

SENATE
STATE OF MINNESOTA
EIGHTY-EIGHTH LEGISLATURE

S.F. No. 1534

(SENATE AUTHORS: PAPPAS and Cohen)

DATE	D-PG	OFFICIAL STATUS
04/02/2013	1672	Introduction and first reading Referred to Finance See SF671, Art. 3, Sec. 12 (judicial salary increase) See SF1589, Art. 6

A bill for an act

1.1 relating to state government; implementing recommendations of the
1.2 Compensation Council; modifying certain salary provisions; requiring a
1.3 compensation study; providing for legislative, judicial, and constitutional
1.4 officers' salaries; appropriating money; amending Minnesota Statutes 2012,
1.5 sections 3.099, subdivision 1; 3.855, subdivision 3; 15A.0815, subdivisions 1,
1.6 2, 3, 5; 43A.17, subdivisions 1, 3; repealing Minnesota Statutes 2012, section
1.7 43A.17, subdivision 4.
1.8

1.9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.10 Section 1. Minnesota Statutes 2012, section 3.099, subdivision 1, is amended to read:

1.11 Subdivision 1. **Salary; paydays; mileage; per diem.** (a) The salary of each member
1.12 of the legislature is equal to 33 percent of the salary authorized for the governor. An increase
1.13 in the legislators' salaries resulting from an increase in the salary of the governor takes
1.14 effect at the first time authorized under the Minnesota Constitution, article IV, section 9.

1.15 (b) The compensation of each member of the legislature is due on the first day of the
1.16 regular legislative session of the term and payable in equal parts on January 15, in the first
1.17 month of each term and on the first day of each following month during the term for which
1.18 the member was elected. The compensation of each member of the legislature elected
1.19 at a special election is due on the day the member takes the oath of office and payable
1.20 within ten days of taking the oath for the remaining part of the month in which the oath
1.21 was taken, and then in equal parts on the first day of each following month during the
1.22 term for which the member was elected.

1.23 (c) Each member shall receive mileage for necessary travel to the place of meeting
1.24 and returning to the member's residence in the amount and for trips as authorized by the
1.25 senate for senate members and by the house of representatives for house members.

2.1 (d) Each member shall also receive per diem living expenses during a regular or
 2.2 special session of the legislature in the amounts and for the purposes as determined by the
 2.3 senate for senate members and by the house of representatives for house members.

2.4 (e) On January 15 in the first month of each term and on the first day of each following
 2.5 month, the secretary of the senate and the chief clerk of the house of representatives
 2.6 shall certify to the commissioner of management and budget, in duplicate, the amount of
 2.7 compensation then payable to each member of their respective houses and its total.

2.8 **EFFECTIVE DATE.** This section is effective January 5, 2015. Beginning on
 2.9 January 5, 2015, the salaries of legislators are 33 percent of the salary of the governor on
 2.10 January 1, 2015. Beginning January 1, 2016, the salaries of legislators are 33 percent of
 2.11 the salary of the governor on January 1, 2016.

2.12 Sec. 2. Minnesota Statutes 2012, section 3.855, subdivision 3, is amended to read:

2.13 Subd. 3. **Other salaries and compensation plans.** The commission shall also:

2.14 (1) review and approve, reject, or modify a plan for compensation and terms and
 2.15 conditions of employment prepared and submitted by the commissioner of management
 2.16 and budget under section 43A.18, subdivision 2, covering all state employees who are
 2.17 not represented by an exclusive bargaining representative and whose compensation is not
 2.18 provided for by chapter 43A or other law;

2.19 (2) review and approve, reject, or modify a plan for total compensation and terms
 2.20 and conditions of employment for employees in positions identified as being managerial
 2.21 under section 43A.18, subdivision 3, whose salaries and benefits are not otherwise
 2.22 provided for in law or other plans established under chapter 43A;

2.23 (3) review and approve, reject, or modify recommendations for salaries submitted
 2.24 ~~by the governor or other~~ an appointing authority other than the governor under section
 2.25 15A.0815, subdivision 5, covering agency head positions listed in section 15A.0815;

2.26 ~~(4) review and approve, reject, or modify recommendations for salaries of officials~~
 2.27 ~~of higher education systems under section 15A.081, subdivisions 7b and 7c;~~

2.28 ~~(5)~~ (4) review and approve, reject, or modify plans for compensation, terms, and
 2.29 conditions of employment proposed under section 43A.18, subdivisions 3a, 3b, and 4; and

2.30 ~~(6)~~ (5) review and approve, reject, or modify the plan for compensation, terms, and
 2.31 conditions of employment of classified employees in the office of the legislative auditor
 2.32 under section 3.971, subdivision 2.

