey:

- **State agency human resource directors think that DOER should improve its recruitment efforts.**

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<sup>14</sup> See *Minn. Stat.* §§43A.10-43A.13.

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**Agency human resource directors believe that DOER should expand its recruiting activities and promote state employment.**

Suggestions for improving recruitment include: (1) expanding recruitment efforts by advertising in the newspaper and on the internet, attending job fairs, and working with state colleges and universities and (2) promoting state employment generally to help create a positive image of state employment. Among the comments from state human resource directors:

“[The Department of Employee Relations should] work more with state colleges and universities to promote the state as a potential employer [and] emphasize the substantial number of benefits gained in working for the state; salary is not everything.”

“[DOER needs] more aggressive marketing of the state as an employer.”

“[DOER should] create a more organized effort at getting information readily available to prospective applicants at post secondary school, DES, job fairs, etc. that’s comparable to how the private sector makes their organizations readily known and available to people.”

“[DOER should] provide on-going advertising to recruit more qualified applicants.”

“The Department of Employee Relations can help with our recruitment issues by...actually promoting the State of Minnesota as an employer through ‘real’ recruitment efforts.”

“The Department of Employee Relations could assist in recruitment by retaining a knowledgeable recruitment staff and coordinating efforts for statewide classes. DOER did have a recruitment team that has now been disbanded.”

“[DOER needs to] reestablish the recruitment unit that was decimated by turnover.”

Several human resource directors echoed these thoughts in suggestions to the Legislature:

“[The Legislature should provide] sufficient funding for DOER’s Staffing Division to provide recruiting support services and analysis of long term work force planning needs.”

“[The Legislature needs to] have DOER establish a permanent, full-time recruitment program that coordinates efforts with state agencies.”

“The whole state process needs to be accomplished faster, more efficiently, and with less bureaucracy. The Legislature needs to dictate this and provide the money to DOER to add people and systems.”

In 1998, DOER’s Staffing Division began a “reengineering” project focused on three areas of reform -- the hiring assessment process, the job classification system, and the strategic planning process -- for which it received \$575,000 in funding in the 1998-99 biennium. While the Staffing Division developed a plan which required \$2.4 million in funding for these three areas, the department requested only \$315,000 in its 2000-01 biennial budget proposal, and the Legislature did not approve this funding. The Legislature also cut the agency’s

budget by \$140,000, a portion of which DOER had allocated to support the agency's recruiting unit.

DOER has acknowledged a problem exists with its recruitment efforts, and attributes part of the problem to a loss of positions in its Staffing Division. Although the Staffing Division has proposed ambitious plans based on its reengineering project, nothing has been finalized. The agency is currently in the process of reevaluating the results of the reengineering project and redesigning its recruitment unit.

## SUMMARY

The tight labor market that currently exists nationally and in Minnesota has created problems for employers trying to recruit and retain skilled workers. Our survey of 34 state agency human resource directors indicates that most state agencies have experienced employee recruitment and/or retention problems over the past two years. The largest recruitment and retention problems are in information technology, office administration, and accounting careers. Human resource directors believe the principal reason for their current recruitment and retention problems is an insufficient labor pool with the needed skills or experience for the position.

To help solve existing recruitment and retention problems, human resource directors believe that the Department of Employee Relations should simplify the selection and hiring process of employees. They also believe that DOER should improve and expand its recruitment efforts of state employment.

As one human resource director notes:

“The growing perception of public service appears to be that government is the place you go when you cannot run, or have grown tired of trying to run, the fast track of the private sector. This exacerbates government's recruitment and retention problems already present in a tight labor market; we cannot recruit the 'best and brightest' young talent since they do not view public sector employment as a stepping stone to greater things, nor can we pay them salaries commensurate with other job opportunities. Further, we have trouble attracting experienced professionals who are willing to accept salary decreases, but only in exchange for a far-reduced workload. Unfortunately, public sector employment does not automatically equate with reduced workloads, as only those of us working for government well know. Thus, a great portion of the qualified labor pool remains out of our reach.”

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# State of Minnesota Career Families

## APPENDIX A

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This appendix contains an alphabetical list of the Career Families used by the Department of Employee Relations (DOER) as well as DOER's description of each family.<sup>1</sup> It includes a list of the job classifications representing approximately 75 percent of the employees within each family (unless otherwise noted), the number of employees per classification, and the average salary for each classification. Totals for the entire career family are also provided.<sup>2</sup>

### Accounting, Auditing, and Financial Careers

This career family includes work concerned with formulating policies and procedures relating to examining, analyzing, and interpreting financial, budgetary, and investment data. Directs financial activities of the organization. Applies principles of accounting to analyze financial information to prepare reports and forecast estimates of future revenues and expenditures. Conducts audits of financial records to assess effectiveness of controls, accuracy of those records, and efficiency of operations. Examines financial institutions to enforce laws and regulations governing their operations and solvency. Interprets economic information concerning price, yield, stability and future trends of securities, investments, etc.

<u>Job Classifications for 75% of Employees</u>	<u>Number of Employees</u>	<u>Average Salary</u>
Account Clerk Senior	257	\$15.12
Account Clerk	222	13.71
Accounting Technician	177	16.44
Accounting Officer Intermediate	97	18.69
Accounting Officer	85	17.47
Accounting Officer Senior	73	20.86
Accounting Supervisor Senior	47	21.80
Local Government Auditor	28	14.91
Accounting Director	27	26.27
Auditor Senior	26	21.51
Total for Career Family	1,363	\$23.50

### Agriculture Careers

This career family includes work concerned with the application of scientific principles to problems related to agriculture and horticulture. Also includes development of improved methods in cultivating, processing, handling, and storing of products; land conservation practices; pest control; etc. Plans and develops coordinated practices for soil erosion, moisture conservation, and sound land use. Inspects agricultural commodities, processing equipment, and facilities to enforce compliance with governmental regulations. Conducts research in nature, cause, and control of plant diseases and decay of plant products. Inspects establishments where agricultural service products, such as livestock feed,

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<sup>1</sup> Descriptions of DOER's Career Families come from the agency's web page: <http://www.doer.state.mn.us/stf-btm/familydef.htm>; accessed December 8, 1999.

<sup>2</sup> Data are from October 6, 1999.

fertilizers, and pesticides, are manufactured, sold, or used, to ensure conformance to laws regulating product quality and labeling.

<u>Job Classifications for 75% of Employees</u>	<u>Number of Employees</u>	<u>Average Salary</u>
Grain Sampler 1	44	\$14.90
Food Inspector 2	31	19.30
Agricultural Advisor	25	19.86
Agricultural Potato Sampler	20	8.99
Dairy Inspector 2	20	20.88
Grain Inspector 2	15	18.15
Agricultural Specialist	15	18.21
Agricultural Consultant	10	23.44
Grain Inspector 1	9	17.66
Plant Industry Inspector 1	8	15.24
Total for Career Family	258	\$20.11

## Building and Construction Trades Careers

This career family includes work concerned with building construction occupations. Fabricates, installs, and repairs structures made of wood and materials that can be worked like wood. Installs plumbing systems in buildings according to blueprints. Wires buildings and adjacent yards to provide electricity for power and lighting.

<u>Job Classifications for 75% of Employees</u>	<u>Number of Employees</u>	<u>Average Salary</u>
General Repair Worker	126	\$16.49
Plant Maintenance Engineer	126	18.19
Laborer - Trades and Equipment	80	15.97
Stationary Engineer	73	17.99
Carpenter	59	18.01
Painter	46	18.31
Electrician	44	18.68
Building Utilities Mechanic	35	18.03
Building Maintenance Supervisor	32	22.69
Electrician Master Record	30	19.58
Building Maintenance Foreman	19	21.58
Total for Career Family	882	\$19.09

## Commerce Careers

This career family includes work concerned with the licensure and regulation of a variety of commercial activities such as insurance, securities, real estate, franchising, and banking; investigates and resolves complaints against individual practitioners and the industry; administers policies and procedures for continued formal licensee education.

<u>Job Classifications for 75% of Employees</u>	<u>Number of Employees</u>	<u>Average Salary</u>
Investigator Senior	33	\$22.16
Housing Development Officer Senior	27	22.35
Investigator	24	17.87
Financial Institution Examiner	21	20.94
Financial Institution Examiner Senior	19	24.40
Housing Development Officer Intermediate	18	19.77
Housing Program Technician	17	14.44
Housing Development Officer	16	17.85
Commerce Consumer Liaison	15	16.25
Housing Program/Policy Specialist	15	24.95
Commerce Analyst 2	13	20.43
Total for Career Family	292	\$23.44

## Corrections Careers

This career family includes work concerned with the operation of adult and juvenile correctional facilities; administration of probation, supervised release, and parole services; and assistance on a statewide basis in the management of criminal justice programs and facilities. Guards inmates in correctional facilities, following established policies and procedures to protect the public, other inmates, and correctional staff.

