



GOODHUE COUNTY MINNESOTA

TO EFFECTIVELY PROMOTE THE SAFETY, HEALTH, AND WELL-BEING OF OUR RESIDENTS

COMMITTEE OF THE WHOLE AGENDA
COUNTY BOARD ROOM
GOVERNMENT CENTER
RED WING, MN

NOVEMBER 15, 2022
9:15 A.M.

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Merit System Review

Documents:

[GCHHS - MN Merit System Review.pdf](#)

Minnesota Merit System Dashboard

Documents:

[MN Merit System Dashboard - MSOC 11-2022.pdf](#)

GOODHUE COUNTY

HEALTH & HUMAN SERVICES (GCHHS)

Committee of the Whole (COW)
Minnesota MERIT System Review
November 15, 2022
9:15 A.M.

Nina Arneson, HHS Director
Mike Zorn, HHS Deputy Director
Kris Johnson, HHS Deputy Director

Review Items

1. **Minnesota Merit System Overview – Slide 3**

- Background
- Services Provided
- MN Merit System Counties
- Merit Agencies, Counties & GC Cost
- GC Board Practice - Historical COLA Increases
- 2014 Goodhue County Pay Study – 3 HHS Phases

2. **GCHHS Pay Scale – Slide 13**

- Moving from Merit System Pay Scale to Goodhue County Pay Scale?
– *An answer received from MN Merit System*
- Pay Scale Comparisons

3. **Discussion & Next Steps?**

Minnesota Merit System Overview

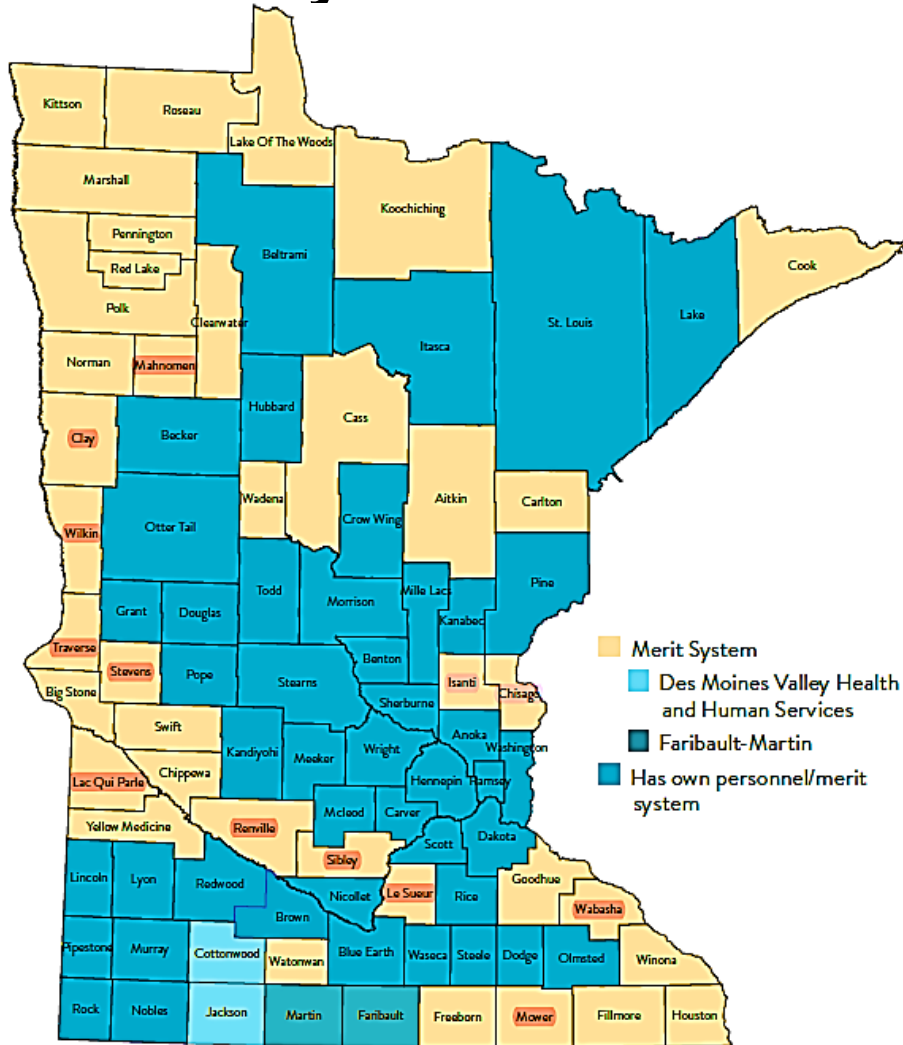
Background:

