



STATE OF MINNESOTA

Office of Governor Mark Dayton

116 Veterans Service Building ♦ 20 West 12th Street ♦ Saint Paul, MN 55155

February 9, 2015

The Honorable Kurt Daudt
Speaker of the House
Room 463, State Office Building
St. Paul, Minnesota 55155

The Honorable Thomas Bakk
Senate Majority Leader
Room 232, State Capitol
St. Paul, Minnesota 55155

The Honorable Paul Thissen
House Minority Leader
Room 267, State Office Building
St. Paul, MN 55155

The Honorable David Hann
Senate Minority Leader
Room 147, State Office Building
St. Paul, MN 55155

Dear Legislative Leaders:

One of my highest priorities is to provide Minnesotans with the very best government services. To do so requires building an executive team of well-qualified and very talented people to manage large budgets, complex programs, and thousands of employees. Millions of Minnesotans depend upon their skills to organize and deliver needed public services, while also creating efficiencies and saving taxpayers money. Competitive salaries are important to recruit and retain the very best people for those high-level executive positions.

Reasonable people can disagree about what government officials should be paid. Public salaries are sensitive, but very legitimate, public matters. We, who work in government, are paid from the taxes of our fellow citizens, most of whom earn considerably less than my top officials and I do. They, and you as their elected representatives, deserve to hear my reasons for the increases I have approved.

I believe it is imperative to separate disagreements about the wisdom or necessity of my decisions – and they were my decisions – from questions about their legality. I took this assignment very seriously. I greatly appreciate the wisdom and courage shown by the 2013 Legislature in passing legislation, which I supported and signed into law, to reform outdated and overly restrictive executive compensation procedures.

Previously, a bi-partisan Compensation Council had compared state agency compensation with other public sector jobs and with private sector jobs. The Council was comprised of legislators, and professionals from both the private and public sectors. They recommended that the salary limits for state agency heads be increased to be more in line with existing local government salaries in Minnesota (see Enclosure).

The Council's recommendations were passed by the Legislature and signed into law on May 23, 2013. The legislation gave the Governor authority to change salaries of agency heads within new limits without further legislative approval. As a footnote, it properly provided me with no authority to increase my own salary or the Lt. Governor's salary, nor have I asked to do so.

My administration followed the 2013 Statute very carefully. Following enactment, a thorough compensation analysis was completed. The compensation study was used to evaluate the complexity of each agency job reviewed, the breadth and depth of knowledge required, and the scope of overall management responsibilities.

Consistent with my statutory authority, the Council's recommendations, and the compensation study, I made my final salary determinations and promptly notified the Legislature of those changes.

The raises I approved were to salaries that had remained stagnant for over twelve years and thus were well below the amounts paid to people with comparable responsibilities in other states. I increased the Commissioner of Human Services' salary to \$154,922, which I consider more commensurate with the responsibilities of managing a state agency with 6,500 employees and a \$35 billion biennial budget. That commissioner has designed and implemented new competitive-bidding procedures, which have saved Minnesota taxpayers more than \$1 billion. Outstanding executive leadership is worth much more than it costs.

The superintendents of Minnesota's largest school districts are paid annual salaries that average over \$185,000. They have very important jobs and, if they do them well, they deserve that level of compensation. The Minnesota Commissioner of Education, who is responsible for all 332 school districts and the policies affecting the educations of 857,909 students, has been paid \$119,517 per year. Now, at \$150,000 per year, she will earn about 80% of those district-level incomes.

Mid-level managers at many Minnesota companies earn more than my commissioners, who manage larger budgets and more employees. People who choose public service should expect to earn less than they would in the private sector; however, it is still instructive to compare their incomes and responsibilities.

When I took office in January 2011 and began to recruit talented people for state government's key positions, I became well aware of these salary inequities. However, with the State then facing a projected \$6 billion biennial budget deficit, it was no time to propose raising anyone's salary. Circumstances were similar two years ago, when our state budget faced another, albeit much smaller, projected deficit.

Thus, until now I have not been in a position to increase my commissioners' salaries, despite knowing they were uncompetitive. Had I raised them gradually, I would have been gone from office before they took full effect. Even so, the major beneficiaries of my action will be the people who will serve in subsequent administrations, and the governors who will need to attract and keep them.

I want to make clear that none of my commissioners have ever complained to me about their salaries. Not one has ever asked me for a raise. But they, like other working Minnesotans, deserve compensation that is commensurate with their responsibilities. Over a decade of stagnant salaries would make it more difficult for any public enterprise – or private business – to attract and keep its top people.

I understand Legislators' sensitivities to salary levels because, as I have said for years, I believe that all of you are woefully underpaid. Legislators' annual salaries are currently \$31,140; Caucus Leaders earn \$43,596.

Those low salaries are mired in the outdated mythology of a part-time legislature. Most Legislators today work more than full-time to direct over \$38 billion of state and federal expenditures every year and to make laws that affect the lives of all Minnesotans every day. You work hard, despite those low salaries, and your fellow citizens receive extremely high value from your work.

I am ready to do whatever I can to help bring legislative salaries up to more appropriate levels through significant, one-time adjustments, as I have just made to the executive branch.

In closing, I am available to meet with you and Members of your Caucus to discuss these matters and to answer your questions. Since I alone made these decisions, it is only appropriate to direct questions about them to me.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark Dayton", written over the printed name and title.

Mark Dayton
Governor

Enclosure: Compensation Council letter, dated March 11, 2013

cc: Members of the Minnesota Legislature