<u>Job Classifications for 75% of Employees</u>	<u>Number of Employees</u>	<u>Average Salary</u>
Corrections Officer 2	1,224	\$16.13
Corrections Officer 3	331	19.71
Corrections Lieutenant	128	25.28
Total for Career Family	2,245	\$21.82

## Diversity and Equal Opportunity Careers

This career family includes work concerned with the recruitment and retention of a statewide diverse workforce to ensure the state's commitment to equal employment opportunities and to research and resolve charges of discrimination according to established legal and administrative guidelines.

<u>Job Classifications for 75% of Employees</u>	<u>Number of Employees</u>	<u>Average Salary</u>
Human Rights Enforcement Officer 1	20	\$18.07
Human Rights Enforcement Officer 1 - Trainee	8	15.19
Human Rights Enforcement Officer 2	7	21.24
Affirmative Action Officer 2	5	18.18
Total for Career Family	55	\$21.33

## Economic Development Careers

This career family includes work concerned with attracting, expanding, and retaining commercial business enterprises in the state; facilitates joint ventures and public/private partnerships to enhance business opportunities; and collaborates with all levels of government to reduce "red tape" for relocation of industries to the state.

<u>Job Classifications for 75% of Employees</u>	<u>Number of Employees</u>	<u>Average Salary</u>
Business and Community Development Representative	16	\$21.86
Loan Officer Senior	15	24.94
International Trade Representative	11	23.03
Economic Development Program Specialist	6	24.08
Recreational Facility Marketing Specialist	5	19.98
Total for Career Family	73	\$23.45

## Economic Security Careers

This career family includes work that administers employment service programs; plans and executes policies and procedures to provide statewide employment services under authority of federal and state regulations. Coordinates local office operations with staff services such as counseling, testing, job analysis, farm placement, recruitment and staff training, and human resource development to achieve program objectives. Researches occupations and analyzes and integrates data and provides business, industry, and government with technical information necessary for utilization of work force. Develops

and conducts employment and training programs for employees of industrial, commercial, service, or government establishments.

<u>Job Classifications for 75% of Employees</u>	<u>Number of Employees</u>	<u>Average Salary</u>
Economic Security Representative	223	\$17.51
Rehabilitation Counselor Career	154	21.75
Rehabilitation Counselor Senior	50	17.72
Disability Specialist	46	18.50
Reemployment Insurance Program Specialist 1	41	19.67
Reemployment Insurance Operations Analyst	38	17.73
Employment Counselor	32	14.70
Rehabilitation Counselor	31	15.38
Job Service Program Specialist 1	28	19.87
Vocational Rehabilitation Placement Coordinator	27	17.76
Disabled Veterans Outreach Program Representative	25	16.72
Job Service Field Operations Area Manager 2	23	24.56
Disability Program Specialist	22	21.27
Rehabilitation Counselor Supervisor 4	21	27.27
Reemployment Insurance Program Specialist 2	20	21.86
Employment and Training Program Specialist Senior	19	20.22
Total for Career Family	1,059	\$22.29

## Education and Teaching Careers

This career family includes work concerned with research, administration, and teaching at the elementary, secondary, college, and university levels. Researches academic subjects, administers educational programs, and teaches in schools beyond the secondary school level, including technical colleges, community colleges, and state universities. Directs and coordinates activities of teachers and other staff providing school instruction, evaluation services, job placement, or other special education services to physically, mentally, emotionally, or neurologically impaired children; participates in conferences with staff, parents, children, etc. Teaches elementary and secondary subjects to special education students; plans curriculum and prepares lessons and other instructional materials according to grade level of students.

<u>Job Classifications for 75% of Employees</u>	<u>Number of Employees</u>	<u>Average Salary</u>
College Laboratory Assistant 1	319	\$12.89
MnSCU Program Director 1	232	15.85
Customized Training Representative	149	22.08
MnSCU Program Director 2	125	20.48
Education Specialist 2	108	26.85
College Laboratory Assistant 2	96	14.57
MnSCU Program Supervisor 1	56	21.59
MnSCU Program Supervisor 2	44	25.87
Special Teacher: MA/MS/5 years + License	38	26.76
Child Care Center Assistant	23	11.98
Special Teacher: BA/BS + License + 60 Credits	22	27.67
Total for Career Family	1,615	\$22.66

## Electronic Installation Maintenance and Repair Careers

This career family includes work concerned with the installation and repair of data communications lines and equipment for computer systems; tests and repairs radio transmitting and receiving equipment according to wiring diagrams, manufacturers specifications, and testing equipment; and operates system to demonstrate equipment, identify, and repair malfunctions.

<u>Job Classifications for 75% of Employees</u>	<u>Number of Employees</u>	<u>Average Salary</u>
Radio Communications Operator	73	\$16.16
Electronics Technician Senior	44	18.44
Electronics Technician	19	16.30
Highway Signal Technician	19	19.86
Radio Technician 3	17	21.90
Radio Technician 2	15	18.92
Audio Visual Technician	15	14.51
Audio Visual Aide	14	12.33
Total for Career Family	280	\$20.29

## Engineering, Architecture, and Appraisal Careers

This career family includes work concerned with architecture; the appraisal and purchase/leasing of real property. Researches, plans, designs, and administers building projects for clients, applying knowledge of design, construction procedures, zoning and building codes, and building materials. Consults with client to determine functional and spatial requirements of new structure or renovation, and prepares information regarding design, specifications, materials, color, equipment, estimated costs, and construction time. Appraises improved or unimproved real property to determine value for purchase, sale, investment, mortgage, or loan purposes. Inspects property for construction, condition, and functional design and takes property measurements. Considers factors such as depreciation, reproduction costs, value comparison of similar property, and income potential when computing final estimation of property value. Negotiates with property owners and public officials to secure purchase or lease of land and right-of-way for construction projects. Negotiates with landowners for access routes and restoration of roads and surfaces. May examine public records to determine ownership and property rights.

<u>Job Classifications for 75% of Employees</u>	<u>Number of Employees</u>	<u>Average Salary</u>
Highway Technician Senior	472	\$19.36
Highway Technician Intermediate	262	16.16
Engineer Senior	237	25.72
Engineer Principal	198	30.45
Engineering Specialist	159	23.33
Engineering Specialist Senior	80	26.25
Total for Career Family	1,850	\$22.52

## Executive Leadership Careers

This career family includes work concerned with managing state governmental agency programs to provide the public or other individuals with designated services, or implements laws, codes, or policies prescribed by legislative bodies; reviews official directives and correspondence to ascertain such data as changes prescribed in agency programs, policies, and procedures, and new assignments or responsibilities. Confers with supervisory personnel and reviews staff reports and records to obtain data, such as status of on-going work or projects, cases and investigations pending, indications of probable conclusions, and projected completion dates. Coordinates activities of various organizational units in order to provide designated functions or services with minimum delay and optimum efficiency and accuracy. Conducts staff meetings for dissemination of pertinent information. Prepares and presents reports on agency activities. Descriptive working title may be designated according to the type or agency, its programs, or by the type of work performed by its staff.

<u>Job Classifications for 40% of Employees<sup>3</sup></u>	<u>Number of Employees</u>	<u>Average Salary</u>
Project Manager	20	\$33.81
Project Functional Manager	19	30.47
Executive Aide	16	22.25
Assistant to Commissioner	12	29.95
Executive Assistant	11	24.37
Chief Executive Officer - Hospital	8	42.18
Chief Executive Officer - Corrections Facility	8	43.09
Assistant Commissioner of Human Services	6	43.44
Executive Assistant Principal	6	27.39
Judge of Workers' Compensation Court of Appeals	5	44.11
Commissioner – Public Utilities	5	41.13
Housing Finance Agency Executive	5	37.88
Assistant Commissioner of Economic Security	5	39.83
Veterans Home Administrator	4	35.22
Deputy Commissioner of Commerce	4	42.39
Assistant Commissioner of Corrections	4	44.63
Assistant Commissioner of Children, Families and Learning	4	40.71
Senior Executive Officer	4	35.81
Assistant Director of Minnesota State Lottery	4	41.95
Assistant Commissioner of Revenue	4	42.06
Total for Career Family	370	\$38.04

## Facilities Operation and Maintenance Careers

This career family includes work concerned with building and grounds services not elsewhere classified. Maintains grounds of public property performing any combination of the following tasks: cuts lawn using power mower; trims and edges walks, flower beds, and walls using weed cutters and edging tools; prunes shrubs and trees; may perform grounds maintenance using tractor equipped with attachments such as mowers, fertilizer spreaders, and snow removal equipment. Cleans buildings, furniture, and equipment: includes sweeping, mopping, polishing floors and walls, and disposing of trash.