- Federal merit system requirements are contained in [42 USC §4701-4728](#), [5 CFR Part 900](#) and in federal laws governing human services programs such as [42 U.S.C. #1396a](#) - State plans for medical assistance.
- The Minnesota Merit System has existed since 1940, after the Social Security Act passed.
- From 1940 to 1985, the U.S. Civil Service Commission (which is now the [U.S. Office of Personnel Management](#) or OPM) was responsible for reviewing personnel systems to ensure compliance with federal standards.
- In 1985, merit system standards were amended to delegate this responsibility to the Minnesota Department of Human Services (DHS) for county agencies receiving federal human service program money/grants.
- Under [Minn. Stat. § 256.012](#), counties that are provided the federally mandated services by MMS pay a fee.
 - ✓ **SFY 22 MN Merit System Budget = \$775,000**
 - ✓ **GCHHS SFY 22 Fee = \$32,012**

Services Provided:

- **Recruitment and assessment/testing of applicants for county jobs**
 - ✓ Maintain an online applicant database—applicants may apply to all of the counties served with one application.
 - ✓ Develop and administer job-related exams/assessment tools to applicants.
 - ✓ Review applicant qualifications.
 - ✓ Refer qualified candidates to counties.
 - ✓ Provide advice and training to counties on effective legal hiring practices.
- **Development and maintenance of job classification and compensation plans**
 - ✓ Conduct job audits and classification studies.
 - ✓ Advise counties on job classification and compensation issues.
 - ✓ Perform job evaluation ratings of individual positions and entire job classifications to ensure that adequate and equitable compensation relationships are maintained in accordance with federal standards and the [Local Government Pay Equity Act](#).
- **Human resource consultation and training to county agency managers and supervisors**
 - ✓ Provide consultation on organizational structure and job design.
 - ✓ Advise on employee performance management and discipline.
 - ✓ Interpret and provide guidance on federal and state employment laws, rules, labor contract language, and personnel policies.
 - ✓ Provide consultation and resources on equal opportunity and affirmative action.
- **Development and administration of personnel rules and policies**
 - ✓ Develop, administer and interpret MMS rules.
 - ✓ Assist counties in developing policies, contract language, memorandums of understanding, etc.
 - ✓ Review county policies to ensure compliance with state and federal employment laws and regulations.
- **Review personnel actions/practices to ensure compliance with merit principles, contracts, rules, and laws**
 - ✓ Maintain an employee database.
 - ✓ Schedule and coordinate appeal hearings for veterans under [Minn. Stat. § 197.46](#) and employees not covered by collective bargaining agreements.

MN Merit System Counties:



There is a **certification process** for counties requesting establishment of their own merit systems, and approval by DHS must occur before the county may operate its own system. Subdivision 2 (b) of [256.012](#) provides that "the county may withdraw after the Commissioner has certified that its personnel system meets federal merit system requirements." The process for certification of a county's merit system was developed with representatives from AMC, MACSSA and DHS senior management.

Merit Agencies, Counties & GC Cost

Agencies, # Counties

- **January 2022: 40 agencies, 42 counties**
- January 2021: 51 agencies, 53 counties
- January 2020: 57 agencies, 64 counties
- January 2019: 59 agencies, 68 counties
- January 2018: 59 agencies, 68 counties
- January 2017: 60 agencies, 69 counties
- January 2016: 60 agencies, 69 counties
- January 2015: 61 agencies, 70 counties

GCHHS Annual Cost

- **2022: \$32,012**
- 2021: \$25,344
- 2020: \$21,468
- 2019: \$19,060
- 2018: \$17,488

MN Administrative Rules

Chapter 9575.0350 Subpart 2. G.

Merit Salary Adjustments and Increases:

- Employees at or above the maximum salary rate for their class may be granted a salary adjustment only in the amount adopted by the merit system for all employees whose positions are not covered by the terms and conditions of a collective bargaining agreement.
- If an appointing authority wishes to grant a larger general adjustment to its employees than that adopted by the merit system, the appointing authority, by prior resolution, may grant that employee the annual equivalent of the difference between the merit system adopted **adjustment** for all employees and the agency adopted adjustment for its employees in the form of a single lump sum payment or **lump sum salary payments commencing on the effective date of the general adjustment**. The employee's base salary rate shall be equal to the employee's salary before the agency adjustment plus the merit system adopted adjustment.

