

**Subcommittee on Employee Relations
Legislative Coordinating Commission
Friday, March 5, 2004
10:00 a.m.
Room 112, State Capitol**

Present:

Sen. Linda Scheid
Sen. David Gaither
Sen. Steve Kelley
Sen. Sandra Pappas
Rep. Bill Haas
Rep. Chris DeLaForest
Rep. Kent Eken
Rep. Michael Paymar

Excused:

Sen. Betsy Wergin
Rep. Jim Knoblach

Sen. Linda Scheid called the meeting to order at 10:05 a.m.

Approval of Minutes

Sen. David Gaither moved approval of the minutes from the February 2, 2004, meeting. **MOTION APPROVED.**

Review/Recommend Waivers from the Local Government Compensation Limit

Mr. Greg Hubinger, Director of the LCC Subcommittee on Employee Relations, reviewed his memo dated February 28, 2004, to SER members providing background information regarding requests for waivers made by Washington and Ramsey Counties. Mr. Hubinger explained the process of waiver requests and that the Commissioner of the Department of Employee Relations makes the final determination based on the recommendation of the subcommittee. Once the subcommittee forwards their recommendation to the Commissioner, there is no time limit for action. Minnesota is unique in that it is the only state that has a salary cap.

Mr. Dick Stafford, Chair of the Washington County Board and Ms. Molly O'Rourke, Deputy Administrator of Washington County testified before the subcommittee. Mr. Stafford acknowledged that the subcommittee has a tough job overseeing the salary cap, especially since there is never a good time for a raise when dealing with government budgets. Mr. Stafford stated that their current County Administrator has done an excellent job the past nine years and they would hate to lose that experience. Their County Administrator has already received three other job offers. If he decides to take another job, Washington County will have to come before the subcommittee once again to request a waiver in order to recruit a new person. The new person would be paid higher and know less about Washington County. Mr. Stafford and Mr. O'Rourke stood for questions.

Ms. Jan Wiessner, member of the Ramsey County Board, and Ms. Gail Blackstone, Human Resources Director of Ramsey County, testified before the subcommittee. Ms. Wiessner stated that when they were interviewing for the County Manager position, candidates were told that the County would be seeking a waiver in order to adjust the salary to the market. They did not anticipate a problem with having the waiver request approved considering that other counties have been granted waivers. Ms. Wiessner stated that their new County Manager started in October and has already been offered another job paying \$150,000 in California for a county half the size. She emphasized that Ramsey County has the second highest population in the state and the responsibilities and duties are greater than other counties that have received waivers and the County Manager should be paid accordingly. Ms. Wiessner and Ms. Blackstone stood for questions.

Sen. Steve Kelley moved to approve the Advisory Recommendation to the Department of Employee Relations (DOER). Rep. Michael Paymar inquired if there was any further testimony to be heard. Sen. Scheid said that she would be asking if anyone else wished to speak.

Rep. Bill Haas stated that he felt an increase in salary was warranted and moved to amend the Advisory Recommendation. To set the standard for future requests and to provide consistency, Rep. Haas moved to increase the percentage of the Governor's salary to 105 percent, which would bring the salaries to \$126,318 for Washington and Ramsey Counties.

Sen. Kelley stated that he felt that the salary cap is a stupid law and that the subcommittee and Legislature should not have to second guess the counties nor should they control the market place. The subcommittee has consistently supported waiver requests and he appreciates the support of the other members. Discussion ensued.

Sen. Scheid called for further testimony. Mr. John Thorson, Political Director of AFSCME Council 14, testified in opposition to the Ramsey County waiver request. Mr. Thorson stated that Ramsey County and 250 employees of nursing homes were in arbitration today over the current proposal that would reduce employee's wages by nine percent. Mr. Thorson concluded by pointing out that the county is asking to raise the salary of the highest paid county employee, while at the same time reducing the wages of its lowest paid employees.

There being no further testimony, members continued discussion. Sen. Scheid called for a vote on the Haas amendment raising the percentage to 105 percent, which would be \$126,318 for each waiver request. **MOTION NOT APPROVED.**

Vote was taken on the Kelley motion to approve the Advisory Recommendation to DOER, which would allow for \$135,500 for Washington County and \$140,000 for Ramsey County. **MOTION APPROVED.**

Sen. David Gaither inquired if the subcommittee could change the 95 percent salary cap law. Sen. Scheid said that issue is within the jurisdiction of the subcommittee and testimony would be heard from organizations regarding their positions on the law.

Review/Discuss Local Government Compensation Limit

Ms. Laura Kushner, Director of Human Resources at the League of Minnesota Cities, testified in support of local units of government having control over salaries. She presented a handout showing higher pay in other states that could recruit good people away from Minnesota and emphasized that in difficult budget times, a good administration is crucial.

Mr. Michael Madigan, member of the Woodbury city council, testified regarding Woodbury's rapid growth over the past few years and how it is flourishing. He gave credit to the quality of management and a good administration. Their current City Administrator will be retiring soon and so far the response from applicants has not been good, due to the salary cap. Since there have already been numerous exemptions made to the salary cap, Mr. Madigan felt that the law should be repealed. Levy limits assure fiscal responsibility at the local level and the Legislature did not need to micromanage through the salary cap. He concluded by emphasizing that the local unit of government is the closest to its citizens and the needs of the city, so they should handle the salaries of its employees.

Ms. Kushner and Mr. Madigan stood for questions.

Ms. Nancy Schouweiler, Chair of the Dakota County Board, testified in support of repealing the salary cap law. Ms. Schouweiler stated that there has been inconsistency in how waiver requests have been handled over the years. She further stated that superintendents of schools can make more

money than city or county officials who have larger budgets, more staff, and more responsibilities. She felt the salary cap devalues the worth of top administrators and nullifies job evaluation results. Ms. Schouweiler offered a few suggestions for the subcommittee to consider: 1) decoupling the salary cap from the Governor's salary; 2) change the definition of "salary," not to include compensation packages; and 3) increase the salary cap.

Mr. Keith Carlson, Executive Director of the Metropolitan Inter-County Association, testified before the subcommittee. Mr. Carlson's comments were brief: 1) St. Louis County had given a salary adjustment to Ramsey County's current County Administrator; 2) the Minneapolis police chief who was recruited from outside the state, received a waiver when Minnesota had qualified candidates; 3) the state auditor's report showed at least 61 superintendents are compensated over the salary cap amount; 4) local levels of government could get around the salary cap by contracting out; 5) the deficit is not unique to Minnesota, it is shared by all states; 6) local governments face their greatest challenges right now and we need the best to handle the job. Mr. Carlson stood for questions.

Mr. Paul Larson, Deputy Commissioner of DOER, spoke on behalf of Commissioner Ludeman who was in arbitration today. Mr. Larson stated that they support the 95 percent salary cap. DOER has promised to the unions that they would "hold the line" after unions agreed to zero increases and an increase in health insurance costs. Removing the salary cap would break that promise. Mr. Larson stood for questions.

Sen. Scheid thanked everyone for their testimony. She believes Rep. Ron Erhardt has a bill in the House regarding the salary cap and the Senate might have a companion bill.

There being no further business, the subcommittee adjourned at 11:45 a.m.

Senator Linda Scheid, Chair