<u>Job Classifications for 75% of Employees</u>	<u>Number of Employees</u>	<u>Average Salary</u>
General Maintenance Worker	1,126	\$12.39
Total for Career Family	2,170	\$16.96

## Food and Personal Service Careers

This career family includes work concerned with washing, drying, and ironing fabrics and clothing; preparing, cooking, and serving meals; and personal grooming. Sorts clothing by color and fabric; washes and dries it in automatic machines; sorts, irons, and folds dried clothing. Prepares, seasons, and cooks soups, meats, vegetables, desserts and other food stuffs for consumption; reads menu to estimate requirements and orders food from supplier or procures food from storage. Serves food in dining area; washes and dries dishes and cooking utensils; cleans dining and cooking areas and disposes of trash. Cuts, styles, shapes, and washes hair.

<u>Job Classifications for 75% of Employees</u>	<u>Number of Employees</u>	<u>Average Salary</u>
Food Service Worker	314	\$11.71
Cook	81	13.72
Laundry Worker	49	13.61
Cook Coordinator	22	15.61
Total for Career Family	616	\$17.87

<sup>3</sup> Because the Executive Leadership career family is very broad and includes many class titles we only list class titles with four or more employees. This list represents 42 percent of the employees in this career family.

## Human Resources Careers

This career family includes work that applies policies and procedures relating to the efficient and effective administration of the organization's human resources: employee recruitment, selection, training, development, retention, promotion, compensation, and labor relations. Manages compensation program to determine and convert relative job worth into monetary values to be administered according toayscale guidelines. Plans and coordinates personnel and staff training programs through group and individual instruction, manuals, and other methods. Manages the labor relations program to negotiate and administer collective bargaining agreements and resolve employer-employee disputes. Administers staffing functions; collects and analyzes occupational information to facilitate employee recruitment, rewards, and retention.

<u>Job Classifications for 75% of Employees</u>	<u>Number of Employees</u>	<u>Average Salary</u>
Examination Monitor 2	207	\$ 9.90
Personnel Aide Senior	66	16.70
Personnel Aide	62	15.04
Personnel Representative	47	24.05
Personnel Officer Senior	45	20.28
Personnel Officer	37	18.25
Employee Development Specialist 2	35	19.03
Examination Monitor 1	28	8.50
Total for Career Family	688	\$21.88

## Human Services and Development Careers

This career family includes work concerned with assisting individuals and groups with problems such as social disabilities/disorders, family adjustment, and economic disadvantages. Plans, organizes, and conducts research in understanding social problems and for planning and carrying out social welfare programs. Counsels and aids individuals and families requiring assistance of social service agency; interviews clients with problems, such as personal and family adjustments, finances, employment, food, clothing, housing, and physical and mental impairments, to determine nature and degree of problem.

<u>Job Classifications for 75% of Employees</u>	<u>Number of Employees</u>	<u>Average Salary</u>
Human Services Technician	1,800	\$12.84
Security Counselor	255	15.29
Income Maintenance Program Advisor	203	19.53
Human Services Support Specialist	106	13.66
Social Work Specialist	91	19.85
Minnesota Care Enrollment Representative	89	14.40
Mental Health Program Assistant	84	15.88
Mental Retardation Residential Program Lead	79	16.77
Income Maintenance Program Consultant	69	23.94
Total for Career Family	3,704	\$20.90

## Industrial Safety and Regulation Careers

This career family includes work concerned with the prevention and investigation of occupationally-related injuries and health problems. Inspects places of employment to detect unsafe or unhealthy working conditions and for conformance with governmental standards according to procedure or in response to complaint or accident. Plans, implements, coordinates, and assesses accident, fire prevention, and occupational safety and health programs. Disseminates information regarding toxic substances, hazards, and other safety topics.

<u>Job Classifications for 75% of Employees</u>	<u>Number of Employees</u>	<u>Average Salary</u>
Safety Investigator Senior	27	\$20.04
Safety and Health Officer 2	26	21.70
Dispute Prevention and Resolution Specialist Senior	16	25.18
Building Code Representative	12	26.37
Safety and Health Officer 1	12	18.53
Industrial Hygienist 3	12	24.63
Workers' Compensation Claims Mgmt. Spec. Intermediate	12	19.50
Boiler Inspector 2	11	22.39
Electrical Area Representative	11	24.62
Labor Investigator Senior	10	18.17
Compliance Services Officer Senior	10	22.51
Workers' Compensation Claims Mgmt. Spec. Senior	9	21.77
Industrial Hygienist 2	8	20.31
Building Code Representative Senior	8	28.12
Industrial Hygienist 1	7	17.40
Apprenticeship Training Field Representative Senior	6	21.78
Safety Investigator Principal	6	24.13
Total for Career Family	269	\$23.03

## Information Technology Careers

This career family includes work concerned with the application of computers and computer languages and the utilization of the computer in the design and solution of business, scientific, and other technical problems. This career family excludes professional, technical, and office jobs that use computers to aid them in performing their work. More specifically, this career family includes jobs that analyze and evaluate the procedures and processes to design a sequence of steps for processing data by computer that evaluate data communications and network hardware and software, reception of data, or information sent electronically; that investigate, resolve, and explain computer-related programs to users of computer systems; and that provide technical support for computer systems, rather than to users of computer systems.

<u>Job Classifications for 75% of Employees</u>	<u>Number of Employees</u>	<u>Average Salary</u>
Information Technology Specialist 3	498	\$23.48
Information Technology Specialist 2	348	19.21
Information Technology Specialist 4	294	27.89
Information Technology Specialist 1	198	16.05
Total for Career Family	1,816	\$29.48

## Insurance and Benefits Careers

This career family includes work concerned with the administration of benefits programs designed to insure employees against loss of income due to illness or injury; evaluates services, coverage, and options available through insurance and investment companies; and notifies employees and labor representatives of benefits plan changes to ensure compliance with contractual and legal requirements.

<u>Job Classifications for 75% of Employees</u>	<u>Number of Employees</u>	<u>Average Salary</u>
Retirement Services Specialist	22	\$16.42
Retirement Services Specialist Intermediate	16	18.20
Retirement Services Specialist Senior	12	20.34
Retirement Services Director	6	26.50
Retirement Services Program Coordinator	5	22.41
Total for Career Family	80	\$22.36

## Laboratory Sciences Careers

This career family includes work concerned with the application of the theoretical and practical aspects of physical and life sciences; analyzes the normal and abnormal chemical processes of living organisms; studies the growth and general characteristics of micro-organisms; and researches the composition, structure, and properties of physical matter.

<u>Job Classifications for 75% of Employees</u>	<u>Number of Employees</u>	<u>Average Salary</u>
Agricultural Technician	42	\$10.93
Research Scientist 2	37	22.85
Forensic Scientist 2	29	21.83
Research Scientist 3	27	27.11
Environmental Analyst 3	21	20.99
Bacteriologist 2	19	17.98
Forensic Scientist 3	14	26.97
College Laboratory Services Specialist	13	18.08
Plant Health Specialist 1	13	16.54
Plant Health Specialist 2	9	17.88
Forensic Scientist 1	8	15.88
Chemist 2	8	18.11
Environmental Analyst 2	8	18.87
Environmental Research Scientist	8	25.80
Environmental Analyst 1	7	14.59
Total for Career Family	345	\$20.83

## Law Careers

This career family includes work concerned with the practice of one or more phases of law including representing the government and the preparation of legal documents, protecting the public, maintaining law and order, detecting and preventing crime, directing and controlling motor traffic, and investigating and apprehending suspects in criminal cases. Conducts criminal and civil lawsuits, draws up legal documents, advises clients as to legal rights, and practices other phases of law; gathers evidence in civil, criminal, and other cases to formulate defense or initiate legal action.

<u>Job Classifications for 75% of Employees</u>	<u>Number of Employees</u>	<u>Average Salary</u>
Staff Attorney 2 (Attorney General's Office)	72	\$29.18
Staff Attorney 1 (Attorney General's Office)	61	20.69
Staff Attorney 3 (Attorney General's Office)	40	34.93
Compensation Judge	36	39.30
Legal Assistant 5	31	17.80
Legal Assistant 3 (Attorney General's Office)	21	12.79
Legal Assistant 6	21	20.91
Attorney 2	20	27.34
Legal Assistant 3	20	14.56
Legal Assistant 7	19	23.80
Reemployment Insurance Judge	18	26.86
Total for Career Family	467	\$25.57

## Library and Information Resource Careers

This career family includes work concerned with collecting, maintaining, and distributing print and non-print information materials such as books, serial publications, documents stored on a variety of media, and audiovisual; explains and assists clients in their search for information and use of reference sources; recommends acquisition of additional information resources; and completes special research projects on a variety of topics providing bibliographic documentation.

