

DRAFT

**Subcommittee on Employee Relations – Work Group
Meeting Summary
Legislative Coordinating Commission
Wednesday, September 29, 2004
10:00 a.m.
Room 107 State Capitol**

Present:

Sen. Linda Scheid

Sen. Sandra Pappas

Sen. David Gaither

Rep. Chris DeLaForest

Rep. Bill Haas

Jill Pettis – Compensation Manager, Department of Employee Relations

Bill Hargis – Municipal Legislative Commission and Mayor of Woodbury

Ardell Brede – Mayor of Rochester

Keith Carlson – Executive Director, Metropolitan Inter-County Association

Tom Hedges – City Administrator, City of Eagan

Tom Goodwin – Member of the Apple Valley City Council

Guests

Commissioner Cal Ludeman – Department of Employee Relations

Jim Brimeyer – Brimeyer Group, an executive search firm

Introductions

The informal work group started their meeting at approximately 10:00 a.m. Introductions were made around the table. Senator Linda Scheid introduced herself and staff, Greg Hubinger, Mark Shepard and Sandy Keene.

Discussion on the Value of the Salary Cap

Commissioner Cal Ludeman, Department of Employee Relations, stated that from their evidence, the administration of the salary cap law has not created a significant degree of recruitment and retention problems for local units of government. Commissioner Ludeman stated that DOER believes the law is administered well and that the current Administration does not support repealing the salary cap law. He further stated that it's a tough position for DOER to have zero across-the-board increases granted to so many state employees and then pursue repealing the salary cap law. If it should be repealed, it should not be repealed now. Commissioner Ludeman stated that the current economy speaks to this kind of compensation discipline and it has been supportive of DOER's efforts in negotiating with employees in relatively tough budget and economic times. Commissioner Ludeman stood for questions. Discussion ensued.

Discussion of the Impact of the Cap on Recruiting

Mr. Jim Brimeyer, Brimeyer Group – an executive search firm, began by addressing a question from Sen. David Gaither regarding the relationship between the qualifications to be a Governor and qualifications to be a city manager. Mr. Brimeyer stated that there is no relationship between those qualifications, which makes it difficult to argue for the salary cap law. He further stated that the salary cap does interfere with their recruitment efforts because people avoid applying for positions in the state because of the salary cap. He admitted positions can be filled, but questioned whether we are getting the best and the brightest.

Mayor Ardell Brede stated that there is definite risk of losing some of our top people. He stated that four of Rochester's top six managers have their resumes out and are looking for jobs outside of the state. It is a loss of talent not only for the city of Rochester, but also for the state. The cost to recruit and replace these people is greater than the cost to increase their salaries.

Rep. Bill Haas pointed out some possible benefits as city administrators move on to further their careers. It provides opportunities for internal promotion. It also creates opportunities to tap new ideas and resources and avoids getting caught in a stalemate. In addressing the loss of city administrators to other states, Rep. Haas pointed out that there are geographical differences that need to be considered. Other states may need to offer higher salaries because the cost of living is a lot higher than in Minnesota.

Mr. Tom Goodwin stated that the geographical differences are not East and West coast issues. Iowa is paying more in salaries. Mr. Goodwin stated that the Governor and his Chief of Staff are grossly underpaid. He further pointed out that when Governors leave office, they have opportunities to move up to higher paying jobs. When city administrators leave their jobs, they move on to other city administrator positions.

Mr. Brimeyer addressed the salary cap issue from a former city council member's perspective. One criteria he used for making tough decisions as a city council member was to ask himself if could explain this to his 8th grade civics class. If he could explain the decision and justify it, it was probably a good idea. He stated that it would be hard to explain what relationship there is between the Governor's salary, or any other state official's salary, and a city manager or school superintendent's salary.

Mr. Brimeyer suggested that if we have to have a salary cap, maybe we should be looking at the size of the organization. Size being defined by population, employees, budget or possibly eight to ten different criteria to set the salary ranges. This would remove the political set Governor's salary out of the equation. DOER could enforce, monitor, and regulate the salaries in these ranges, but would allow them a range to work with. This would provide rationale for the salary cap, which the current law is lacking now. Mr. Brimeyer stood for questions. Discussion ensued.

Sen. Scheid thanked Commissioner Ludeman for participating in the discussion of the work group and for presenting the department's position. She pointed out Mr. Hubinger's summary and data in member's packets that provide helpful information.

Rep. Haas suggested that the cities and counties form a subcommittee of the working group that could work with staff at DOER to put together some numbers and sample grids, possibly incorporating incremental steps, to present to the working group and SER.

Sen. Scheid thanked everyone for their participation and the productive discussion. The next meeting would not be until after elections. Date and time to be announced.

Commissioner Ludeman expressed DOER's desire to be the best employee's next best employer, with the realization that they have to do it in the realm of the world in economics and budgets.

Sen. Scheid ended the work group meeting and reconvened the SER meeting at 11:20 a.m.