Goodhue County Board Practice

- Historical COLA Increases:

- Goodhue County Board has **always** selected to give all County employees the same **Goodhue County COLA** increase including the GCHHS Merit System employees. The County has not followed MN Merit System COLA increases. This has created differences with the MN Merit System salary maximums, and Goodhue County HHS salary maximums
- In the past this was remedied by the County Board with “**a customary manner of a lump sum payment**” to Human Services employees which was, and is allowable practice with the MN Merit System rules. In 2007 this practice was ended, and it put Goodhue County in non-compliance with the MN Merit System. In order to remedy this, in 2015 the County transitioned into “**HHS Adjustment**” payment with each paycheck. This is our current practice, and also allowable by the Merit System.
- The “lump sum payment” and “HHS Adjustment” was done in order to stay within MN Merit System maximums and still give GCHHS Merit System employees a Goodhue County COLA increase. **The COLA was and is given on the above the Merit System maximum.**

Merit Salary Adjustments and Increase Example

– Lump Sum and HHS Adjustment

<u>Merit Max</u>	<u>Base Salary</u>	<u>COLA</u>	<u>Base Salary</u>	<u>Lump Sum</u>
\$3,544	\$3,508	2.50%	\$3,596	$\$3,596 - \$3,544 = \$52.00$ $52 \times 12 = \$624 \text{ Lump Sum}$

- COLA of 2.50% on the base salary of \$3,508 is now \$3,596.
- New base \$3,596 minus Merit max \$3,544 is a difference of \$52 per month.
- Lump sum of \$52 for 12 months is \$624.00
- The employee would receive a lump sum payment of \$624.00 commencing on the effective date of the general adjustment.

Since 2015, the amount is the same, but the “HHS Adjustments” spreads out throughout the year with each pay check.

2014 Goodhue County Pay Study

– 3 HHS Phases

- **Phase I** – Move MN Merit job classifications to the closest county step 1 for each grade equivalent. County Board approved 12/2/2014 effective 1/1/2015.

Example in 2014: County scale grade 80 step 1 \$16.60; HHS Accounting Technician grade 80 equivalent \$12.64. It would take the HHS employee 7 years to get to what another County employee started at 7 years ago.

Outcomes:

- Regardless of the County Department new employees will be beginning their employment with Goodhue County with comparable wages.
- When hiring new employees, the HHS department will continue to hire people at step 1 or 2 and these wages now would be comparable to other county staff starting wages when hired at step 1 or 2. This will help with recruitment of qualified applicants without them taking a pay cut.

Note: The County policy has been that if an employee is hired at step 1 they would receive a step increase in 6 months to step 2. If an employee was hired at step 2 they would not move to the next step until 1 year. HHS has not been able to do this as there has been several new employees that started at step 1 and would leap frog other employees. HHS would need to develop a hiring step plan to implement this policy and review existing new employees as we did when we implemented Phase I.

2014 Goodhue County Pay Study Cont.

– 3 HHS Phases

- **Phase II** - Develop & Implement a plan to address Goodhue County's MN Merit System maximum pay non-compliance. County Board approved Phase II 4/21/2015.

The non-compliance has resulted from the County's adoption of their own County COLA increases for all County employees including HHS employees. The County COLA increases have been historically higher than the MN Merit increases. This non-compliance is also a result of stopping the "lump sum" pay practice in 2008 allowable by MN Merit Administrative Rule, 9575.0350 Subpart 2G.

Outcomes:

- MN Merit System adjusted their 2015 pay scale. This action by the MN Merit System by itself took care of Goodhue County's non-compliance with the MN Merit System for 2015.
- MN Merit System also confirmed that the MN Merit System rules allow the following proposal to ensure Goodhue County's future technical compliance with the MN Merit System Administrative Rule §9575.0350 Subpart 2G.

Example: MN Merit System maximum is \$20.00 per hour and due to a County annual adjustment, then an employee's hourly rate would be e.g. \$20.50. The payroll will show \$20.00 and then on a separate line it will show the "County Adjustment" at \$.50 per hour. The total hourly wage would still be the same \$20.50. (Note: This technical Phase II correction does not address maximum differences between the two pay scales – County and MN Merit System.)

Outcome: Compliance with the MN Merit System pay rules.

2014 Goodhue County Pay Study Cont.

– 3 HHS Phases

- **Phase III** - Research and Develop a Plan to have all County employees on one pay scale.
 - County HR Department will begin to explore options for the County HR Department to take over the Merit system duties.
 - This is expected to be a multi-year process which will include research, planning, infrastructure investments, 1-2 additional HR staff, policy implementations and system changes.