<u>Job Classifications for 75% of Employees</u>	<u>Number of Employees</u>	<u>Average Salary</u>
Library Technician	115	\$14.82
Total for Career Family	159	\$21.80

## Loans and Grants Careers<sup>4</sup>

This career family includes work concerned with the administration of a variety of grants and loans to finance government-sponsored programs such as housing, local government initiatives, and direct services to the public; directs and coordinates the evaluation and monitoring of grant-funded programs; and analyzes information on loan documents to ensure that the loan complies with appropriate guidelines such as financial condition, credit, or property valuation.

<u>Job Classifications for 75% of Employees</u>	<u>Number of Employees</u>	<u>Average Salary</u>
Grants Specialist Senior	36	\$19.96
Housing Development Officer Senior	34	22.65
Grants Specialist Coordinator	21	23.03
Housing Program Technician	21	15.01
Housing Development Officer Intermediate	20	19.72
Housing Program/Policy Specialist	15	25.55
Loan Officer Senior	12	25.04
Grants Specialist	9	14.81
Total for Career Family	213	\$21.20

## Management Careers (All Managerial Job Classifications Except Executive Leadership)

This career family includes work concerned with determining, securing, and allocating human, financial, and other resources needed to accomplish public administration objectives. Positions in this career family also are accountable for determining overall objectives, priorities, and policies within a public program area. Higher level positions in this career family handle significant and involved organizational relationships with governmental leadership within the executive branch of state government, as well as with the legislative and judicial branches. Incumbents of these positions have the authority to continuously exercise extensive discretionary powers.

<u>Job Classifications for 60% of Employees<sup>5</sup></u>	<u>Number of Employees</u>	<u>Average Salary</u>
Engineer Senior Administrative	63	\$38.12
Administrative Management Director 2	30	31.85
Pollution Control Program Administrator	22	32.91
Engineer Principal Administrative - Transportation	17	41.48
Welfare Strategic Policy Analyst Classified	16	26.12
Health Care Program Manager	15	33.48
Administrative Management Director 1	12	28.76
Executive Budget Officer	10	26.32
Information Director	10	31.01
Residential Program Services Manager	10	31.04
Residential Program Services Manager Senior	10	33.25
Health Program Manager	9	31.52
Health Assistant Division Director	9	35.37
Accounting Manager	8	31.12
Engineer Administrative - Management	8	34.85
Administrative Officer	8	27.19
Personnel Services Manager	8	33.88
Director of Economic and Community Support Strategic Div.	8	35.50

<sup>4</sup> Data for this career family are from December 1999.

<sup>5</sup> Because the Management career family is very broad and includes many class titles, we only list class titles with four or more employees. This list represents 60 percent of the employees in this career family.

<u>Job Classifications for 60% of Employees</u>	<u>Number of Employees</u>	<u>Average Salary</u>
Business Manager 2	7	30.20
Rehabilitation Program Manager	7	29.79
Legislative Audit Manager	7	35.11
Transportation Planning Director	7	38.21
Natural Resources Fisheries Regional Manager	7	28.22
Corrections Facility Operations Director	7	35.89
Corrections Alternative Program Manager	7	31.76
Director of Nursing	6	34.72
Personnel Director 3	6	36.20
Natural Resources Planning Manager	6	34.09
Financial Management Director	6	36.03
Residential Program Manager	6	29.76
Occupational Safety and Health Team Director	6	30.65
Natural Resources Parks Regional Manager	6	32.29
State Program Administrative Manager	6	29.65
Pollution Control Division Director	5	39.25
Research, Planning, and Evaluation Director	5	30.84
Natural Resources Forestry Regional Manager	5	30.30
Economic Development Manager	5	33.01
Assistant Division Director - Transportation	5	43.80
Health Care Program Manager Senior	5	39.52
Natural Resources Wildlife Regional Manager	5	30.17
Residential Program Services Director 1	5	36.11
Commerce Registration/Analysis Manager	5	29.23
Corrections Facility Administrative Director	5	33.68
Revenue Tax System Director 2	5	37.28
Environmental Health Manager	5	33.25
Director of Workers' Compensation Program	5	32.49
Labor Relations Agency Manager	4	32.04
Research Director	4	32.08
Executive Budget Officer Senior	4	33.04
Transportation Planning Manager	4	34.72
Finance Agency Coordinator	4	36.47
Assistant to Warden	4	26.98
Physical Plant Manager	4	28.48
Revenue Tax System Director 1	4	34.72
Zoo Conservation Manager	4	26.62
Total for Career Family	789	\$34.05

## Manufacturing and Equipment Operation and Maintenance Careers

This career family includes work concerned with operating and maintaining motorized vehicles and manufacturing production equipment; inspects and repairs mechanical and hydraulic components of production machines by following diagrams and service manuals. Drives automobiles, vans, and trucks to transport employees, clients, and materials from one location to another. Repairs engines, etc.

<u>Job Classifications for 75% of Employees</u>	<u>Number of Employees</u>	<u>Average Salary</u>
Heavy Equipment Mechanic	135	\$18.64
Delivery Van Driver	69	13.26
Heavy Equipment Field Mechanic	37	19.43
Automotive Mechanic	18	17.56
Corrections Manufacturing Specialist - Wood	18	20.05
Heavy Equipment Mechanic Supervisor	16	23.35
Materials Transfer Driver	13	14.78
Automobile Driver	13	10.88
Heavy Equipment Operator	13	18.34
Corrections Manufacturing Specialist - Light Manufacturing	13	19.75
Total for Career Family	457	\$19.16

## Medical, Dental, and Nursing Careers

This career family includes work concerned with health treatment for humans and animals in the fields of medicine, dentistry, and related patient care areas. Diagnoses, prevents, and treats diseases and injuries and researches the cause, transmission, and control of diseases and other ailments. Examines, diagnoses, and treats ailments or abnormalities of gums, jaws, soft tissue, and teeth (including oral surgery). Compounds, dispenses, and preserves drugs and medicines prescribed by physicians and dentists. Administers nursing care to the ill or injured (licensing or registration is required). Applies the principles of nutrition to plan and supervise the preparation and serving of meals. This career family also extends to the diagnosis, prevention, and treatment of animal disorders.

<u>Job Classifications for 75% of Employees</u>	<u>Number of Employees</u>	<u>Average Salary</u>
Registered Nurse	632	\$20.80
Licensed Practical Nurse 2	401	16.72
Licensed Practical Nurse 1	171	13.75
Registered Nurse Senior	150	25.08
Nursing Evaluator 2	83	22.97
Total for Career Family	1,953	\$27.98

## Natural Resource and Environmental Careers

This career family includes work concerned with the application of scientific principles to problems related to fish and wildlife management, forestry, the environment, and other related natural sciences. Manages and develops forest lands and resources for economic and recreational purposes. Plans and directs forestation and reforestation projects; maps forest areas; and estimates standing timber and future growth. Enforces regulations and policies in state parks; registers vehicles and visitors, collects fees, and issues parking and use permits, and provides information pertaining to park use, safety requirements, and points of interest. Conducts studies on hazardous waste management projects and provides information on treatment and containment of hazardous waste; participates in developing hazardous waste rules and regulations. Inspects sites where discharges enter state waters and investigates complaints concerning water pollution problems. Studies interrelationships, life histories, habits, life processes, and distribution of animals; may specialize in study of mammals, birds, fish, etc.

