



March 25, 2025

Dear Compensation Council Members,

Thank you for the opportunity to provide additional clarification on MMB's recommendations to the council following the discussion at the March 21 meeting. We appreciate the complex decisions you are considering on a short timeline.

### **Confusion on MMB's Agency Head Pay Recommendation**

As presented at the March 14, 2025 council meeting, MMB has recommended a rebasing of Agency Head pay to reflect across-the-board 10% increases other executive branch employees received in 2023 and 2024. We have additionally recommended the Council consider going forward a mechanism to annually adjust Agency Head pay to track with across-the-board increases negotiated for other executive branch employees.

A document circulated and referred to throughout the March 21, 2025, meeting incorrectly stated that MMB's position as to Agency Head increases was a 5.5% increase July 1, 2025, and 4.5% July 1, 2026. The 2023 legislature directed a one-time rebasing equal to the across-the-board increases not applied to agency head compensation since rates were last determined. Since that time Agency Heads missed the across the board increase of 5.5% in July of 2023 and another increase of 4.5% in July 2024 other executive branch employees received.

### **Additional Detail on MMB's Agency Head Pay Recommendation**

Building on our March 14, 2025 presentation, MMB's proposal is to rebase Agency Head pay as of July 1, 2025 to minimally reflect the increases received by other executive branch employees.<sup>1</sup> Additional information presented by MMB demonstrated average pay for Agency Heads *lagged behind average pay* for other state comparators by approximately \$12,500; *lagged behind average pay* for Minnesota City Managers by approximately \$51,119 and *lagged behind average pay* for Minnesota County Managers by approximately \$72,130.

MMB also presented data showing that nearly all Agency Heads received far less pay than they would if they were subject to the Hay point job evaluation methodology applicable to all other state employees, given the highly complex nature of their roles and their broad scope of accountability.

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<sup>1</sup> Attached please find the actual annual salary amounts associated with MMB's recommendation for Agency Head salaries to take effect July 1, 2025.

In addition, MMB recommends the council act to make Agency Heads and Commissioners eligible for the across the board increases that will soon be negotiated for all other employees. These increases will become effective July 1, 2025 and July 1, 2026.

While MMB does not yet know what those increases will be, we do know that absent this pay adjustment, compression between Agency Heads and those employees who report up through the Agency Head will recur immediately.

### **Deputy Commissioners**

There was some discussion during the March 21, 2025 Compensation Council meeting regarding Deputy Commissioners. The discussion reflected a potential misunderstanding of the role and status of Deputies.

- Deputy Commissioners are not classified employees; their appointments are at-will and can be ended at any time for any reason.
- Deputies are political appointees, appointed by Commissioners or Agency Heads. They do not have the workplace protections of classified employees: they do not have any due process rights to challenge the ending of their appointments, and they are ineligible for unemployment compensation whenever their appointments end.
- While some deputies are long-tenured state employees who take a leave of absence from their permanent role in order to serve as a deputy, many are not – because their roles by necessity must align closely with the Commissioners they report to, the tenure of a Deputy Commissioner can, and often does, end coterminous with a Commissioner's appointment at the end of a Governor's term.

Deputies have a statutory duty to stand in place of a Commissioner when the Commissioner is unavailable or when they leave their appointments and until a new Commissioner is appointed. In current status, any deputy would be required to take a pay cut in order to take on the additional duties of Commissioner.

### **Direct Care and Treatment CEO Salary**

MMB is specifically concerned as to the Council's preliminary salary determination for the newly created but not yet existing position of CEO of Direct Care and Treatment (DCT). There is an existing department head within DHS – CEO of DHS Health Care Systems with a current salary of \$261,542. In addition to the new responsibilities the new DCT Agency Head CEO will take on, that existing salary reflects the challenges of overseeing a complex network of care facilities for some of the most medically complex, vulnerable, and challenging psychiatric patients in the entire state. The council's determination that the Agency Head pay for this role should be limited to \$194,294 on July 1, 2025, will have a significant and negative impact on recruiting and discourage qualified applicants for a role overseeing a complex medical system.

The council's determination on pay for the CEO of DCT position is particularly puzzling given that elsewhere in its conversation on March 21, 2025, the Council agreed that the establishment of a stand-alone DCT agency was of critical importance, voting overwhelming to awarding 900% increases to DCT board members' daily compensation.

To give this new agency the best chance of success in continuing critical, life and death services to the most vulnerable Minnesotans, please reconsider the salary determination for the position of CEO of DCT. MMB's specific recommendation is to attribute the current salary of \$261,542 to the CEO of DCT position once it is established on July 1, 2025.

Sincerely,

A handwritten signature in black ink, appearing to read 'B. Chaffee', with a long horizontal line extending to the right.

Blake Chaffee

Deputy Commissioner, Minnesota Management and Budget

*Equal Opportunity Employer*

**MMB Recommendation Agency Head Salaries to Take Effect July 1, 2025**

<b>Position</b>	<b>Current Salary</b>	<b>Recommendation</b>
Chair, Metropolitan Airports Commission	\$39,304	\$43,234.40
Chair, Metropolitan Council	\$169,901	\$186,891.10
Chief Executive Officer, Direct Care and Treatment*	n/a	\$261,542.00
Commissioner, Administration	\$174,933	\$192,426.30
Commissioner, Agriculture	\$174,933	\$192,426.30
Commissioner, Bureau of Mediation Services	\$168,898	\$185,787.80
Commissioner, Children, Youth, and Families	\$187,001	\$205,701.10
Commissioner, Commerce	\$174,933	\$192,426.30
Commissioner, Corrections	\$180,988	\$199,086.80
Commissioner, Education	\$180,988	\$199,086.80
Commissioner, Employment and Economic Development	\$180,988	\$199,086.80
Commissioner, Health	\$180,988	\$199,086.80
Commissioner, Housing Finance Agency	\$174,933	\$192,426.30
Commissioner, Human Rights	\$174,933	\$192,426.30
Commissioner, Human Services	\$187,001	\$205,701.10
Commissioner, Iron Range Resources & Rehabilitation Board	\$168,919	\$185,810.90
Commissioner, Labor and Industry	\$174,933	\$192,426.30
Commissioner, Management and Budget	\$187,001	\$205,701.10
Commissioner, Minnesota IT Services	\$187,314	\$206,045.40
Commissioner, Minnesota Office of Higher Education	\$174,933	\$192,426.30
Commissioner, Natural Resources	\$187,001	\$205,701.10
Commissioner, Pollution Control Agency	\$180,988	\$199,086.80
Commissioner, Public Safety	\$187,001	\$205,701.10
Commissioner, Public Utilities Commission	\$168,919	\$185,810.90
Commissioner, Revenue	\$187,001	\$205,701.10
Commissioner, Transportation	\$187,001	\$205,701.10
Commissioner, Veterans Affairs	\$174,933	\$192,426.30
Director, Office of Emergency Medical Services	\$139,917	\$153,908.70
Director, School Trust Lands	\$150,837	\$165,920.70
Executive Director, Gambling Control Board	\$144,782	\$159,260.20
Executive Director, Minnesota State Lottery	\$146,285	\$160,913.50
Executive Director, Office of Cannabis Management	\$190,008	\$209,008.80
Executive Director, Pari-mutuel Racing	\$139,938	\$153,931.80
Ombudsman for Mental Health & Developmental Disabilities	\$144,782	\$159,260.20
Ombudsperson, Corrections	\$126,637	\$139,300.70