Outcomes:

- All Goodhue County employees will be on one pay chart.
- County HR Department will perform all County Departments' HR functions.
- County HR Department will meet the required Merit System standards for HHS Department in order to continue to receive federal and state funding.

Note: County Board motion on 4/21/2015 was to approve Phase II of the pay study implementation for Health & Human Services and move onto studying Phase III.

GCHHS Pay Scale

Moving from Merit System Pay Scale to Goodhue County Pay Scale?

– *An answer received from MN Merit System*

- Can Goodhue County move GCHHS employees from the MN Merit System Pay Scale to County Pay Scale **WITH** or **WITHOUT** “leaving” MN Merit System?
- The quick answer is “**YES**”. This was confirmed with the MN Merit System on May 10, 2022.

Option 1

Move to County Scale with HHS Adjustment

AND stay with the MN Merit System

- GCHHS Job Classifications would be moved to the County Wage Scale and Grade.
- When GCHHS employee reaches the top of the Merit System Scale, then the County would begin issuing “**HHS Adjustment**” payments each pay period to these employees so the employee can benefit from the full extent of the County Wage scale which in many cases goes higher than the MN Merit System scale as well as approved County COLA adjustments.
- The County would still need to track what the Merit maximum is for HHS so not to exceed as we currently do with the COLA increases.
- GCHHS Employees wages would be within the MINIMUMS and MAXIMUMS salaries established by the Merit System with MERIT Rate Adjustment over the MERIT Maximum for the difference in COLA and/or County pay scale.
- County would still use the MN Merit System for services (No change from current practice)
- HHS job descriptions would need to be updated, reviewed for grade points and calibrated with the County.

Option 1 – Cont.

Example

Merit Job Classification/ Grade equivalent from 2014	Merit System Scale 2022	County Scale 2022	County Adjust Pay Grades 2022
		Higher on County Lower on County	Higher on County Lower on County
	8	12	12
Office Support Specialist SR 80 COUNTY			
Hourly	\$26.73	\$28.63	\$30.36
Merit	\$26.15	\$26.15	\$26.15
HHS Adjustment Rate 3	\$0.58	\$2.48	\$4.21

- ✓ Current: MERIT in ADP regular rate \$26.15; HHS rate adjustment \$.58
- ✓ Current: County scale in ADP regular rate \$26.15; HHS rate adjustment \$2.48
- ✓ Potential: County grades 76-86 scale in ADP regular rate \$26.15; HHS rate adjustment \$4.21

Option 2

Move to County Scale **AND** County HR takes on Merit Duties

2021 Minnesota Statutes

375.56 CREATE DEPARTMENT; APPOINT APPEALS BOARD TO ESTABLISH.

A county board may establish a county personnel administration system by adopting a resolution creating a personnel department, establishing an effective date and appointing a personnel appeals board pursuant to section 375.65.

- Goodhue County Human Resources Department will under take the certification process for Goodhue County. Requesting establishment of Goodhue County's own personnel merit system that will meet the federal requirements.
- Traditionally this has been a longer process and would more than likely require additional personnel and financial investments by the county.

Option 2 Cont.

Move to County Scale **AND** County HR takes on Merit Duties

NOTIFICATION/CERTIFICATION TIMETABLE

Minnesota Statutes, section 256.012, subdivision 2a authorizes the Department of Human Services (DHS) to charge counties that use the Merit System. Under subdivision 2b of the statute, a county that applies to withdraw from the Merit System and establish its own system must notify the Commissioner of Human Services in writing by December 31 of the year preceding the year of final participation in the Merit System. The written notice to the Commissioner should be signed by the County Human Services Director or the County Board Chairperson, and should include the date by which the county intends to have its own approved merit system.

A county also must submit the required documents that need to be reviewed as part of the certification process at least one full calendar year in advance of the date that it intends to establish its own merit system. (See the following page for a list of these documents.) Therefore, a county planning on adopting its own system on January 1, 2024 should submit its notice and the required documents to DHS by no later than December 31, 2022. DHS staff need a sufficient amount of time to review the documents, discuss issues/concerns with the county, and the county needs enough time to work on any necessary amendments to its policies and practices. Counties begin work on their budgets in June or July of each year for the following calendar year, and this timeline is necessary so that all counties are given sufficient notice of their potential costs for the next calendar year.

Before a county may withdraw from the Merit System, the Commissioner of Human Services must certify that the county's personnel system meets federal requirements.