<u>Job Classifications for 75% of Employees</u>	<u>Number of Employees</u>	<u>Average Salary</u>
Pollution Control Specialist Senior	177	\$20.34
Parks Worker	169	12.85
Natural Resources Specialist 2 (Conservation Officer)	144	21.90
Natural Resources Forestry Specialist Senior	102	21.01
Hydrologist 2	84	21.77
Natural Resources Technician (Forestry)	78	17.53
Hydrologist 3	76	25.92
Natural Resources Technician (Fisheries)	69	15.84
Sentencing To Service Crew Leader	63	15.85
Natural Resources Specialist (Fisheries Management)	62	16.61
Interpretive Naturalist 1	59	14.66
Pollution Control Specialist Intermediate	55	17.44
Natural Resources Specialist Intermediate (Fisheries Mgmt.)	49	19.00
Pollution Control Specialist Principal	47	27.71
Natural Resources Supervisor 2 - Parks	40	21.65
Natural Resources Specialist Senior (Wildlife Management)	38	21.76
Natural Resources Technician (Wildlife)	37	14.73
Natural Resources Specialist Intermediate (Wildlife Mgmt.)	35	19.19
Pollution Control Specialist	33	14.50
Hydrologist 1	33	16.63
Pollution Control Project Leader	33	23.45
Natural Resources Fisheries Census Clerk	33	11.35
Natural Resources Forestry Area Supervisor	31	24.33

<u>Job Classifications for 75% of Employees</u>	<u>Number of Employees</u>	<u>Average Salary</u>
Natural Resources Fisheries Area Supervisor	24	23.07
Natural Resources Parks Specialist Intermediate	24	17.87
Natural Resources Specialist Sr. (Wildlife Research Biologist)	23	19.89
Natural Resources Forestry Regional Specialist	22	22.55
Natural Resources Supervisor 3 - Parks	22	24.20
Natural Resources Program Coordinator	20	23.96
Natural Resources Specialist/Conservation Office Unit Leader	20	23.97
Total for Career Family	2,273	\$21.34

## Office Administration Careers

This career family includes work concerned with general office duties: making, classifying, and filing records. Includes activities such as transmitting and receiving data by machines equipped with a typewriter-like keyboard, and operating machines to duplicate records, correspondence, and reports. Schedules appointments, gives information to callers, takes dictation, and otherwise relieves officials of clerical work and administrative detail; reads and routes incoming mail. Composes and types correspondence. Greets visitors, ascertains nature of business, and conducts visitors to appropriate person. Classifies, sorts, and files correspondence, records, and other data. Issues licenses or permits to qualified applicants; questions applicant to obtain information such as name, address, and records data on prescribed forms; evaluates information obtained to determine applicant qualification for licensure. Receives, stores, and issues equipment, material, supplies, merchandise, food-stuffs or tools, and compiles stock records in stockroom, warehouse, or storage yard; counts, sorts, or weighs incoming articles to verify receipt of items on requisition or invoices.

<u>Job Classifications for 75% of Employees</u>	<u>Number of Employees</u>	<u>Average Salary</u>
Office and Administrative Specialist	1,603	\$12.86
Office and Administrative Specialist Intermediate	1,509	14.23
Office Specialist	941	11.12
Office and Administrative Specialist Senior	886	15.65
Customer Services Specialist	531	12.53
Total for Career Family	7,060	\$15.02

## Planning, Research, and Analysis Careers

This career family includes work concerned with reviewing, examining, and evaluating organizational structures, administrative policies, and management systems. Prepares summary reports and recommends changes in organizations, methods, policies, procedures, or practices concerning such management systems as budget forecasting, records management, and information management. Conducts studies and advises program administrators on feasibility, cost-effectiveness, and regulatory conformance of proposals for special projects or ongoing programs. Consults with administrators to discuss overall intent of projects and determines broad guidelines for studies, using knowledge of subject area, research techniques, and regulatory limitations. Reviews and evaluates materials provided with proposals. Organizes data from all sources using statistical methods to ensure validity of materials. Evaluates information to determine feasibility of proposals or to identify factors requiring amendment. Develops alternate plans for programs or projects, incorporating recommendations for review of program administrators. Maintains collection of socioeconomic, environmental, regulatory, etc. data related to agency functions for use in planning and administrative activities.

<u>Job Classifications for 75% of Employees</u>	<u>Number of Employees</u>	<u>Average Salary</u>
Planner Principal State	125	\$23.55
Management Analyst 3	117	20.74
Project Consultant	94	19.52
Management Analyst 1	83	16.17
Management Analyst 2	81	18.48
Research Analysis Specialist	74	20.11
Management Analyst 4	68	24.89
Planner Senior State	64	19.94
Research Analysis Specialist Senior	52	23.79
Project Consultant Senior	48	23.16
Project Analyst	47	15.66
Planning Director State	45	28.18
Research Analyst	43	15.06
Project Team Leader	40	22.34
Grants Specialist Senior	38	19.72
Research Analyst Intermediate	37	17.27
Planner Intermediate	32	17.61
Total for Career Family	1,440	\$22.38

## Printing and Graphic Arts Careers

This career family includes work concerned with the printing, photographing, and publishing of materials for the public; photographs people, events, materials, and products with still or video cameras; assembles hand or machine set type, plates, and spacing material to make up pages and forms, reproducing type, illustrations, pages, and forms by photo-engraving, lithographic process, electrotyping, bookbinding, and related graphic arts techniques.

<u>Job Classifications for 75% of Employees</u>	<u>Number of Employees</u>	<u>Average Salary</u>
Graphic Arts Specialist	46	\$17.71
Offset Press Operator	12	15.65
Offset Press Operator Senior	12	17.77
Printing Specification and Estimating Coordinator	6	20.57
Print Comm Press Operator Senior	6	15.93
Reprographic Specialist	5	14.04
Photographer	4	14.67
Total for Career Family	121	\$17.51

## Protective Service Careers

This career family includes work concerned with patrolling assigned area to control traffic, prevent crime or disturbance of peace, and to warn or arrest persons violating laws. Guards government property against theft, fire, vandalism and illegal entry. Controls and extinguishes fires, protects life and property and maintains equipment; responds to fire alarms and other emergency calls. Investigates and gathers facts to determine cause of fires and explosions and enforces fire laws.

<u>Job Classifications for 75% of Employees</u>	<u>Number of Employees</u>	<u>Average Salary</u>
State Patrol Corporal	220	\$24.29
State Patrol Trooper	182	19.78
Security Guard	74	12.60
State Patrol Trooper 1	68	23.65
Special Agent	65	26.02
Driver and Vehicle Services Examining Specialist	47	14.03
Deputy State Fire Marshal	41	20.96
State Patrol Lieutenant	39	27.54
Total for Career Family	976	\$20.36

## Psychology and Counseling Careers

This career family includes work concerned with assisting individuals and groups with problems such as physical, emotional, behavioral, social disabilities/disorders, and disadvantages. Diagnoses or evaluates mental and emotional disorders of individuals, and administers programs of treatment; interviews patients in clinics, hospitals, prisons and other institutions, and studies medical and social case histories. Counsels individuals and provides group educational and vocational guidance services; collects, organizes and analyzes information about individuals through records, tests, interviews, and professional sources to appraise their interests, aptitudes, abilities, and personality characteristics.

<u>Job Classifications for 75% of Employees</u>	<u>Number of Employees</u>	<u>Average Salary</u>
Psychologist 2	63	\$24.24
Behavior Analyst 2	33	19.25
Behavior Analyst 1	23	17.16
Psychologist 3	21	27.75
Total for Career Family	190	\$22.96

## Public Health Careers

This career family includes work concerned with ascertaining public health needs, the availability of health services, environmental health programs, injuries, and health problems. Plans, organizes, and directs health programs for group and community needs; conducts community surveys and collaborates with other health specialists and civic groups to ascertain health needs, develop desirable health goals, and determine the availability of professional health services; and promotes health discussions in schools, industry, and community agencies. Plans, develops, and executes environmental health program, determines and sets health and sanitation standards, and enforces regulations concerned with food processing and serving, collection and disposal of solid wastes, sewage treatment, plumbing, etc.

<u>Job Classifications for 75% of Employees</u>	<u>Number of Employees</u>	<u>Average Salary</u>
Health Program Representative	135	\$15.19
Health Program Representative Intermediate	47	17.93
Health Program Representative Senior	38	20.12
Public Health Sanitarian 2	24	18.80
Total for Career Family	329	\$22.24

## Public Relations and Marketing Careers

This career family includes work concerned with the collection and distribution of information/materials to the public; develops favorable persuasive material and distributes it through personal contact or various communications media in order to promote goodwill, develop credibility, or create a favorable public image.

<u>Job Classifications for 75% of Employees</u>	<u>Number of Employees</u>	<u>Average Salary</u>
Information Officer 2	88	\$17.76
Information Officer 3	65	20.74
Information Officer 1	34	15.58
Health Educator 3	19	19.92
Interpretive Guide	15	13.14
Information Program Supervisor	15	23.27
Health Educator 2	13	18.31
Agricultural Marketing Specialist Senior	9	21.53
Total for Career Family	346	\$20.37

## Purchasing and Administrative Service Careers

This career family includes work concerned with negotiating and contracting for the purchase of equipment, products, and supplies. Coordinates activities involved with procuring goods and services, such as raw materials, equipment, tools, parts, supplies, etc. Examines performance requirements, delivery schedules, and estimates of costs of material equipment and production to ensure completeness and accuracy. Prepares bids, process specifications, test and progress reports and other exhibits that may be required.

