

Legislative Coordinating Commission

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COMPENSATION COUNCIL

April 29, 2009

The Honorable Margaret Anderson Kelliher
Speaker of the House of Representatives

The Honorable James P. Metzen
President of the Senate

Dear Madam Speaker and Mr. President:

In accordance with the duties assigned to it by Minnesota Statutes, section 15A.082, the Minnesota Compensation Council held two hearings, received testimony from interested parties, and engaged in extended discussions about salaries for Minnesota's elected state officials.

Background

Each of the members of the Council was acutely aware of the impact of the recession on Minnesota's economy. The Council understood that Minnesota's elected officials need to lead by example and not expect to receive increases in salary when Minnesota government is experiencing record budget deficits.

Council members are also aware that salaries of legislators and the governor have not increased in over ten years. Salaries for the members of the judiciary have been increased over that time period, but data continues to indicate that judges are lower paid than comparison groups. Salary ranges, and salaries, paid to heads of major state agencies have not changed since 2000.

Members spoke often of the public service motivation of Minnesota citizens who run for and serve in elective office. Council members understand and appreciate elected officials' tremendous commitment to public service.

They are also aware that Minnesota's elected officials should be compensated at levels that attract qualified candidates for these critical positions in state government. If elected public servants aren't fairly compensated, we may not be able to attract highly qualified candidates who are broadly representative of Minnesota's citizenry.

Restructure the Compensation Council

For ten years, the Council has made recommendations for increases in salaries of constitutional officers and legislators, with no changes adopted by the Legislature. While some of our recommendations for increases in salaries for members of the judiciary have been modified and implemented, many have not. We conclude that the current statutory mechanism for adjusting salaries for these positions does not work.

As part of its deliberations, the Council reviewed legislation considered during the 2008 legislative session, and specifically discussed House File 3796 and Senate File 3793. The Council did not endorse the specific provisions of either of these legislative proposals.

1. The Council recommends that the legislature revise the mechanism by which salaries for constitutional officers, judges and legislators are determined.

The Council recommends that the Legislature consider passing a bill placing a constitutional amendment on the November, 2010 ballot asking the citizens of the State to re-structure the Compensation Council so that it would have responsibility for directly establishing the salaries of constitutional officers and judges, and salaries and per diem for legislators.

Statutory Recommendations

In accordance with Minnesota Statutes, section 15A.082, the Compensation Council makes the following recommendations:

2. **Salary recommendation for 2009 and 2010.** We recommend a zero percent increase in salaries for constitutional officers, agency heads, judges and legislators for 2009 and 2010.

For 2011 and 2012, if a constitutional amendment as recommended above is not approved, and the state's economy recovers sufficiently to support compensation increases:

3. **Salaries of judges.** We recommend that, effective July 1, 2011, and July 1, 2012, the salaries of judges of the Supreme Court, Court of Appeals, and District Court should be increased by the average of the percentage increase in total compensation for state employees provided in negotiated collective bargaining agreements, arbitration awards, or other pay plans for FY 2012 and FY 2013 approved by the Legislative Coordinating Commission before the 2012 regular legislative session. The Commissioner of Finance must calculate the new salaries, which must be based on all compensation increases, including general salary adjustments, merit-based increases, and any other benefit increase provided to state employees, except insurance.
4. **Salaries of legislators.** We recommend that the salaries of legislators be set at 33% of the salary of the governor, beginning January 5, 2011. If the Legislature is not able to implement this recommendation, the Council recommends, as a minimum alternative, that legislator pay increase by 3% on January 5, 2011 and by 3% on January 1, 2012.
5. **Salaries for constitutional officers.** We recommend that the salary of the governor be adjusted by the rate of inflation since this salary was last increased in 1998. The Council estimates the governor's salary would be \$157,000 on January 1, 2009 if it had been adjusted by inflation since the

last increase. This amount would be adjusted by the rate of inflation (CPI-U) between 2009 and 2011, based on a calculation by the Commissioner of Finance. The new salary would be implemented January 3, 2011.

Under existing law, the salaries of the other constitutional officers would also increase accordingly.

6. **Salary ranges of agency heads.** If the Council's recommendation for constitutional officers is implemented, then the salary ranges for heads of state agencies will be also be increased as provided in current law. As a result, necessary increases in actual salaries could be proposed by the governor that would require approval by the legislature.

If the salaries of constitutional officers are not increased as recommended by the Council, we recommend that salary ranges for heads of state agencies be adjusted as follows:

Group I: 110% of the salary of the governor;

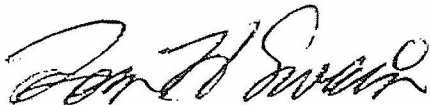
Group II: 100% of the salary of the governor;

Group III: 50% of the salary of the governor.

These ranges should be adjusted by inflation as provided under Minnesota Statutes 43A.17, subdivision 9, used to adjust the salary limit for employees of local units of government.

I have included a list of the members of the Council at the end of this recommendation. The members worked diligently and thoughtfully to develop these recommendations for consideration by the Legislature.

Respectfully submitted,



Tom H. Swain
Chair, Compensation Council

cc: Governor Tim Pawlenty
Lt. Governor Carol Molnau
Chief Justice Eric Magnuson
Attorney General Lori Swanson
State Auditor Rebecca Otto
Secretary of State Mark Ritchie
Senator Larry Pogemiller
Senator David Senjem
Representative Tony Sertich
Representative Marty Seifert

Members of the Compensation Council**Appointed by the Governor**

Ms. Patricia Anderson
Ms. Peggy Carlson
Mr. Darrell Carter
Ms. Kimberly Crockett
Mr. Michael Cummins
Ms. Deborah Erickson
Ms. Kathryn Green
Mr. Cory Hoepfner

Appointed by the House of Representatives

Rep. Joe Atkins
Rep. Mike Beard
Rep. Tom Rukavina

Appointed by the Senate

Senator Paul Koering
Senator Yvonne Prettner Solon
Senator Mee Moua

Appointed by the Supreme Court

Mr. Tom H. Swain
Mr. John Stanoch