Pay Scale Comparisons

Using the 2022 Merit and County pay scale and equivalent grades from the 2014 pay study.

- 5 grade equivalent **County** jobs have **higher** maximum pay than the MN Merit maximum pay.
 - ✓ 2 Merit Classifications within those grades are higher than County with the same grade.
- 6 grade equivalent **MN Merit** jobs have **higher** maximum pay than the County pay.
- 1 grade equivalent job has the **same** maximum pay for both County and MN Merit pay.

Pay Scale Comparisons Cont.

From the David Drown Associates Market Analysis Final Report.
From slide “Adjust Pay Grades 76-86” 2022 pay scale:

With HHS and County on one pay scale:

- 5 grade equivalent **County** jobs have **higher** maximum pay than the MN Merit maximum pay.
- 2 grade equivalent **MN Merit** jobs have **higher** maximum pay than the new proposed County pay scale
 - Registered Nurse \$45.69 Merit; \$42.43 new proposed County
 - Public Health Nurse \$47.76 Merit; \$47.10 new proposed County

Note: Knowing the current Goodhue County residents and HHS Department needs, and the job market, it would be completely unacceptable for HHS go backwards with these hardest to hire positions in Goodhue County, and elsewhere.

This pay grade range of **76-86** covers 107 of 113 HHS employees.

Pay Scale Comparisons Cont.

Pay Grades 87-91 on 2022 Merit and proposed County Scale:

- 1 grade equivalent **County** job has a **higher** proposed maximum pay than the MN Merit maximum pay.
- 2 grade equivalent **MN Merit** jobs have **higher** maximum pay than proposed County pay.
 - ✓ This pay grade range of 87-91 covers 3 HHS job classifications and 6 of 113 HHS employees.

Pay Scale Comparison Cont.

Merit Job Classification/ Grade equivalent from 2014	Merit System Scale 2022	County Scale 2022	County Adjust Pay Grades 2022
		Higher on County Lower on County	Higher on County Lower on County
	10	12	12
Office Support Specialist 78 COUNTY			
Hourly	\$23.96	\$23.96	\$27.54
Merit 6			
	8	12	12
Office Support Specialist SR 80 COUNTY			
Hourly	\$26.73	\$28.63	\$30.36
Merit 6			
	9	12	12
Accounting Technician 80 COUNTY			
Hourly	\$29.09	\$28.63	\$30.36
Merit 7 2016 Merit Evaluation			
	10	12	12
Case Aide 81 COUNTY			
Hourly	\$31.27	\$31.74	\$35.07
Merit 5			

Pay Scale Comparison Cont.

	10	12	12
HHS Systems Application Specialist 81 COUNTY			
Hourly	\$31.27	\$31.74	\$35.07
Merit 5 ISSS (Information Systems Specialist Sr)			
	8	12	12
Support Enforcement Aide 81 COUNTY			
Hourly	\$29.24	\$31.74	\$35.07
Merit 8			
	9	12	12
HHS Administrative Aide 82 COUNTY			
Hourly	\$34.73	\$35.10	\$38.57
Merit 7 Adopted 11/2015			
	9	12	12
Office Services Supervisor 82 COUNTY			
Hourly	\$34.22	\$35.10	\$38.57
Merit 7 Adopted 1/2020			
	9	12	12
Eligibility Worker 82 COUNTY			
Hourly	\$34.90	\$35.10	\$38.57
Merit 7			

Pay Scale Comparison Cont.

		10	12	12
Child Support Officer 82 COUNTY				
Hourly	\$34.90	\$35.10	\$38.57	
Merit 6				
		8	12	12
Community Support Technician 82 COUNTY				
Hourly	\$31.27	\$35.10	\$38.57	
Merit 7				
		9	12	12
Child Support Lead Worker 83 COUNTY				
Hourly	\$37.77	\$39.00	\$42.43	
Merit 8 Adopted 1/2018				
		9	12	12
Lead Eligibility Worker 83 COUNTY				
Hourly	\$38.16	\$39.00	\$42.43	
Merit 8 Adopted 9/4/2007				
		13	12	12
Registered Nurse 83 COUNTY				
Hourly	\$45.69	\$39.00	\$42.43	
Merit 4				

Pay Scale Comparison Cont.

