Navigating Hot Topics: Emerging Trends in Government HR

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Lighting the path forward

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Meet the Presenters

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A few things before we get started:

Questions? We will be doing a Q&A session at the end of the presentation. Feel free to chat-in your question. We will try to get to as many questions as we can.

Technical Issues? Use the chat function to let us know about any technology/sound issues.

We want your feedback! A short survey will be sent out after the session, along with the recording. Please help us make these sessions even better in the future.

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Disclaimer

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Agenda

- Introductions
- MN Paid Leave
- Compensation Best Practices
- Manager Training Topics
- Q & A

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MINNESOTA PAID FAMILY LEAVE

Key Minnesota Paid Leave Milestones

2024

2025

2026

October 2024

First quarterly wage reports due from employers

July 2025

Outreach grant funds for community-based groups are available

December 2025

Deadline for employers to notify employees about Paid Leave benefits

January 2026

Individuals and families can begin taking Paid Leave

Payroll deductions begin for employers and employees

Small employers can apply for assistance grants

April 2026

First quarterly premiums due from employers

How will Premiums Work?

- Paid Leave is paid for by premiums on employee wages, split between the employer and employees.

- Employers can begin to deduct the employee share of the premium on January 1, 2026, when benefits become available.

- Employers will pay the first premiums by April 30, 2026. First premiums will be based on wages paid from January 1, 2026 to March 31, 2026.

- The premium rate for the program's first year, 2026, has not yet been set. The premium rate will be set each year, subject to a maximum set in state law.

- Employers will contribute a minimum of 50 percent of the total premium, though they may choose to pay up to 100 percent of the premium. Employers will be able to deduct the remainder from employee pay, up to a maximum 50 percent of the premium.

- Paid Leave benefit payments will be considered taxable income under state law. The IRS has yet to provide guidance on the federal tax treatment of Paid Leave benefits

Question(s)

How do we measure hours worked for an elected official that attends meetings but doesn't actually work a certain number of hours?

If our city has a 0% MNUI rate, can we add elected members to our existing MNUI report for Paid Leave purposes?

REAL QUESTION: *Are POC fire and elected officials covered by the program?*

No clear answer to this yet.

Question

Are all wages going to be subject to the new paid leave calculation?

ANSWER:

Paid Leave uses the same wage definition as the Unemployment Insurance (UI) program.

Wages include all compensation for employment, including commission, bonuses, benefits payments, tips and gratuities, and most goods and services provided as compensation.

Question

Do you think that the State of MN will be ready to implement the MN Paid Leave program by January 1, 2026?

ANSWER:

Learnings from other states, they will be ready to go live but it won't be perfect.

Earned Sick and Safe Time and MN Paid Leave

ESST

Medical: employee's mental or physical illness, treatment or preventive care

Caring: family member's mental or physical illness, treatment or preventive care

Safety: domestic assault, sexual abuse or stalking

Closings: employee's workplace or their family member's school or place of care closes due to weather or a public emergency

Communicable disease: when an employee or a family member is at risk of infecting others with a communicable disease

Bereavement: arrange or attend a funeral or memorial or address financial or legal matters that arise after the death of a family.

MN Paid Leave

Medical: employee's mental or physical illness, treatment

Caring: family member's mental or physical illness, treatment Safety: domestic assault, sexual abuse or stalking

Parental leave: bond with a new child after birth, foster or adoption

Active duty: family member on active duty or notified of impending order

A health care provider or designated professional must certify the need for leave

What's next?

Minnesota Paid Leave will publish final draft rules in late Fall 2024, *followed by an additional 30-day public comment period*.

Compensation Trends and Best Practices

Pay Transparency

- Effective January 1st, 2025, employers with at least 30 staff will be required to post starting salary ranges on job ads.

- Must be a good faith effort of starting pay and cannot be open ended.

- General description of benefits must also be included.

Pay Transparency - Related Reminder

- We anticipate more transparency will lead to more discussion about pay in the workplace.

- MN Wage Disclosure Act protects employees from discussing compensation and prohibits employers from disciplining employees who do so.

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Pay Equity

- Run pay equity test more frequently than the state requires
  - Union contract negotiations
  - As part of a compensation and classification study
  - If turnover results in a Male/Female class change
  - Annually as part of budgeting and salary schedule adjustment planning

- Develop a repeatable process for collecting and submitting information

- Be mindful of exceptional service plans

REMINDER:

State law requires all public jurisdictions such as cities, counties, and school districts to eliminate any gender-based wage inequities in compensation and submit tri-annual reports to Minnesota Management and Budget (MMB) office.

Pay Compression

- When pay for new, less experienced, and/or lower-level employees approaches or overlaps with pay of seasoned and/or higher-level staff.