2.33 Sec. 3. Minnesota Statutes 2012, section 15A.0815, subdivision 1, is amended to read:

3.1 Subdivision 1. **Salary limits.** The governor or other appropriate appointing
 3.2 authority shall set the salary rates for positions listed in this section within the salary limits
 3.3 listed in subdivisions 2 to 4;. If the appointing authority is not the governor, the appointing
 3.4 authority's action is subject to approval of the Legislative Coordinating Commission and the
 3.5 legislature as provided by subdivision 5 and sections 3.855 and 15A.081, subdivision 7b.

3.6 Sec. 4. Minnesota Statutes 2012, section 15A.0815, subdivision 2, is amended to read:

3.7 Subd. 2. **Group I salary limits.** ~~The salaries for positions in this subdivision may~~
 3.8 ~~not exceed 95 percent of the salary of the governor.~~ The salary for a position listed in this
 3.9 subdivision shall not exceed 133 percent of the salary of the governor. This limit must
 3.10 be adjusted annually on January 1. The new limit must equal the limit for the prior year
 3.11 increased by the percentage increase, if any, in the Consumer Price Index for all-urban
 3.12 consumers from October of the second prior year to October of the immediately prior year.
 3.13 The commissioner of management and budget must publish the limit on the department's
 3.14 Web site. This subdivision applies to the following positions:

3.15 Commissioner of administration;
 3.16 Commissioner of agriculture;
 3.17 Commissioner of education;
 3.18 Commissioner of commerce;
 3.19 Commissioner of corrections;
 3.20 Commissioner of health;
 3.21 Executive director, Minnesota Office of Higher Education;
 3.22 Commissioner, Housing Finance Agency;
 3.23 Commissioner of human rights;
 3.24 Commissioner of human services;
 3.25 Commissioner of labor and industry;
 3.26 Commissioner of management and budget;
 3.27 Commissioner of natural resources;
 3.28 Director of Office of Strategic and Long-Range Planning;
 3.29 Commissioner, Pollution Control Agency;
 3.30 Executive director, Public Employees Retirement Association;
 3.31 Commissioner of public safety;
 3.32 Commissioner of revenue;
 3.33 Executive director, State Retirement System;
 3.34 Executive director, Teachers Retirement Association;
 3.35 Commissioner of employment and economic development;

4.1 Commissioner of transportation; and
 4.2 Commissioner of veterans affairs.

4.3 Sec. 5. Minnesota Statutes 2012, section 15A.0815, subdivision 3, is amended to read:

4.4 Subd. 3. **Group II salary limits.** ~~The salaries for positions in this subdivision may~~
 4.5 ~~not exceed 85 percent of the salary of the governor.~~ The salary for a position listed in this
 4.6 subdivision shall not exceed 120 percent of the salary of the governor. This limit must
 4.7 be adjusted annually on January 1. The new limit must equal the limit for the prior year
 4.8 increased by the percentage increase, if any, in the Consumer Price Index for all-urban
 4.9 consumers from October of the second prior year to October of the immediately prior year.
 4.10 The commissioner of management and budget must publish the limit on the department's
 4.11 Web site. This subdivision applies to the following positions:

4.12 Executive director of Gambling Control Board;
 4.13 Commissioner, Iron Range Resources and Rehabilitation Board;
 4.14 Commissioner, Bureau of Mediation Services;
 4.15 Ombudsman for Mental Health and Developmental Disabilities;
 4.16 Chair, Metropolitan Council;
 4.17 School trust lands director;
 4.18 Executive director of pari-mutuel racing; and
 4.19 Commissioner, Public Utilities Commission.

4.20 Sec. 6. Minnesota Statutes 2012, section 15A.0815, subdivision 5, is amended to read:

4.21 Subd. 5. **Appointing authorities to recommend certain salaries.** (a) When
 4.22 the governor is the appointing authority, the governor, or other appropriate appointing
 4.23 authority, may submit to the Legislative Coordinating Commission recommendations for
 4.24 must establish salaries within the salary limits for the positions listed in subdivisions
 4.25 2 to 4. An appointing authority may also propose additions or deletions of positions
 4.26 from those listed. Before establishing a salary, the governor must consult with the
 4.27 commissioner of management and budget concerning the salary. In establishing the salary,
 4.28 the governor shall consider the criteria established in section 43A.18, subdivision 8, and
 4.29 the performance of individual incumbents. The performance evaluation must include a
 4.30 review of an incumbent's progress toward attainment of affirmative action goals. The
 4.31 governor shall establish an objective system for quantifying knowledge, abilities, duties,
 4.32 responsibilities, and accountabilities, and in determining recommendations rate each
 4.33 position by this system.