	8	12	12
Fiscal Officer 83 COUNTY			
Hourly	\$38.16	\$39.00	\$42.43
Merit 9 Adopted 1/2012			
	13	12	12
Financial Assistance Supervisor I 84 COUNTY			
Hourly	\$45.68	\$40.42	\$47.10
Merit 5			
	11	12	12
Public Health Educator 84 COUNTY			
Hourly	\$44.25	\$40.42	\$47.10
Merit 8			
	13	12	12
Public Health Nurse 84 COUNTY			
Hourly	\$47.76	\$40.42	\$47.10
Merit 4			
	12	12	12
Social Worker 84 COUNTY			
Hourly	\$43.69	\$40.42	\$47.10
Merit 6			

Pay Scale Comparison Cont.

	12	12	12
Care Coordinator 84 COUNTY			
Hourly	\$43.69	\$40.42	\$47.10
Merit 6			
	12	12	12
Accounting Supervisor 85 COUNTY			
Hourly	\$49.38	\$43.93	\$50.39
Merit 6 Adopted 6/2021			
	12	12	12
Social Services/Waiver HHS Team Leader 85 COUNTY			
Hourly	\$49.38	\$43.93	\$50.39
Merit 5 Adopted 1/2018			
	13	12	12
Financial Assistance Supervisor II 85 COUNTY			
Hourly	\$49.61	\$43.93	\$50.39
Merit 5 Adopted 12/2015			
	11	12	12
Public Health Nursing/Community Health Supervisor 86 COUNTY			
Hourly	\$52.02	\$48.05	\$54.43
Merit 6			

Pay Scale Comparison Cont.

	12	12	12
Social Service Supervisor 87 COUNTY			
Hourly	\$58.03	\$57.67	\$58.78
Merit 5			
	13	12	12
Deputy Health & Human Services Director (DHHSD) 88 COUNTY			
Hourly	\$67.66	\$62.77	\$63.84
Merit 4			
	9	12	12
Health & Human Services Director 90 COUNTY			
Hourly	\$72.24	\$76.83	\$78.17
Merit 7			

Advantages of Each System

Advantages of Merit

- Low cost for large amount of work
- Relatively quick turnaround
- Easier option to stay--moving off of Merit would be huge amount of work for County HR, and all involved

Advantages of County HR

- HHS would have more control of candidates moving through application process?
- Gain additional expertise from County HR (HHS had been facilitating our own hiring process)
- Concerns about timeliness with addition of over 100 HHS professionals and positions?
- HHS employees would be paid the same as other counties employees.

HHS needs/expectations with HR

- HHS needs a modern, responsive HR process that gives:
 - Flexibility to respond quickly in difficult hiring environment
 - Equitable pay scale that allows HHS to be competitive in hiring high-demand positions like social workers, nurses and other HHS professionals
 - Fast moving process from posting to interviewing to hiring/onboarding
 - Reasonable cost
 - Meets statutory Federal and State requirements for HHS departments

Possible Next Steps?

- HHS, HR, and County Administration explore feasibility of moving off of Merit System
- Make a joint recommendation by August, 2023
 - Soonest HHS would start with County system is 1-1-2025 if notice is provided by 12-31-2023 (or 1-1-2026 if notice by 12-31-2024)
- In the meantime, move forward with the County Board approved outside HR agency to work with HHS Department and County HR – DDA to update, review all HHS job descriptions and calibrate pay equity points to county pay equity scale and provide options for implementation of potential pay plan options.

Questions ? Thank You!

