



## Request for City Council Committee Action From the Department of Human Resources

Date: July 27, 2005

To: Executive Committee  
Referral to: Ways & Means/Budget Committee

Prepared by: Pamela French

Approved by \_\_\_\_\_  
Pamela French  
HR Director

**Subject: Governor's Salary Cap**

**Financial Impact** (Check those that apply)

No financial impact or Action is within current budget.

- Action requires an appropriation increase to the Capital Budget
- Action requires an appropriation increase to the Operating Budget
- Action provides increased revenue for appropriation increase
- Action requires use of contingency or reserves
- Other financial impact (Explain):

Request provided to the Budget Office when provided to the  
Committee Coordinator

### Background/Supporting Information -

The purpose of this report is to inform members of the Executive Committee of the administrative actions being taken by the Human Resources Department to implement legislative changes made to the "Governor's Salary Cap" on May 24,

2005. These administrative actions are consistent with the authority given to the Human Resources Department by the Minneapolis City Council when they adopted the "Appointed Employee Salary Administration Plan" which, among other things, allows for the implementation of the appointed pay schedules which have been approved by the City Council.

The Minnesota State Legislature passed a bill that increased the limitations imposed by the governor's salary cap. The current cap is \$114,288 or 95% of the governor's salary; the new cap, which is effective August 1, 2005, will be \$132,333 or 110% of the governor's salary.

Beginning with January, 2006, it will be increased by the CPI-U. Any agency with a pre-existing waiver can either go to the new cap or increase their current waiver by the CPI-U on both August, 2005 and the following January (2006) and every January thereafter. Pre-existing waivers are also applied to the new cap.

#### Implementation Procedures:

The Human Resources Department will take the following actions to implement the changes:

1. Effective August 1, 2005 each employee whose salary has been frozen due to the imposition of the Governor's Salary Cap restriction shall be placed on the salary schedule step they would have achieved had there been no "Cap" restriction, to a maximum of \$132,233, the revised Governor's Cap as of 8/1/05.
2. Effective August 1, 2005 each exceptional employee whose salary has been frozen due to the imposition of the Governor's Salary Cap restriction will receive the same 1.35% increase provided as an annual adjustment to other appointed employees, effective January 1, 2005.
3. Effective January 1, 2006, each salary schedule will be adjusted by the Council approved adjustment for appointed employees.
4. Effective January 1, 2006 employees will receive step progression as prescribed by the Appointed Salary Administration Plan to a maximum of the 2005 revised Governor's Salary Cap plus the CPI-U for the period October 2004 through October 2005 unless a different CPI is identified. The League of Minnesota Cities projects it will remain the CPI-U.

#### Implementation Impact:

The attached spreadsheet documents the positions in the City of Minneapolis that are affected by the legislative change. There are 10 positions affected for a total financial impact of \$32,083 for the remainder of 2005.