<u>Job Classifications for 75% of Employees</u>	<u>Number of Employees</u>	<u>Average Salary</u>
Office Services Supervisor 1	90	\$18.09
Automotive Parts Technician	64	15.48
Office Services Supervisor 2	63	19.87
Executive 2	41	19.04
Office Services Supervisor 3	37	21.69
Business Manager 1	26	22.53
Buyer 2	25	19.31
Manager 2 (Attorney Generals Office)	23	35.09
Buyer 1	21	17.24
Total for Career Family	513	\$22.62

## Rehabilitation Therapies Careers

This career family includes work concerned with health treatment for related care areas such as therapy and rehabilitation. Applies the principles of nutrition to plan and supervise the preparation and serving of meals. Rehabilitates persons with physical or mental disabilities or disorders to restore functions, prevent loss of physical capacities, and maintain optimum performance. Assists patients, working under the direction of nursing, medical, and therapeutic staff in psychiatric, chemical dependency, developmental disabilities, or similar settings, in social, medical, and therapeutic treatment and care.

<u>Job Classifications for 75% of Employees</u>	<u>Number of Employees</u>	<u>Average Salary</u>
Recreation Therapist Senior	67	\$18.64
Recreation Program Assistant	22	14.20
Recreation Therapist	21	16.18
Skills Development Specialist	17	18.90
Rehabilitation Therapist Supervisor	11	23.80
Occupational Therapist Senior	7	21.84
Physical Therapy Aide	7	13.24
Rehabilitation Therapies Director	6	27.30
Total for Career Family	210	\$21.48

## Revenue and Gaming Regulation Careers

This career family includes work concerned with generating revenue to finance state operations through taxation, fee collection, and promotion of lotteries and charitable gambling. Conducts audits and examination of taxpayer returns to verify or amend tax liabilities: analyzes accounting records to determine the appropriateness of accounting methods employed and compliance with statutory provisions. Investigates and collects delinquent taxes and secures delinquent tax returns from individuals and business firms according to prescribed laws. Plans and coordinates promotional campaigns for new lottery games; monitors charitable gambling clients and lottery retailers to ensure legal, efficient, and effective operations.

<u>Job Classifications for 75% of Employees</u>	<u>Number of Employees</u>	<u>Average Salary</u>
Revenue Tax Specialist Senior	137	\$23.22
Revenue Tax Specialist Intermediate	85	19.10
Revenue Examiner 1	55	15.24
Revenue Collections Officer 3	53	19.00
Lottery Sales Representative	42	18.93
Revenue Tax Specialist	40	16.12
Revenue Tax Specialist Principal	39	27.44
Revenue Collections Officer 4	35	20.15
Revenue Collections Officer 2	32	16.71
Total for Career Family	674	\$22.69

## Transportation Operations and Regulation Careers

This career family includes work concerned with all modes of transportation (land, water, and air). Operates a variety of vehicles and heavy equipment in the removal of ice and snow from road surfaces and in laying concrete and other hard-surface paving materials in highway and related maintenance and construction.

<u>Job Classifications for 75% of Employees</u>	<u>Number of Employees</u>	<u>Average Salary</u>
Transportation Generalist	735	\$16.10
Highway Maintenance Worker	507	15.98
Bridge Worker	91	18.03
Transportation Specialist	89	18.62
Total for Career Family	1,925	\$21.55

## Undesignated/All Other Careers

This career family includes work not elsewhere classified such as Supported Employment, Student Workers, etc. Other jobs in this career family perform a wide variety of services to support state programs. There are 12,843 employees in this career family.<sup>6</sup>

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<sup>6</sup> Data on average salaries for this career family are not comparable and therefore not included in this appendix.

# Central States Salary Comparisons

## APPENDIX B

This appendix provides a summary of salary comparisons available from the Central States Salary Survey, which is discussed in Chapter 2. The Central States Salary Survey is conducted annually by a consortium of human resource personnel from the participating states. The Minnesota Department of Employee Relations indicated that the Central States Survey is a useful data source because it allows salary comparisons between very similar positions; unlike comparisons with the private sector, comparisons with other state government are more likely to match jobs with equivalent duties and scale of responsibility.

As noted in Chapter 2 Minnesota generally pays high wages relative to other the other states that participated in the Central States Survey, ranking in the upper third for 87 of 107 comparable positions (see Table 2.2 for the Minnesota positions with top-ranking average annual salaries). Minnesota also compares favorably to wages provided by a sub-set of five Midwestern states (Illinois, Indiana, Iowa, Michigan, and Wisconsin), with higher-than-average wages for more than 80 percent of the available comparisons.

**Table B.1: Average Annual Salary, Minnesota and Other State Governments, 1998**

	Minnesota State Government			Central States Average	Midwestern States Average
	Number of Employees	Average	Rank (out of)		
<b>INFORMATION TECHNOLOGY</b>					
Transportation Information Resources Manager	1	\$83,102	3 (21)	\$61,366	\$66,484
InterTech Division Manager 1	1	\$72,850	2 (21)	\$46,811	\$53,236
Information Systems Manager	14	\$72,307	1 (22)	\$45,425	\$55,482
Information Technology Specialist 5	90	\$63,183	1 (22)	\$48,201	\$46,819
Systems Analysis Unit Supervisor	36	\$61,492	1 (19)	\$49,054	\$56,674
Information Technology Specialist 4	229	\$54,935	1 (20)	\$44,883	\$43,973
Information Technology Specialist 3	381	\$46,270	5 (20)	\$43,133	\$42,879
Information Technology Specialist 3 <sup>a</sup>	381	\$46,270	3 (11)	\$42,897	\$39,924
Information Technology Specialist 2	265	\$38,753	7 (22)	\$37,356	\$43,569
Information Technology Specialist 2 <sup>a</sup>	265	\$38,753	3 (23)	\$36,111	\$34,966
Electronic Data Processing Help Desk Specialist	7	\$33,032	5 (18)	\$28,737	\$30,239
Electronic Data Processing Operations Technician 2	42	\$31,738	3 (21)	\$25,651	\$28,214
<b>ENGINEERING PROFESSIONS</b>					
Deputy Commissioner-Transportation	2	\$97,301	4 (20)	\$63,247	\$89,568
Engineer, Senior Administrative	56	\$79,198	5 (19)	\$60,350	\$77,634
Engineer, Principal	198	\$63,621	1 (20)	\$52,608	\$48,954
Architect 2	12	\$59,696	2 (19)	\$43,121	\$41,670
Engineer, Senior	231	\$53,348	4 (17)	\$51,239	\$49,040
Engineer, Senior	231	\$53,348	6 (18)	\$51,043	\$40,351
Engineer, Senior	231	\$53,348	3 (20)	\$47,566	\$44,668
Engineer, Senior <sup>a</sup>	231	\$53,348	4 (22)	\$46,523	\$44,211
Engineering Specialist	136	\$49,047	1 (21)	\$35,476	\$39,250
Landscape Architect Senior	5	\$44,036	6 (18)	\$41,349	\$46,185

Table B.1, continued ...