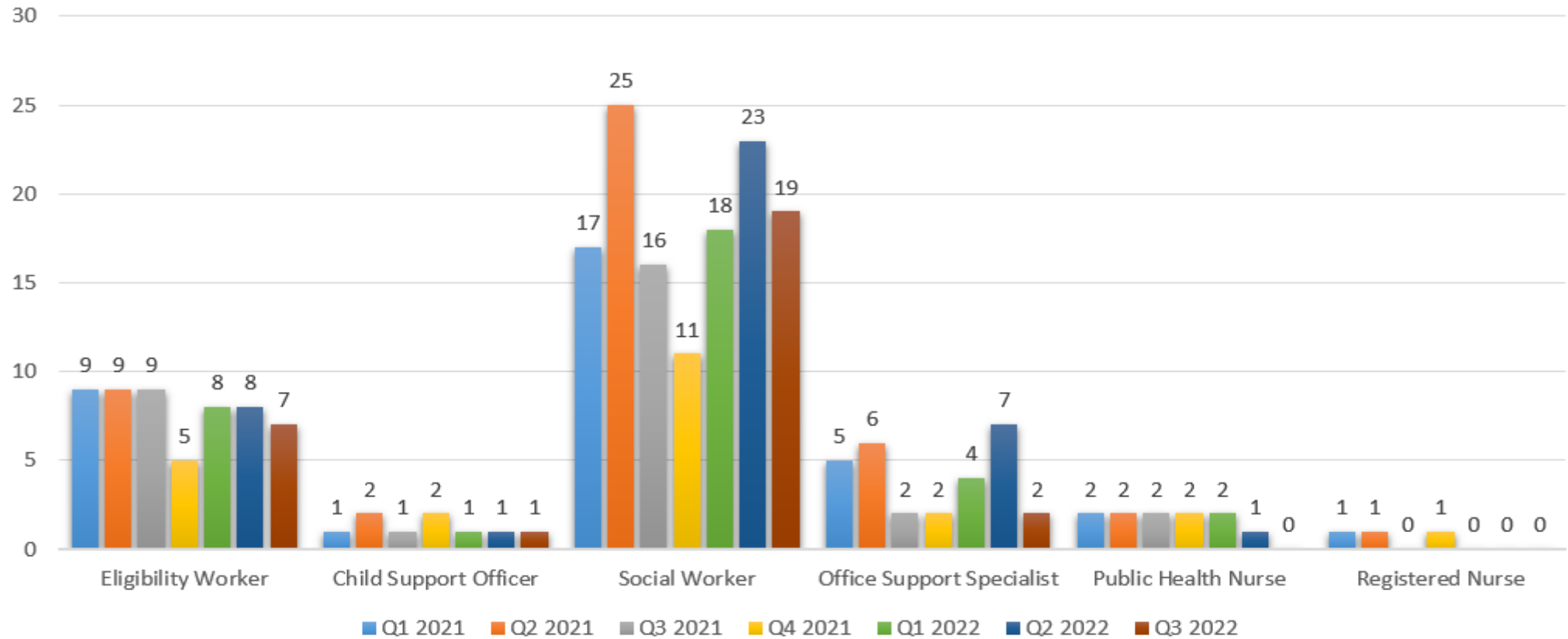
Merit System Dashboard

Jenn Worthington | Merit System Director

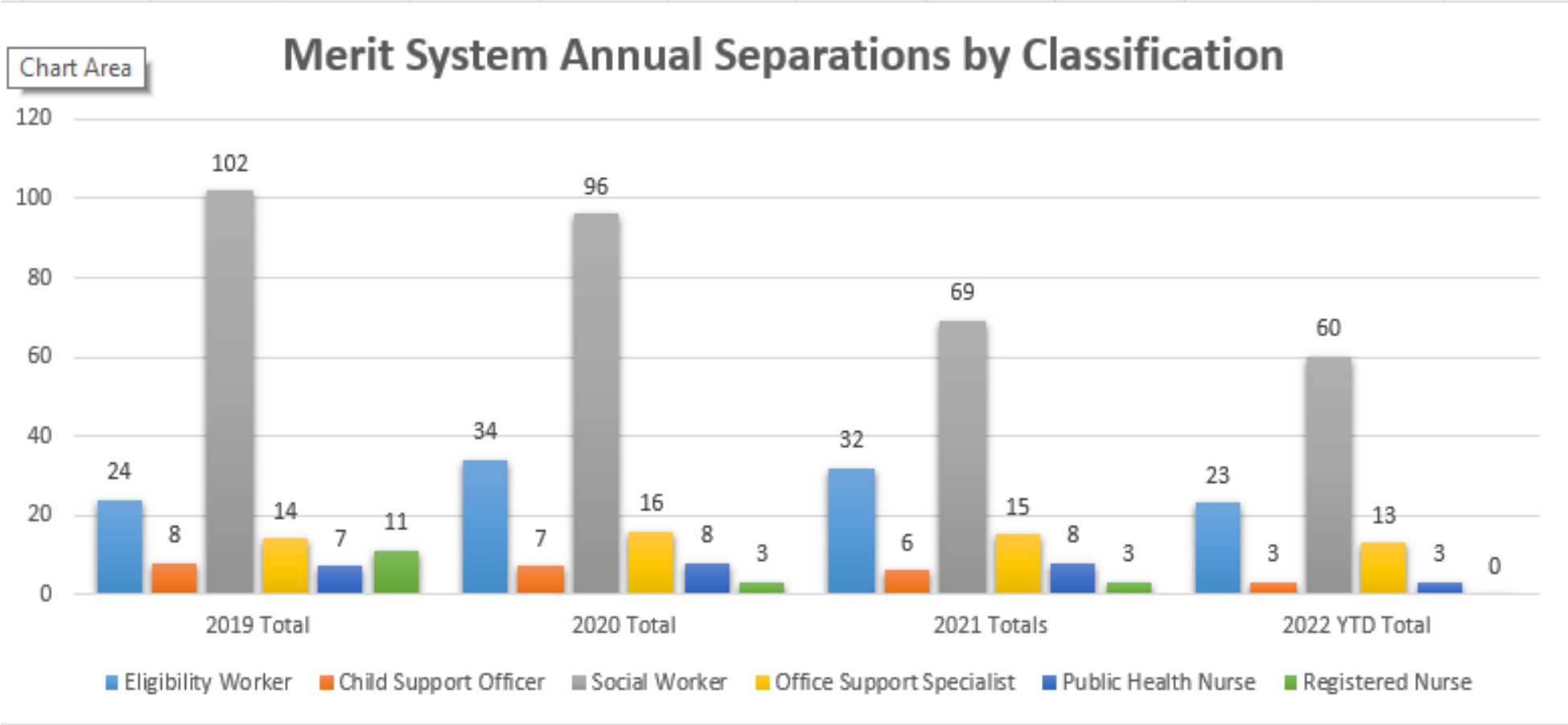