5.1 (b) An appointing authority other than the governor may submit to the Legislative
5.2 Coordinating Commission recommendations for salaries within the salary limits for the
5.3 positions listed in subdivisions 2 to 4.

5.4 ~~(b)~~ Before submitting the recommendations, the appointing authority shall consult
5.5 with the commissioner of management and budget concerning the recommendations.

5.6 ~~(e)~~ In making recommendations, the appointing authority shall consider the
5.7 criteria established in section 43A.18, subdivision 8, and the performance of individual
5.8 incumbents. The performance evaluation must include a review of an incumbent's progress
5.9 toward attainment of affirmative action goals. The appointing authority shall establish
5.10 an objective system for quantifying knowledge, abilities, duties, responsibilities, and
5.11 accountabilities, and in determining recommendations, rate each position by this system.

5.12 ~~(d)~~ Before the appointing authority's recommended salaries take effect, the
5.13 recommendations must be reviewed and approved, rejected, or modified by the Legislative
5.14 Coordinating Commission and the legislature under section 3.855, subdivisions 2 and
5.15 3. ~~If, when the legislature is not in session, the commission fails to reject or modify~~
5.16 ~~salary recommendations of the governor within 30 calendar days of their receipt, the~~
5.17 ~~recommendations are deemed to be approved.~~

5.18 (c) The governor or other appointing authority may propose additions or deletions of
5.19 positions from those listed in subdivisions 2 to 4.

5.20 ~~(e)~~ (d) The governor or other appointing authority shall set the initial salary of a
5.21 head of a new agency or a chair of a new metropolitan board or commission whose salary
5.22 is not specifically prescribed by law after consultation with the commissioner, whose
5.23 recommendation is advisory only. The amount of the new salary must be comparable to the
5.24 salary of an agency head or commission chair having similar duties and responsibilities.

5.25 ~~(f)~~ (e) The salary of a newly appointed head of an agency or chair of a metropolitan
5.26 agency listed in subdivisions 2 to 4 who is appointed by someone other than the governor,
5.27 may be increased or decreased by the appointing authority from the salary previously
5.28 set for that position within 30 days of the new appointment after consultation with
5.29 the commissioner. If the appointing authority increases a salary under this paragraph,
5.30 the appointing authority shall submit the new salary to the Legislative Coordinating
5.31 Commission and the full legislature for approval, modification, or rejection under section
5.32 3.855, subdivisions 2 and 3. ~~If, when the legislature is not in session, the commission fails~~
5.33 ~~to reject or modify salary recommendations of the governor within 30 calendar days of~~
5.34 ~~their receipt, the recommendations are deemed to be approved.~~

5.35 Sec. 7. Minnesota Statutes 2012, section 43A.17, subdivision 1, is amended to read:

6.1 Subdivision 1. **Salary limits.** As used in subdivisions 1 to 9, "salary" means hourly,
6.2 monthly, or annual rate of pay including any lump-sum payments and cost-of-living
6.3 adjustment increases but excluding payments due to overtime worked, shift or equipment
6.4 differentials, work out of class as required by collective bargaining agreements or plans
6.5 established under section 43A.18, and back pay on reallocation or other payments related
6.6 to the hours or conditions under which work is performed rather than to the salary range
6.7 or rate to which a class is assigned. For presidents of state universities, "salary" does
6.8 not include a housing allowance provided through a compensation plan approved under
6.9 section 43A.18, subdivision 3a.

6.10 ~~The salary, as established in section 15A.0815, of the head of a state agency in the~~
6.11 ~~executive branch is the upper limit on the salaries of individual employees in the agency.~~
6.12 ~~However, if an agency head is assigned a salary that is lower than the current salary of~~
6.13 ~~another agency employee, the employee retains the salary, but may not receive an increase~~
6.14 ~~in salary as long as the salary is above that of the agency head. The commissioner may~~
6.15 ~~grant exemptions from these upper limits as provided in subdivisions 3 and 4.~~

6.16 Sec. 8. Minnesota Statutes 2012, section 43A.17, subdivision 3, is amended to read:

6.17 Subd. 3. **Unusual employment situations.** (a) Upon the request of the appointing
6.18 authority, and when the commissioner determines that changes in employment situations
6.19 create difficulties in attracting or retaining employees, the commissioner may approve an
6.20 unusual employment situation increase to advance an employee within the compensation
6.21 plan salary range.