- Occurs when market pay for a position moves faster than employees move through their pay ranges.

How to Address Pay Compression

- Consistently and frequently evaluate market pay, by position

- Market position adjustments

- Cost of Living Adjustments (COLA's) that are applied to the range and employee

- Be mindful of your starting pay rates
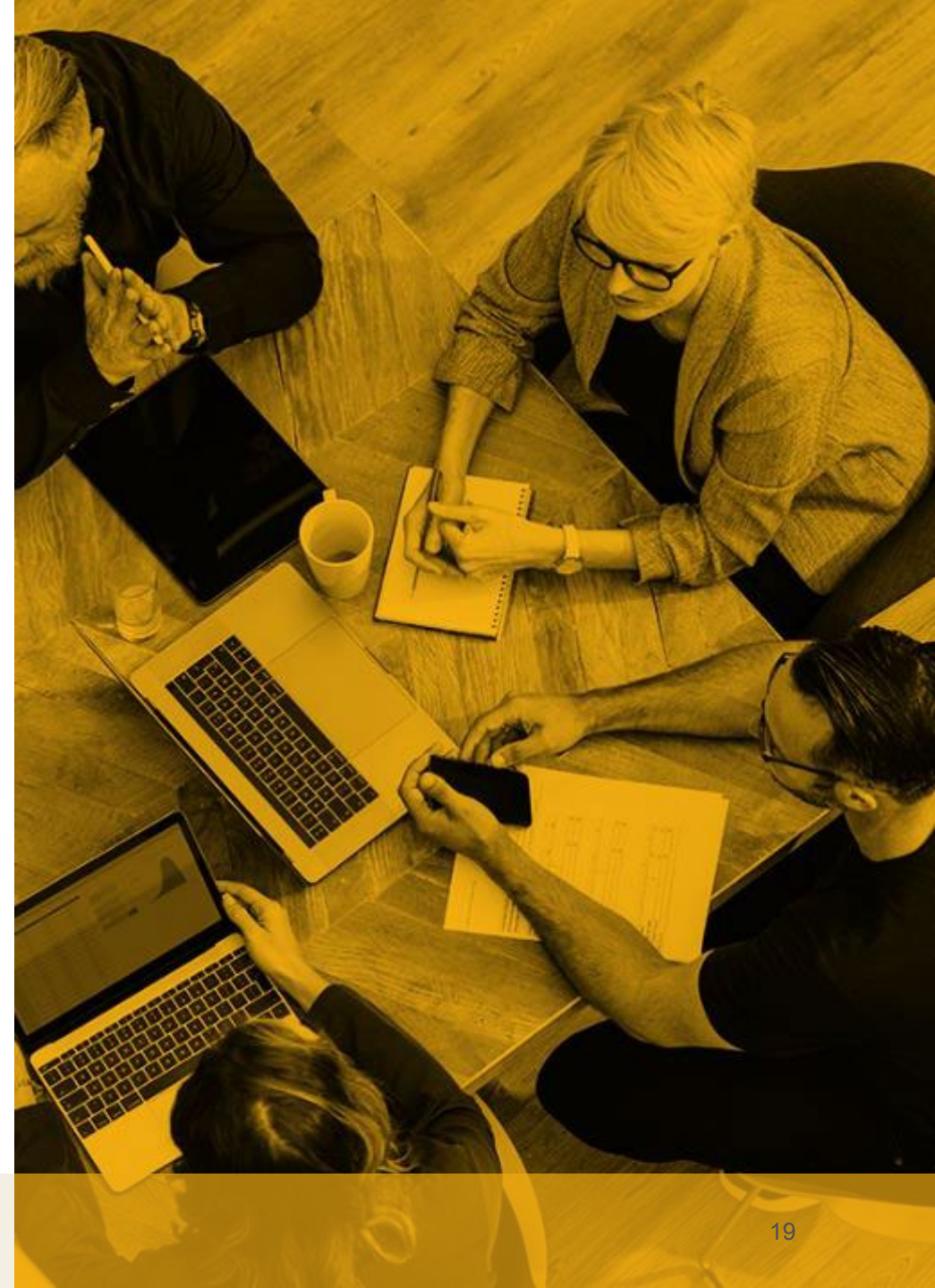
Getting Started with Market Pay

