

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 192

DATE: February 11, 2011

Version: First engrossment

Authors: Downey and others

Subject: Reinventing Government Employment Act

Analyst: Mark Shepard

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Summaries are also available on our website at: www.house.mn/hrd.

Section

Article 1

Reinventing Government Employment

1 Citation. This act may be known as the Reinventing Government Employment Act.

Article 2

Equal Pay and Benefits

1 State employee compensation.

Subd. 1. Compensation freeze. Forbids a legislative or executive branch employer from increasing the compensation of any employee until compensation is implemented under subdivision 2. This does not apply to promotions or transfers to positions with greater job responsibilities.

Subd. 2. Future compensation. Requires the commissioner of management and budget to contract for a compensation study for legislative and executive positions. Requires the study to compare total compensation of each government position description with positions in the private sector in which the skill, effort, responsibilities, and working conditions are similar. Requires the commissioner to report the results of the study by March 1, 2012. Requires that by July 1, 2012, each legislative and executive employer must implement compensation for each position for its employees that, as nearly as practicable, is comparable to compensation of

similar private sector positions.

Subd. 3. Contracts in effect. This section does not prohibit a change in compensation required by a contract or collective bargaining agreement currently in effect. However, an employer may not enter into a new contract or extend an existing contract in a manner that conflicts with this section.

Subd. 4. Relation to other law. Provides that this section supersedes chapter 179A (the Public Employment Labor Relations Act) and other law. Provides that it is not an unfair labor practice for a public employer to take any action required to comply with this section, and the employees of a government employer may not legally strike due to a government employer's action that is required to comply with this section. Forbids an interest arbitration award that would conflict with this section.

Subd. 5. Executive branch. For purposes of this section, "executive branch" has the meaning defined in chapter 43A, but excludes MnSCU.

Article 3

Gainsharing

- 1 **Employee gainsharing system.** Requires the commissioner of MMB to establish a program to provide onetime bonus compensation to state employees for efforts made to reduce the costs of operating state government or for ways of providing better or more efficient state services. The maximum award to an employee or group of employees is 10 percent of the documented savings in the first year in which savings are realized. The award must be paid from the appropriation to which the savings accrue.

Article 4

Value-Added Service

- 1 **Cost-effective provision of services.** Requires agency heads, including MnSCU, to carry out the agency's powers and duties in the most cost-effective manner possible. Requires the agency head to determine if the most cost-effective manner of carrying out each of the agency's powers and duties is to hire state employees or to contract with outside sources.

Provides that if an agency decides to seek an outside vendor to perform work currently done by state employees, the agency must permit groups of state employees to compete for the business by submitting responses to the agency's solicitation documents.
- 2 **Duties of contracting agency.** Amends the law governing state contracts for professional or technical services by striking a requirement that before seeking approval of a contract an agency must certify that no current state employee is able and available to perform the

services called for by the contract.

- 3 Procedure for service contracts.** Amends the law governing state service contracts (contracts that are not for professional or technical services) by striking a requirement that before entering into a contract an agency must certify that no current state employee is able and available to perform the services called for by the contract.
- 4 Repealer.** Repeals:
- 16C.085: Contracts for printing services
 - 43A.047: Agencies must demonstrate they cannot use available staff before hiring outside consultants or services. When budgets are reduced, agencies must give priority to reducing spending on professional and technical service contracts before laying off permanent employees.
 - 179A.23: State and university contracts involving services that would otherwise be performed by bargaining unit employees must provide for preferential employment of employees terminated as a result of the contract.

Article 5

Performance Appraisal and Pay

- 1 Performance appraisal and pay.** Amends the law governing the performance appraisal system for executive branch state employees. Requires a performance appraisal and bonus pay system to include three components:
- Evaluation of the individual employee's performance relative to goals for the individual;
 - Evaluation of performance of the employee's program toward meeting outcomes for the program; and
 - Evaluation of the performance of the entire agency toward meeting targeted outcomes for the agency.

Strikes language that currently limits parts of this section to employees not represented by an exclusive representative, and provides that pay increases for all employees shall be based on factors specified in this section and other factors consistent with this section that are negotiated in collective bargaining agreements. Provides that an employee in the executive branch may not receive an increase in salary or wages based on cost of living or progression to another step or lane unless the employee's supervisor certifies that the employee's individual performance has been satisfactory and justifies spending additional public funds on the employee's compensation. For employees covered by a collective bargaining agreement, this section applies to agreements entered into on and after July 1, 2011.

- 2 Salary for upcoming biennium.** Provides that during the biennium ending June 30, 2013, executive branch appointing authorities must construct a performance bonus component, under which at least five percent of base salary and wages otherwise payable may be paid

only after completion of the performance evaluation and upon the appointing authority's determination that the employee's performance has been satisfactory and justifies spending additional public funds. For employees covered by a collective bargaining agreement, this section applies to agreements entered into on and after July 1, 2011.