	Minnesota State Government			Central States Average	Midwestern States Average
	Number of Employees	Average	Rank (out of)		
<b>ACCOUNTING &amp; FINANCIAL PROFESSIONS</b>					
Executive Budget Officer	5	\$54,497	5 (21)	\$48,499	\$41,486
Public Utilities Rates Analyst 3	9	\$47,815	6 (21)	\$43,072	\$44,201
International Trade Representative	14	\$45,518	4 (15)	\$37,616	\$35,062
Accounting Officer, Senior	69	\$42,031	6 (23)	\$37,743	\$38,137
Commerce Analyst 2	17	\$40,361	7 (21)	\$36,789	\$45,182
Commerce Analyst 2 <sup>a</sup>	17	\$40,361	5 (20)	\$32,236	\$32,419
Auditor, Intermediate	17	\$37,730	5 (22)	\$32,898	\$30,998
Accounting Officer	85	\$35,580	5 (23)	\$30,569	\$32,497
Revenue Tax Specialist	37	\$34,097	4 (23)	\$28,902	\$29,507
Financial Institution Assistant Examiner	1	\$27,687	18 (21)	\$38,694	\$43,652
<b>HUMAN RESOURCE PROFESSIONS</b>					
Job Service Field Open Area Manager 2	25	\$50,801	2 (22)	\$38,411	\$42,112
Reemployment Insurance Supervisor 2	4	\$47,857	16 (18)	\$55,178	\$68,662
Personnel Officer Supervisor Senior	4	\$42,950	9 (22)	\$40,360	\$47,887
Personnel Officer	28	\$37,709	15 (21)	\$40,714	\$45,832
Personnel Officer <sup>a</sup>	28	\$37,709	3 (21)	\$30,129	\$37,540
Employment Counselor, Senior	11	\$31,466	9 (19)	\$31,229	\$26,684
<b>HUMAN SERVICES</b>					
Medical Specialist 1-4	58	\$104,525	14 (17)	\$111,716	\$109,621
Medical Specialist 1-4 <sup>a</sup>	58	\$104,525	4 (16)	\$99,360	\$99,901
Dentist	7	\$80,325	5 (15)	\$67,965	\$57,364
Director, Human Services Licensing Division	1	\$71,911	1 (14)	\$40,137	\$56,170
Director of Nursing	7	\$70,762	2 (20)	\$54,523	\$61,818
Registered Nurse Practitioner	13	\$60,531	2 (15)	\$45,160	\$51,645
Pharmacist	10	\$56,000	4 (20)	\$48,190	\$52,439
Social Services Supervisor	4	\$54,580	3 (20)	\$42,775	\$49,627
Psychologist Supervisor	10	\$53,495	6 (14)	\$47,766	\$47,654
Registered Nurse Supervisor	62	\$52,910	3 (22)	\$41,322	\$51,191
Rehabilitation Counselor Supervisor 2	2	\$51,031	4 (22)	\$47,824	\$49,328
Psychologist 2	60	\$48,525	9 (22)	\$46,092	\$44,109
Group Supervisor Assistant	53	\$47,272	3 (19)	\$36,596	\$33,950
Chaplain	18	\$44,704	3 (20)	\$32,007	\$31,114
Health Services Analyst	6	\$42,846	4 (21)	\$37,364	\$39,246
Registered Nurse	303	\$42,366	3 (22)	\$36,376	\$38,671
Dietitian 1	18	\$41,259	1 (21)	\$34,567	\$37,419
Human Services Licensor	37	\$40,967	3 (17)	\$32,589	\$39,231
Medical Technologist	3	\$39,881	1 (20)	\$32,075	\$35,127
Social Worker Senior	33	\$39,087	2 (22)	\$28,973	\$31,801
Dental Hygienist	2	\$38,983	4 (15)	\$33,425	\$34,334
Occupational Therapist	5	\$38,273	14 (17)	\$41,305	\$46,641
Rehabilitation Counselor, Senior	40	\$36,227	5 (17)	\$32,758	\$37,365
Recreation Therapist	35	\$34,807	7 (22)	\$28,971	\$30,784
Medical Lab Tech 1	11	\$34,055	2 (19)	\$23,260	\$22,432
Health Program Representative	4	\$33,554	10 (19)	\$36,845	\$36,632
Licensed Practical Nurse 1 & 2	257	\$33,512	1 (22)	\$24,140	\$26,725
Rehabilitation Counselor	26	\$32,740	8 (22)	\$32,892	\$32,396
Disability Examiner	7	\$31,654	7 (20)	\$31,186	\$31,969
Human Services Technician	588	\$30,527	1 (21)	\$18,896	\$23,884
Corrections Agent	33	\$29,441	8 (19)	\$30,764	\$28,467
Chemical Dependency Counselor	16	\$28,606	11 (19)	\$27,890	\$29,017

**Table B.1, continued ...**

	Minnesota State Government			Central States Average	Midwestern States Average
	Number of Employees	Average	Rank (out of)		
<b>SCIENTIFIC PROFESSIONS</b>					
Pollution Control Program Administrator	14	\$69,259	2 (23)	\$50,945	\$52,805
Hydrologist 2	76	\$43,639	3 (20)	\$40,056	\$40,078
Environmental Analyst 2	9	\$38,190	5 (22)	\$34,825	\$38,240
Interpretive Naturalist 2	12	\$37,730	1 (14)	\$26,917	\$32,979
Natural Resources Forestry Specialist Intermediate	25	\$36,770	6 (18)	\$35,179	\$38,567
Chemist 2	8	\$36,728	11 (23)	\$37,982	\$38,530
Natural Resources Specialist Intermediate (Wildlife Research Biologist)	6	\$36,582	8 (23)	\$38,422	\$40,315
Fingerprint Technician	6	\$32,823	4 (21)	\$28,248	\$29,541
Soil Scientist 1	2	\$32,740	5 (9)	\$39,417	\$43,392
Pollution Control Specialist	24	\$28,543	16 (22)	\$30,973	\$34,260
<b>PUBLIC SAFETY &amp; CORRECTIONS</b>					
Chief Executive Officer-Correctional Facility	6	\$85,817	2 (21)	\$55,696	\$72,061
State Patrol Major	5	\$72,120	2 (19)	\$58,983	\$54,072
Special Agent	68	\$53,620	1 (19)	\$40,044	\$42,497
Corrections Officer 4	129	\$47,147	1 (23)	\$29,717	\$29,600
Natural Resources Specialist 2 (Conservation Officer)	126	\$45,894	1 (21)	\$34,903	\$36,311
State Patrol Trooper & Trooper 1	225	\$44,955	3 (21)	\$37,193	\$40,278
NR Parks Supervisor 2	37	\$44,057	2 (22)	\$37,241	\$39,565
Safety & Health Officer 2	27	\$43,410	3 (17)	\$33,415	\$33,278
Health Care Program Investigator	6	\$43,138	1 (18)	\$32,032	\$35,782
Corrections Officer 2	1,182	\$33,888	1 (23)	\$25,450	\$27,219
<b>OTHER PROFESSIONS</b>					
Pilot	4	\$61,680	1 (21)	\$40,863	\$49,085
Library/Information Resource Services Program Director	4	\$51,052	6 (20)	\$41,289	\$44,975
Library/Information Resource Services Specialist	20	\$38,670	4 (23)	\$31,088	\$35,149
Library Technician	66	\$32,176	3 (20)	\$27,757	\$24,605
Planner, Principal State	99	\$47,231	1 (18)	\$39,452	\$38,064
Management Analyst 2	53	\$38,231	7 (22)	\$37,762	\$40,238
Research Analyst Intermediate	27	\$36,436	10 (23)	\$36,169	\$38,757
Information Officer 2	65	\$36,728	9 (23)	\$34,953	\$38,143
Information Officer 2 <sup>a</sup>	65	\$36,728	3 (19)	\$34,770	\$31,234
Real Estate Representative, Senior	6	\$45,456	6 (19)	\$40,215	\$40,711
Real Estate Representative	29	\$41,927	1 (21)	\$33,989	\$34,868
Food Services Supervisor	6	\$42,407	4 (20)	\$32,935	\$41,665
Public Health Sanitarian 2	25	\$38,002	3 (17)	\$32,099	\$28,891
Grain Inspector 2	14	\$37,897	1 (14)	\$27,845	\$28,359
Graphic Arts Specialist	36	\$36,874	1 (21)	\$29,832	\$30,226
Photographer	2	\$31,842	5 (21)	\$28,838	\$29,787
Driver and Vehicle Services Exam Specialist	47	\$29,044	5 (20)	\$27,701	\$43,957

<sup>a</sup>Position compared to more than one benchmark title.

NOTE: Central States and Midwestern States averages are weighted by number of employees. Weighted averages may differ from survey results published by the Central States Compensation Association due to exclusion of Indiana in printed results and adjustment of the weight given to Illinois in certain instances. "Midwestern States" are Illinois, Indiana, Iowa, Michigan, and Wisconsin.

SOURCE: 1998 Central States Salary Survey.

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# Further Reading

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## WEBSITES

Minnesota Department of Employee Relations: <http://www.doer.state.mn.us>

Minnesota Local Area Unemployment Statistics: <http://www.des.state.mn.us/lmi/laus/minn.htm>

U.S. Bureau of Census, Survey of Governments: <http://www.census.gov/govs/www/apes.html>

U.S. Bureau of Census and Bureau of Labor Statistics, Current Population Survey: <http://www.bls.census.gov/cps/>

U.S. Bureau of Labor Statistics, Employee Benefits Survey: <http://stats.bls.gov/ebshome.htm>

U.S. Bureau of Labor Statistics, Employment Cost Trends (includes information on the Employment Cost Index): <http://stats.bls.gov/ecthome.htm>

U.S. Bureau of Labor Statistics, Occupational Compensation Survey Program: <http://stats.bls.gov/ocshome.htm>

U.S. Department of Education, National Center for Educational Statistics, Integrated Postsecondary Education Data System: <http://nces.ed.gov/ipeds/>

## BOOKS, ARTICLES, AND REPORTS

American Association of University Professors. "The Economic Status of the Profession." *Academe*, 85, no. 2 (March-April 1999): 1-108.

Belman, Dale and John S. Heywood. "State and Local Government Wage Differentials: An Intrastate Analysis." *Journal of Labor Research*, XVI, no. 2 (Spring 1995): 187-201.

