



## CITY OF MARSHALL AGENDA ITEM REPORT

<b>Meeting Date:</b>	Tuesday, January 26, 2021
<b>Category:</b>	CONSENT AGENDA
<b>Type:</b>	ACTION
<b>Subject:</b>	Approval of Resolution Authorizing Submission of the 2021 Pay Equity Implementation Report
<b>Background Information:</b>	<p>In accordance with the Local Government Pay Equity Act, Minnesota Statute 471.991 to 471.999, the City of Marshall is required to submit a Pay Equity Report by January 31, 2021 using compensation and employee data that were effective on December 31, 2020. The required Pay Equity Report has been prepared for submission to the Minnesota Management and Budget Office. The report is required to be approved by the City Council, signed by the Mayor, and submitted to the State by January 31, 2021. The 2021 report indicates that the City is in compliance with Pay Equity Requirements.</p> <p>Staff recommend adoption of Resolution Number XXXX, Second Series, authorizing staff to submit the 2021 Pay Equity Report to the Minnesota Management and Budget Office for their review.</p> <p>Additional background information:          In 1984, the Minnesota Legislature passed the Local Government Pay Equity Act, Minnesota Statutes 471.991 to 471.999. This law requires all public jurisdictions to eliminate any gender-based wage inequities in compensation and to submit reports to the Minnesota Department of Management and Budget once every three-years. The City of Marshall is required to submit the report by January 31, 2021 using compensation and employee data that were effective on December 31, 2020. Pay Equity is a method of eliminating discrimination against women who are paid less than men for jobs requiring comparable levels of expertise. Minnesota’s pay equity law does not address individual differences in pay; rather, it relates to the overall structure of a pay system. The pay equity law does not take the job market or another organizations’ salary data into account---the statistical analysis is based solely on our (City of Marshall) internal compensation structure.</p> <p>There are four tests for compliance with the Pay Equity Act. The statistical calculations are performed by the software developed by the MMB. Following are the tests and the results:</p> <ol style="list-style-type: none"> <li>1. <b>Completeness and Accuracy Test:</b> the City will pass this test if the report is submitted electronically by January 31, 2021. Upon approval by the Council, the report will be submitted.</li> <li>2. <b>Statistical Analysis Tests: <b>the City is in compliance with this test.</b></b>              This test compares salary data to determine if female classes are paid consistently below male classes of comparable work value (job points). To pass this test, the City must have an underpayment ratio of 80% or higher. The City’s underpayment ratio is 74.56%, which is below the established standard; however, the results of the T-test show that the underpayment is not statistically significant. Due to the results of the underpayment ratio, HR staff requested a preliminary review of our report by MMB; that preliminary review indicated that the City would be found in compliance with this test.</li> </ol>

	<p>3. Salary Range Test: <b>the City is in compliance with this test.</b>  This test measures whether male classes are reaching the top of their salary range faster than female classes. This result must either be 0 or above 80 to be found in compliance. The result of the salary range test for the City is 100, which is above the established standard and indicates that the City would pass this test.</p> <p>4. Exceptional Service Pay Test: <b>the City is in compliance with this test.</b>  This test analyzes whether there is a larger percentage of male classes receiving longevity or performance pay than female classes. This test does not apply to the City because our compensation system does not include longevity or performance-based pay.</p> <p>The Predicted Pay report often generates questions. When reviewing the Predicted Pay Report, you'll note that the maximum monthly salary column does not reflect actual monthly employee salaries. For instance, where a job class represents a part-time employee, the minimum and maximum monthly salaries have been converted to a "full-time equivalent" by multiplying the minimum and maximum pay rates by 173.3. The State requirements prescribe the calculations for the minimum and maximum salary amounts and requires it to be applied to all job classes so that comparisons can be made, even for those job classes where employees may not actually work full-time. Thus, though the part-time job titles will reflect full-time monthly salaries; this is not the actual salary paid to the employee.</p> <p>The Predicted Pay column is utilized by an entity that is out of compliance with pay equity requirements. The City of Marshall <b>is in compliance, so no further action is needed.</b> If the City was not in compliance, the predicted pay column would be used to guide compensation adjustments to improve the underpayment ratio---which will bring an entity back into compliance. The predicted pay column <u>does not</u> represent the salary that "should" be paid at any particular point level or account for external factors or salaries. Rather, it represents the average monthly pay of male classes at any given point value. An entity that is out of compliance would use this report to adjust one or more female job titles by the "Pay Difference" column to achieve compliance. Due to the City's statistical analysis test results, and preliminary review by MMB staff, no compensation adjustments are required for Pay Equity purposes.</p> <p>Staff are requesting the City Council approve the Resolution authorizing staff to submit the report to the State of Minnesota Management &amp; Budget Office. The report must be received by MMB by January 31<sup>st</sup>. There are no exceptions to this deadline.</p> <p>Once the report is submitted, Staff will ensure the proper notices are sent and posted in accordance with the Pay Equity Act. Additional information related to this Act may be found in Minn. Statutes 471.991 to 471.999 and at <a href="https://mn.gov/mmb/employee-relations/compensation/laws/local-gov/local-gov-pay-equity/">https://mn.gov/mmb/employee-relations/compensation/laws/local-gov/local-gov-pay-equity/</a></p>
<b>Fiscal Impact:</b>	No fiscal impact.
<b>Alternative/ Variations:</b>	
<b>Recommendations:</b>	that the Council adopt Resolution Number XXXX, Second Series, approving the 2021 Pay Equity Report for submission to the State of Minnesota Management and Budget Office.