



Legislative Salary Council

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DRAFT

March __, 2019

Representative Melissa Hortman
Speaker of the House

Senator Jeremy Miller
President of the Senate

Representative Ryan Winkler
House Majority Leader

Senator Paul Gazelka
Senate Majority Leader

Representative Kurt Daudt
House Minority Leader

Senator Tom Bakk
Senate Minority Leader

Representative Michael Nelson
Chair, State Government Finance Division

Senator Mary Kiffmeyer
Chair, State Government Finance and Policy
and Elections Committee

Representative Lyndon Carlson
Chair, Ways and Means Committee

Senator Julie Rosen
Chair, Finance Committee

Governor Tim Walz

Chief Justice Lorie S. Gildea

Dear Governor Walz, Chief Justice Gildea, Representatives and Senators,

Prescribed salaries

I am writing to you on behalf of the Legislative Salary Council. The Minnesota Constitution, Article IV, section 9, and Minnesota Statutes 2016, section 15A.0825 establishes the Legislative Salary Council (Council) whose responsibility is to prescribe the salaries of Minnesota state legislators by March 31st of each odd-numbered year. The Council is required to take other legislative compensation into account, but its authority is limited to prescribing the salary component of legislative compensation. The Council has no authority over other forms of legislative compensation, which include: per diems, insurance, retirement, and expense reimbursement. The Council has held three meetings and considered other legislative compensation, the budget forecast, and an extensive amount of other data and analysis, as reflected in the attached report. Please consider this transmittal letter as part of our report.

Based on our consideration of these materials and our extended discussion, the Legislative Salary Council prescribes that salaries of Minnesota senators and representatives be set at \$46,500, effective July 1, 2019.

Rationale

The 2019 Legislative Salary Council had the benefit of retaining the identical membership as the 2017 Council. During its deliberations, members concluded that the 2017 determination to increase legislator salaries to \$45,000 was appropriate, and a fair and reasonable determination made under the Constitution and Minnesota Statutes 15A.0825.

The focus then turned to the question of whether to provide an adjustment effective July 1, 2019. The Council considered numerous points of information in making its determination including, but not limited to the following:

- Inflation, as measured by CPI-U, increased by 1.91% from December 2017 to December 2018.
- Social security benefits increased 2.0% and 2.8% effective December 2017 and December 2018.
- Private sector pay increased 2.6% and 3.0% effective December 2017 and December 2018.
- The five non-urban Metropolitan County (7 county Metro Area sans Ramsey and Hennepin counties) commissioner salaries increased 2.8% since the Salary Council's last determination.
- State employee collective bargaining agreements provided 2.0% and 2.25% across the board increases effective July 1, 2017 and July 1, 2018, respectively.
- The Salary Council makes a single salary determination effective July of the odd-numbered year. Many of the salary comparisons that the Council considered consisted of two adjustments over a two-year period. The adjustment made by this Council needs to take into account two years in order to keep Legislator salaries whole in real economic terms.
- There was some concern that the February budget forecast indicated a slow-down in the economy, and if inflation for state programs was included, there would be no surplus. In fact, the FY 2022-2023 estimate reflects a negative \$11 million structural balance. Finally, the costs to the Legislature for implementing the 2017 Salary Council's salary determination are not yet reflected in the 2020-21 biennial budget or in the budget forecast.

Budget Forecast

As required by statute, the Council considered Minnesota's financial status in making our decision. The February 2019 forecast prepared by Minnesota Management and Budget reports a projected surplus of \$563 million for the FY 18-19 biennium. Planning estimates for the 2020-21 biennium show projected revenues exceeding current law expenditures by \$1.052 billion.

Other legislative compensation

The Council considered other forms of legislative compensation in determining the level of salary to prescribe for legislators. There were no significant changes in these forms of compensation since our 2017 report. A discussion of these items is included in our current report.

Per diem

The Legislative Salary Council had continuing discussion regarding the payment of per diems by the Minnesota Senate and the House of Representatives. The Council consistently contends that members need to be made whole for their costs of coming to St. Paul for five months in odd-numbered years and four months in even-numbered years to carry out the people's business. However, payments of flat dollar amounts (which inexplicably differ between the House and Senate) do not reflect members' actual expenses that are incurred. This point is highlighted by the IRS, which treats these payments as income for members who live within 50 miles of the Capitol, [and by the State of Minnesota which pays retirement on per diem, thus recognizing per diems as compensation.](#) Legislative Salary Council members strongly believe that for most legislators, per

diems are a non-transparent form of additional salary. [Many Council members have indicated they would support an increase in salary to reflect the elimination of per diem.](#)

As a result, the Council continues to encourage the Minnesota Senate and the House of Representatives to consider eliminating per diems and replacing them with reimbursement for actual expenses. The Council is sympathetic to the challenges of the paperwork involved, but most Council members, with experience in both the public and private sectors, recognize this as a standard business practice.

The Council's 2017 report provides an in-depth examination of the issue of per diem. Our appendix includes an updated report on expenditures for per diem by the House and Senate.

[A minority report is included with our submission, reflecting the perspective that per diem is outside the purview of the Legislative Salary Council, and as such there should not be any recommendations to modify or eliminate it. The author of the minority report was clear that he separately supported the salary determination.](#)

Conclusion

Our report provides more detail regarding our process, the data and reports that we considered, and the testimony that we received in the course of our work.

I want to thank staff who presented invaluable information to the Council from the House of Representatives, the Department of Administration, Minnesota Management and Budget, and the Legislative Reference Library. We also appreciate the staff support we received from the Office of the Attorney General and the Legislative Coordinating Commission.

I have included a list of the members of the Council. Each of the members worked diligently and thoughtfully as we executed our responsibility to prescribe legislative salaries. We are honored to serve on Legislative Salary Council and carry out this duty adopted by Minnesota's citizens through the Constitutional amendment.

Respectfully submitted,

Deborah Olson, Chair

**Members of the Legislative Salary Council
2019**

Member	Term Expires	Appointed By	Congressional District
Joseph Boyle	January 15, 2023	Governor	Eighth District
Diana Burlison	January 15, 2023	Chief Justice	Sixth District
William Donohue	January 15, 2023	Chief Justice	Fourth District
Gregory Fox	January 15, 2023	Chief Justice	Eighth District
Patrice Hannan	January 15, 2021	Governor	Fifth District
James Joy	January 15, 2021	Chief Justice	Seventh District
Charles McElroy	January 15, 2021	Chief Justice	Fifth District
David Metzen	January 15, 2023	Governor	Second District
Gloria Myree	January 15, 2023	Chief Justice	Second District
Deborah Olson	January 15, 2021	Chief Justice	Third District
Sherrie Pugh	January 15, 2021	Governor	Third District
Thomas Stinson	January 15, 2023	Governor	Fourth District
Randy Twistol	January 15, 2021	Governor	Seventh District
Marsha VanDenburgh	January 15, 2023	Governor	Sixth District
Kenneth Wilmes	January 15, 2021	Chief Justice	First District
Laura Witty	January 15, 2021	Governor	First District