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Musell, Mark and Neal Masia. "Reconciling Differences in Federal and Private Sector Pay Comparisons." *Public Budgeting and Finance*, 18, number 1 (Spring 1998): 68-77.

Thompson, Frank J., ed. *Revitalizing State and Local Public Service*. San Francisco: Jossey-Bass Publishers, 1993.

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Wiatrowski, William J. "Tracking Changes in Benefit Costs." *Compensation and Working Conditions*, 4, no. 1 (Spring 1999): 32-37.

Minnesota  
Department of  
Employee  
Relations

*State of Minnesota: Employer of Choice*

January 24, 2000

Roger Brooks, Deputy Legislative Auditor  
Office of the Legislative Auditor  
658 Cedar Street  
Saint Paul, MN 55155

Dear Mr. Brooks:

Thank you for the opportunity to comment on the report on state employee compensation. The portion of the report that compares state salaries and benefits to other employers in the public and private sectors is reminiscent of the Public Employment Study, conducted by the Hay Group and released in 1979. The researchers who conducted the Public Employment Study noted the difficulty in simultaneously pursuing internal equity and external competitiveness, particularly for a large and diverse employer such as state government. The earlier study also found that state and local governments tend to pay more than the private sector for jobs at similar levels of complexity, except for high level managerial positions. It is not surprising that these same findings are reflected in your report, twenty years later.

In the interim since the Public Employment Study there have been two significant influences on the salary structure of the Executive Branch. First, in the early 1980's, the state adopted a Pay Equity law, which resulted in significant salary increases for female-dominated classifications at the lower end of the salary schedule. Second, the salaries of state agency heads, which serve as the upper limit of compensation for employees within each state agency, were not adjusted for eight years. The Legislature did provide significant relief to the salary compression at the upper end of the salary structure with the passage of the agency head pay bill in 1997. However, the new salary limits for agency heads still put the Executive Branch at a disadvantage in comparison to local units of government. The salary limit for the largest agencies is 85 percent of the Governor's salary while the salary limit for cities and counties is 95 percent of the same salary. School districts have been exempted from the limit in recent years.

Your report reveals something about the value of the perceptions of human resources directors and, indirectly, supervisors and managers. In spite of the fact that your data indicates that state salaries for clerical jobs are at least 20 percent above the private sector, 21 percent of the human resources directors surveyed identified inadequate compensation as contributing to their difficulty in recruiting and retaining employees in these classifications. This indicates that salary data and actual recruiting experience can tell two different stories. These discrepancies call for closer examination of wage data and non-wage factors that might be at the root of the recruiting problem.

Roger Brooks  
January 20, 2000  
Page 2

The apparent contradiction between our clerical salaries appearing to be above 'the market' and state agencies having difficulty in recruiting is also the converse of a concern we have about broad generalizations based upon the analysis of external salary data and Hay points. The comparison of the salary lines of the state and other employers masks a considerable amount of variability in pay for individual jobs. Even where attempts are made to match job titles and job descriptions, the pay data alone does not tell the whole story. When we bargain on the issue of salary range assignments of specific classifications, we also review data on employee turnover, salary step on hire and agency input on recruiting and retention experience. It is not unusual for salary survey data to indicate a lack of competitiveness with external comparisons while the recruiting and retention data does not indicate any cause for concern.

Again, thank you for the opportunity to comment on the report.

Sincerely,

*/s/ Jim Lee*

Jim Lee  
Deputy Commissioner  
Labor Relations/Compensation Division  
(651) 297-5738

## Recent Program Evaluations

<i>Truck Safety Regulation</i> , January 1992	92-01	<i>Post-Secondary Enrollment Options Program</i> , March 1996	96-05
<i>State Contracting for Professional/Technical Services</i> , February 1992	92-02	<i>Tax Increment Financing</i> , March 1996	96-06
<i>Public Defender System</i> , February 1992	92-03	<i>Property Assessments: Structure and Appeals, A Best Practices Review</i> , May 1996	96-07
<i>Higher Education Administrative and Student Services Spending: Technical Colleges, Community Colleges, and State Universities</i> , March 1992	92-04	<i>Recidivism of Adult Felons</i> , January 1997	97-01
<i>Regional Transit Planning</i> , March 1992	92-05	<i>Nursing Home Rates in the Upper Midwest</i> , January 1997	97-02
<i>University of Minnesota Supercomputing Services</i> , October 1992	92-06	<i>Special Education</i> , January 1997	97-03
<i>Petrofund Reimbursement for Leaking Storage Tanks</i> , January 1993	93-01	<i>Ethanol Programs</i> , February 1997	97-04
<i>Airport Planning</i> , February 1993	93-02	<i>Statewide Systems Project</i> , February 1997	97-05
<i>Higher Education Programs</i> , February 1993	93-03	<i>Highway Spending</i> , March 1997	97-06
<i>Administrative Rulemaking</i> , March 1993	93-04	<i>Non-Felony Prosecution, A Best Practices Review</i> , April 1997	97-07
<i>Truck Safety Regulation, Update</i> , June 1993	93-05	<i>Social Service Mandates Reform</i> , July 1997	97-08
<i>School District Financial Reporting, Update</i> , June 1993	93-06	<i>Child Protective Services</i> , January 1998	98-01
<i>Public Defender System, Update</i> , December 1993	93-07	<i>Remedial Education</i> , January 1998	98-02
<i>Game and Fish Fund Special Stamps and Surcharges, Update</i> , January 1994	94-01	<i>Transit Services</i> , February 1998	98-03
<i>Performance Budgeting</i> , February 1994	94-02	<i>State Building Maintenance</i> , February 1998	98-04
<i>Psychopathic Personality Commitment Law</i> , February 1994	94-03	<i>School Trust Land</i> , March 1998	98-05
<i>Higher Education Tuition and State Grants</i> , February 1994	94-04	<i>9-1-1 Dispatching: A Best Practices Review</i> , March 1998	98-06
<i>Motor Vehicle Deputy Registrars</i> , March 1994	94-05	<i>Minnesota State High School League</i> , June 1998	98-07
<i>Minnesota Supercomputer Center</i> , June 1994	94-06	<i>State Building Code</i> , January 1999	99-01
<i>Sex Offender Treatment Programs</i> , July 1994	94-07	<i>Juvenile Out-of-Home Placement</i> , January 1999	99-02
<i>Residential Facilities for Juvenile Offenders</i> , February 1995	95-01	<i>Metropolitan Mosquito Control District</i> , January 1999	99-03
<i>Health Care Administrative Costs</i> , February 1995	95-02	<i>Animal Feedlot Regulation</i> , January 1999	99-04
<i>Guardians Ad Litem</i> , February 1995	95-03	<i>Occupational Regulation</i> , February 1999	99-05
<i>Early Retirement Incentives</i> , March 1995	95-04	<i>Directory of Regulated Occupations in Minnesota</i> , February 1999	99-05b
<i>State Employee Training: A Best Practices Review</i> , April 1995	95-05	<i>Counties' Use of Administrative Penalties for Violations of Solid and Hazardous Waste Ordinances</i> , February 1999	99-06
<i>Snow and Ice Control: A Best Practices Review</i> , May 1995	95-06	<i>Fire Services: A Best Practices Review</i> , April 1999	99-07
<i>Pollution Control Agency's Use of Administrative Penalty Orders, Update</i> July 1995	95-07	<i>State Mandates on Local Governments</i> , January 2000	00-01
<i>Development and Use of the 1994 Agency Performance Reports</i> , July 1995	PR95-22	<i>State Park Management</i> , January 2000	00-02
<i>State Agency Use of Customer Satisfaction Surveys</i> , October 1995	PR95-23	<i>Welfare Reform</i> , January 2000	00-03
<i>Funding for Probation Services</i> , January 1996	96-01	<i>School District Finances</i> , February 2000	00-04
<i>Department of Human Rights</i> , January 1996	96-02	<i>State Employee Compensation</i> , February 2000	00-05
<i>Trends in State and Local Government Spending</i> , February 1996	96-03	<i>Managing Preventive Maintenance for Local Government Buildings: A Best Practices Review</i> , forthcoming	
<i>State Grant and Loan Programs for Businesses</i> February 1996	96-04	<i>Minnesota State Colleges and Universities: Status Report</i> , forthcoming	

Evaluation reports can be obtained free of charge from the Legislative Auditor's Office, Program Evaluation Division, Room 140, 658 Cedar Street, Saint Paul, Minnesota 55155, 651/296-4708. Full text versions of recent reports are also available at the OLA web site: <http://www.auditor.leg.state.mn.us>