MANAGEMENT AND BUDGET

March 17, 2026

Dear Co-Chair Koznick, and House Transportation Committee Members,

MMB welcomes the legislature taking an interest in recruiting and retaining talented state employees; state government cannot function without them. MMB is responsible for negotiating the state's thirteen labor contracts including its insurance provisions; maintaining our HR policy and systems infrastructure; and ensuring that state employees' compensation and career development opportunities are competitive and fiscally responsible. Decision making within each of these areas relies upon data that ensures we are meeting our statutory obligations to employees pursuant to Minn Stat 43A. Overall the state has enjoyed great success in retention these past several years, earning a lowest-ever enterprise rate of only 4.9% voluntary turnover on an annual basis. This stands in contrast to a voluntary turnover rate of nearly 12% several years ago.

Recruiting and retention of law enforcement classifications has drawn particular attention from the legislature over the past several years, culminating in legislative-directed pay increases in 2020 and again in 2021 as well as the OLA compensation study that is the subject of HF4102 / SF4273. The OLA study was intended to compare State Trooper pay to a metro-heavy list of the highest-paid law enforcement jurisdictions in the state.[1]

While MMB is broadly supportive of any measures to effectively recruit and retain our talented and essential state workforce, we have been challenged over the last several years to reconcile special provisions and treatment for law enforcement positions with our remaining obligations under Minn. Stat. 43A. Specifically, while Minn. Stat. 43A. 18 subd. 8 speaks to market comparisons being one of five criteria to consider when establishing pay, that statute also requires consideration of internal equity (including pay equity) throughout the executive branch. The legislature's continued focus and attention on providing different rules for a small subset of employees, has disrupted the balance of MMB's other obligations to more than 40,000 other employees of the executive branch workforce.

Compensation Establishment Process Pursuant to 43A.18

MMB has identified and routinely utilizes common metrics across all job classifications within the executive branch to ensure we are maintaining the reasonable compensation relationships required by 43A.18 subd. 8,[2]

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[1] The OLA has not been asked to compile compensation studies for any other state employees. MMB's classification unit routinely measures market for 10 benchmark classifications which rely on statewide data, reflecting that pay for a statewide workforce should reflect pay from a statewide market.

[2] Mn. Stat. 43A 18, Subd. 8.**Compensation relationships of positions.** In preparing management negotiating positions for compensation which is established pursuant to subdivision 1, and in establishing, recommending and approving total compensation for any position within the plans covered in subdivisions 2, 3 and 4, the commissioner shall assure that:

and appropriate comparability between classifications as required by Mn. Stat. 43A Subd. 3. Those metrics include information about the classifications themselves (job evaluation data from the Hay method), as well as data specific to recruiting and retention within each job classification.

Our data shows that the hardest to fill job classifications,[3] based upon our 8-factor model that reviews classifications over a 3-year period, include:

- Forensic Scientists
- Deputy State Fire Marshalls
- Behavior Modification Assistants
- Work Therapy Technicians
- Clinical Program Therapists

Law enforcement classes are not among the top 100 hardest to fill job classifications in the Executive Branch.

When warranted by data (including significantly higher than average turnover rates, longer times to fill, and market factors based upon salary survey data from a statewide market), MMB has tools to make salary adjustments, and in fact has made approximately 120 salary range adjustments since 2019. When MMB does make salary adjustments, we by necessity (and as required by statute) take into account all five statutory factors identified in Mn. Stat. 43A.18 including how an adjustment in one area impacts related classes in other areas. When considering adjustments, MMB recognizes the interdependence of our compensation system as a whole, and it looks not only to the specific classifications that are struggling, but also to the impact that adjustments will have on related classes within the job family, and/or related classifications within that agency or around the enterprise.

(a) compensation for positions in the classified and the unclassified service compare reasonably to one another;

(b) compensation for state positions bears reasonable relationship to compensation for similar positions outside state service;

(c) compensation for management positions bears reasonable relationship to compensation of represented employees managed;

(d) compensation for positions within the classified service bears reasonable relationships among related job classes and among various levels within the same occupation; and

(e) compensations bear reasonable relationships to one another within the meaning of this subdivision if compensation for positions which require comparable skill, effort, responsibility, and working conditions is comparable and if compensation for positions which require differing skill, effort, responsibility, and working conditions is proportional to the skill, effort, responsibility, and working conditions required.

[3] State Troopers, from 2018 to the present, have voluntary turnover of around 2%. During that same period of time, average turnover among all job classifications has ranged to as high as almost 12% to its current rate of 4.9%.

Comparability Adjustments

One of the reasons why MMB maintains and considers a large body of data when establishing compensation and when making adjustments is in order to maintain the legislature's directive at Mn. Stat. 43A.01, subd. 3:

> It is the policy of the State to "establish equitable compensation relationships between male-dominated, female-dominated, and balanced classes of employees in the executive branch."