6.22 (b) ~~If the commissioner determines that a position requires special expertise~~
6.23 ~~necessitating a higher salary to attract or retain qualified persons, the commissioner may~~
6.24 ~~grant an exemption not to exceed 120 percent of the salary of the head of the agency or the~~
6.25 ~~maximum rate established for the position, whichever is less.~~

6.26 (c) The following conditions apply to a request under paragraph (a) to advance an
6.27 employee within a compensation plan or under paragraph (b) to exceed the salary of the
6.28 agency head salary range:

6.29 (1) the appointing authority making the request must submit a detailed written
6.30 statement for each position contained in the request, specifying the changes in employment
6.31 situations that create difficulties in attracting or retaining an employee for the position;

6.32 (2) the commissioner shall review each proposal giving due consideration to salary
6.33 rates paid to other employees in the same class and agency and, if other conditions in
6.34 this paragraph are met, may approve any request that in the commissioner's judgment is
6.35 in the best interest of the state;

7.1 (3) the action must be consistent with applicable provisions of collective bargaining
7.2 agreements or plans adopted under section 43A.18;

7.3 (4) each increase or exemption must be separately documented for each employee or
7.4 position and may not be applied to groups of employees; and

7.5 (5) the commissioner shall report the granting of a request to the chair of the
7.6 Legislative Coordinating Commission within three working days.

7.7 **Sec. 9. COMPENSATION STUDY.**

7.8 The commissioner of management and budget must contract with an independent
7.9 consultant to conduct a comprehensive market analysis of compensation for all
7.10 unrepresented positions in the executive branch in order to better align compensation for
7.11 these positions with comparable positions in the private sector and with other relevant
7.12 public sector employers. The analysis should evaluate total compensation, including
7.13 insurance, retirement, and performance pay. \$..... is appropriated to the commissioner
7.14 to conduct this analysis.

7.15 **Sec. 10. JUDICIAL SALARY INCREASE.**

7.16 The salaries of supreme court justices, court of appeals judges, and district court
7.17 judges are increased by four percent on July 1, 2013, by four percent on July 1, 2014, by
7.18 four percent on July 1, 2015, and by four percent on July 1, 2016. These increases may
7.19 not be implemented until the commissioner of management and budget certifies that
7.20 legislation to increase pension fund contribution rates by judges by at least one percent
7.21 is enacted into law.

7.22 **Sec. 11. CONSTITUTIONAL OFFICERS SALARIES.**

7.23 The salary of the governor is increased by three percent effective January 1, 2015,
7.24 and by three percent on January 1, 2016. The salaries of the other constitutional officers
7.25 shall be adjusted to retain their proportional relationship as of January 1, 2013, to the
7.26 salary of the governor.

7.27 **Sec. 12. REPEALER.**

7.28 Minnesota Statutes 2012, section 43A.17, subdivision 4, is repealed.

7.29 **Sec. 13. EFFECTIVE DATE.**

7.30 Sections 2, 3, and 5 to 12 are effective the day following final enactment. Section 4
7.31 is effective retroactively from January 1, 2013.

43A.17 SALARY LIMITS, RATES, RANGES AND EXCEPTIONS.

Subd. 4. **Exceptions.** (a) The commissioner may without regard to subdivision 1 establish special salary rates and plans of compensation designed to attract and retain exceptionally qualified doctors of medicine and doctors of dental surgery. These rates and plans shall be included in the commissioner's plan. In establishing salary rates and eligibility for nomination for payment at special rates, the commissioner shall consider the standards of eligibility established by national medical specialty boards where appropriate. The incumbents assigned to these special ranges shall be excluded from the collective bargaining process.

(b) The commissioner may without regard to subdivision 1, but subject to collective bargaining agreements or compensation plans, establish special salary rates designed to attract and retain exceptionally qualified employees in the following positions:

- (1) information systems staff;
- (2) actuaries in the Departments of Health, Human Services, and Commerce; and
- (3) epidemiologists in the Department of Health.