



Request for City Council Committee Action from the Mayor's Office

Date: December 8, 2008
To: Paul Ostrow, Chair
Ways & Means/Budget Committee

Referral to: None

Subject: Hiring Freeze

Recommendation: Mayor Rybak and Council President Johnson recommend a hiring freeze policy. If adopted by Council the policy would remain in effect until further notice.

Previous Directives: None

Approved by: _____
R.T. Rybak, Mayor

Presenters in Committee: Mayor R.T. Rybak

Reviews

- Permanent Review Committee (PRC): Approval ___ Date _____
- Civil Rights Approval Approval ___ Date _____
- Policy Review Group (PRG): Approval ___ Date _____

Financial Impact

- No financial impact
- Action requires an appropriation increase to the ___ Capital Budget or ___ Operating Budget
- Action provides increased revenue for appropriation increase
- Action requires use of contingency or reserves
- Action is within the Business Plan
- Action requires a change to the Business Plan
- Other financial impact
- Request provided to the Finance Department when provided to the Committee Coordinator
- Zoning Code
- Other

Supporting Information

These are among the most challenging economic times that our nation has faced in its history. Every sector of our economy is feeling the impact of this financial crisis, and certainly government is not immune. Already we estimate the additional cost related to employee pensions at \$38 million over the next five years due to stock market losses. It is our responsibility to take steps now that will best position us for future financial uncertainty.

For this reason, we are recommending an immediate hiring freeze. This freeze should stay in place until further notice. The hiring freeze will give Minneapolis' elected officials and department leadership the opportunity to evaluate the extent of its effectiveness, and to pursue additional measures that may be necessary for the City to deal with future financial impacts.

While this hiring freeze is in effect, we want to ensure that our departmental leaders have the ability to make prudent business decisions about their departmental operations. To this end, we are recommending that the Council approve an employment hiring freeze and direct the City Coordinator, Human Resources Director and Chief Financial Officer to establish and implement administrative processes for departments seeking to fill critical positions. You will receive additional information on this proposal in the upcoming weeks.

As you are aware, since 2003, when Minneapolis faced a \$35 million cut in local aid from the State of Minnesota, we have taken significant steps to streamline our organization, find efficiencies, improve accountability and address our own financial challenges. Through our disciplined financial management over the course of the last five years, we have put Minneapolis in the best possible position to deal with this uncertainty. However, it is also critical that we act early and responsibly during this unprecedented financial crisis.

I am recommending the following policy for Council adoption:

1. Effective immediately an employment-hiring freeze will be in place for all City departments. This freeze shall be in effect until further notice;
2. This employment hiring freeze shall be implemented in a phased approach, beginning with all external hires, unless exempted by the Human Resources Director, Chief Finance Officer and/or City Coordinator;
3. Effective within the next 60 days of approval, the employment hiring freeze will be extended to include promotions, transfers and classification studies, including maintenance studies;
4. The City Council directs the City Coordinator, Human Resources Director and Chief Finance Officer to establish and implement administrative procedures for departments seeking to fill critical positions.