The statutorily-required comparability adjustment language became more directive in 2025 when the legislature struck the qualifier "attempt to" prior to the term "establish." *See* 2025 c 39 art 3 s 1. Every two years, the legislature by way of Minn. Stat. 43A.05 Subd. 5 requires MMB to report its success in maintaining pay equity by identifying any female-dominated job classifications whose pay lags behind their male peers in similarly complex job classifications.

Existing Challenge

At the present time, MMB is not meeting the pay equity obligations that are required by statute. Since 2020, the pay gap between what male-dominated classifications are paid vs. what employees in jobs with similar job evaluation points are paid has steadily increased, both relative to the overall population and more drastically in relationship to female-dominated classifications. Two charts demonstrate how this occurred.

Chart A shows pay increases for State Troopers vs pattern employee pay increases. The legislatively-directed increases did not take into consideration any of the factors that MMB typically considers when making adjustments within our pay system. If all state employees received the equivalent of law enforcement increases, total cost to the enterprise would be approximately $1.4 billion in additional payroll expenditures.

Chart A

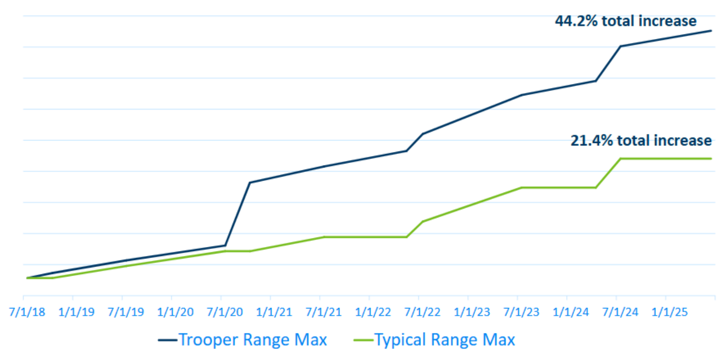
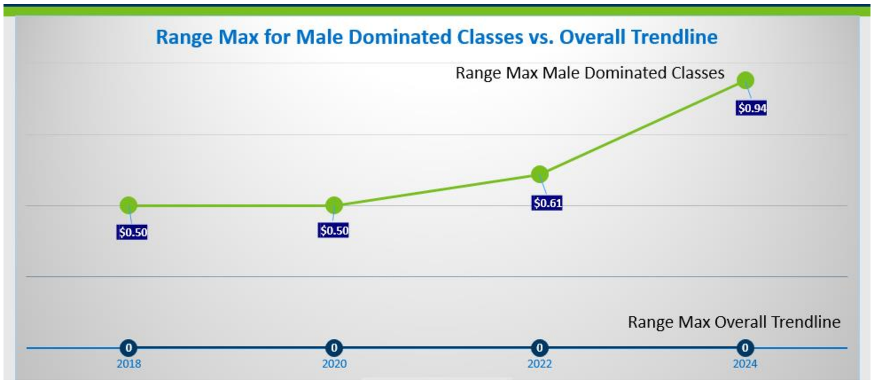


Chart B demonstrates how the law enforcement pay increases resulted in the increasing divergence in pay equity. Most law-enforcement classifications are male-dominated. Higher increases in pay for these classes has substantially increased the average pay for "male-dominated" classifications vs average pay for female-dominated and balanced classifications.

Chart B



These imbalances are evident on MMB's biennial comparability reports. As of January 1, 2019, only two female-dominated classifications were identified as being behind in pay compared to their male peers. As of January 1, 2025, that number has increased to **forty-seven** female-dominated classifications paid at least three ranges below where their peers in male-dominated classifications are paid. Correcting this disparity in pay for female-dominated job classifications will require more than $12M over the next biennium. Agencies are not funded to absorb these increases within existing appropriations.

Considerations for 2026 Legislation

For these reasons, MMB does not support extending the lifetime of the OLA study. Even though the study does not actually obligate MMB to take any specific action, its existence leaves the impression there is a crisis requiring a resolution. None of our data would suggest that these particular classifications are in need of extraordinary compensation measures or attention.

If the legislature does intend to make the study directed in 299D.03 subd. 2a permanent, MMB respectfully requests that it take additional measures to address imbalanced gender pay equity relationships across the state workforce. Solutions could include:

- Direct the OLA (or alternative entity selected through a competitive RFP process) to engage in a compensation study for a wider set of job classifications – including some female-dominated classifications, and specifically including those with a documented challenge related to recruiting and retention, or
- Condition future reliance on the existing OLA report on legislative appropriations adequate to correct the pay disparities that result from ongoing special treatment to law enforcement.

Regards,

Erin M. Campbell

Erin Campbell
Commissioner