Define your market

What cities/counties will you compare to? Are there other industries you compete with that you want to include?
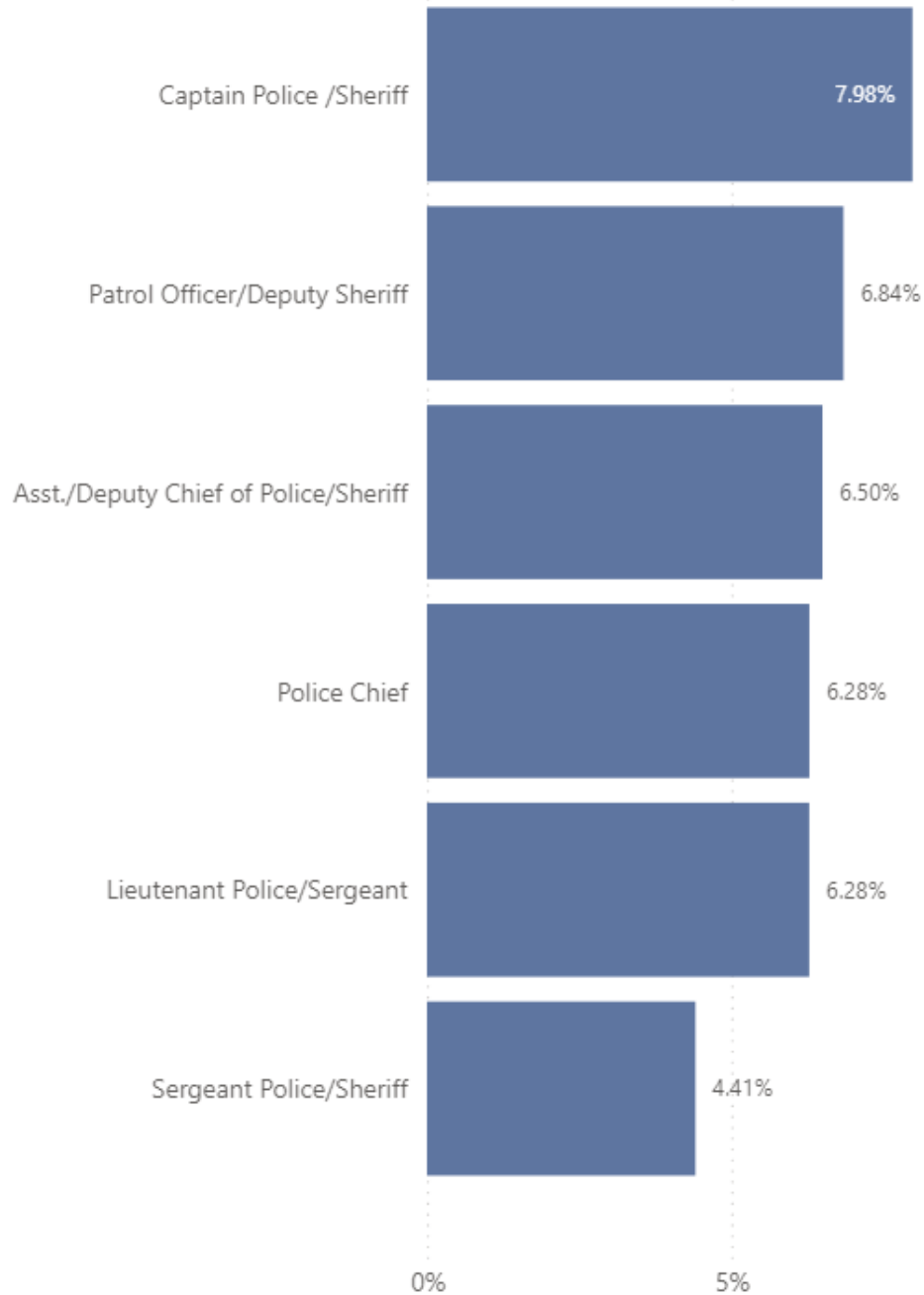
Collect and analyze the data

Identify your salary survey source and collect the data from your identified market. Average out market pay by position and compare to your own pay ranges.

Budget costs and make adjustments

Identify where you might need to adjust your pay relative to market and make adjustments.

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Police pay % increase from 2023-2024 among LMC Salary Survey respondents

- Data sourced from 2023 and 2024 League of Minnesota Cities Salary Surveys

- Includes Cities and Counties with populations between 0-50k

- Average of 6.36% increase in actual wages of these six positions, approximately 1.2% higher than the state average for all positions.

Manager Training Essentials

Mitigate risk beginning with your frontline leaders

Critical Manager Education

- **ESST** – How and when to handle requests
- **MN Paid Family Leave** – Leave request process, employee conversations, and proactive capacity planning
- **Pay Transparency** – What's changing in the public sector?
- **Pay for Performance** – public sector trends
- **Mental Health** – Police and Fire PLUS everyone else
- **Ongoing Payroll & Overtime Compliance**

Questions?