Separations by Classification

Chart Area

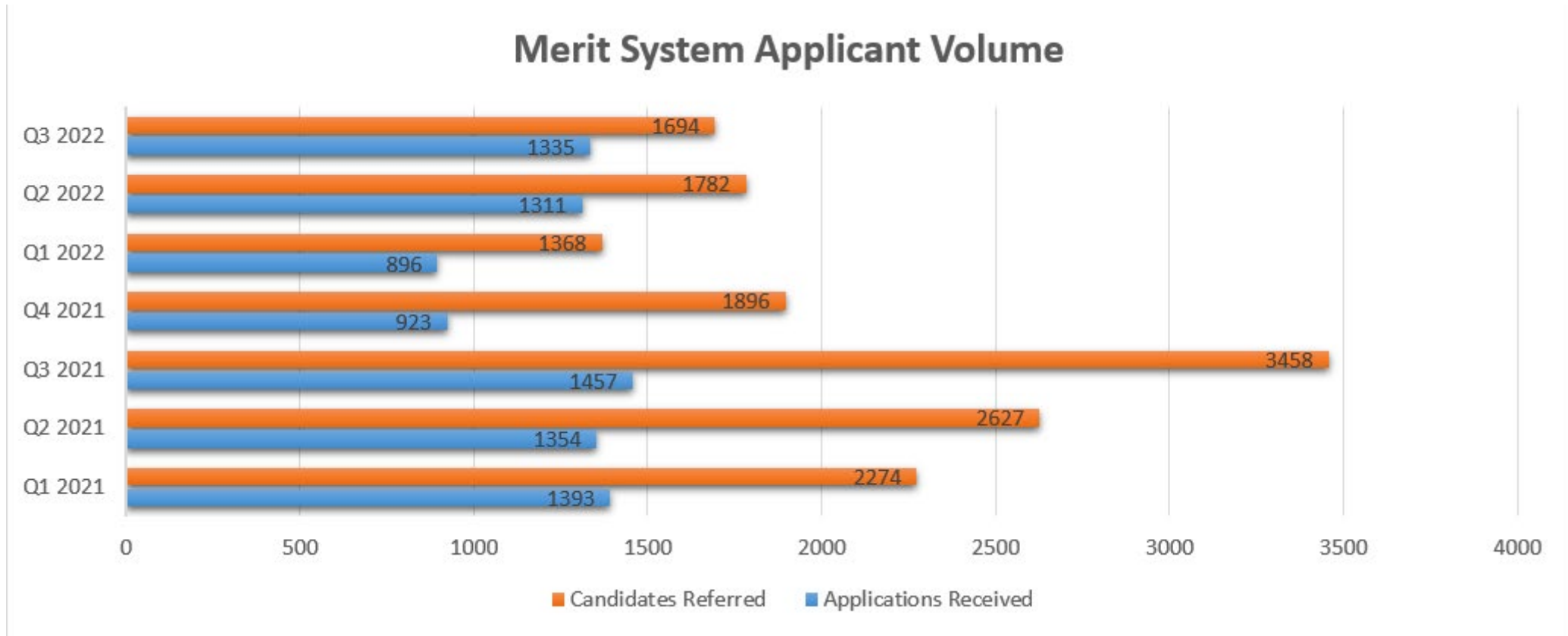
Merit System Separations by Classification



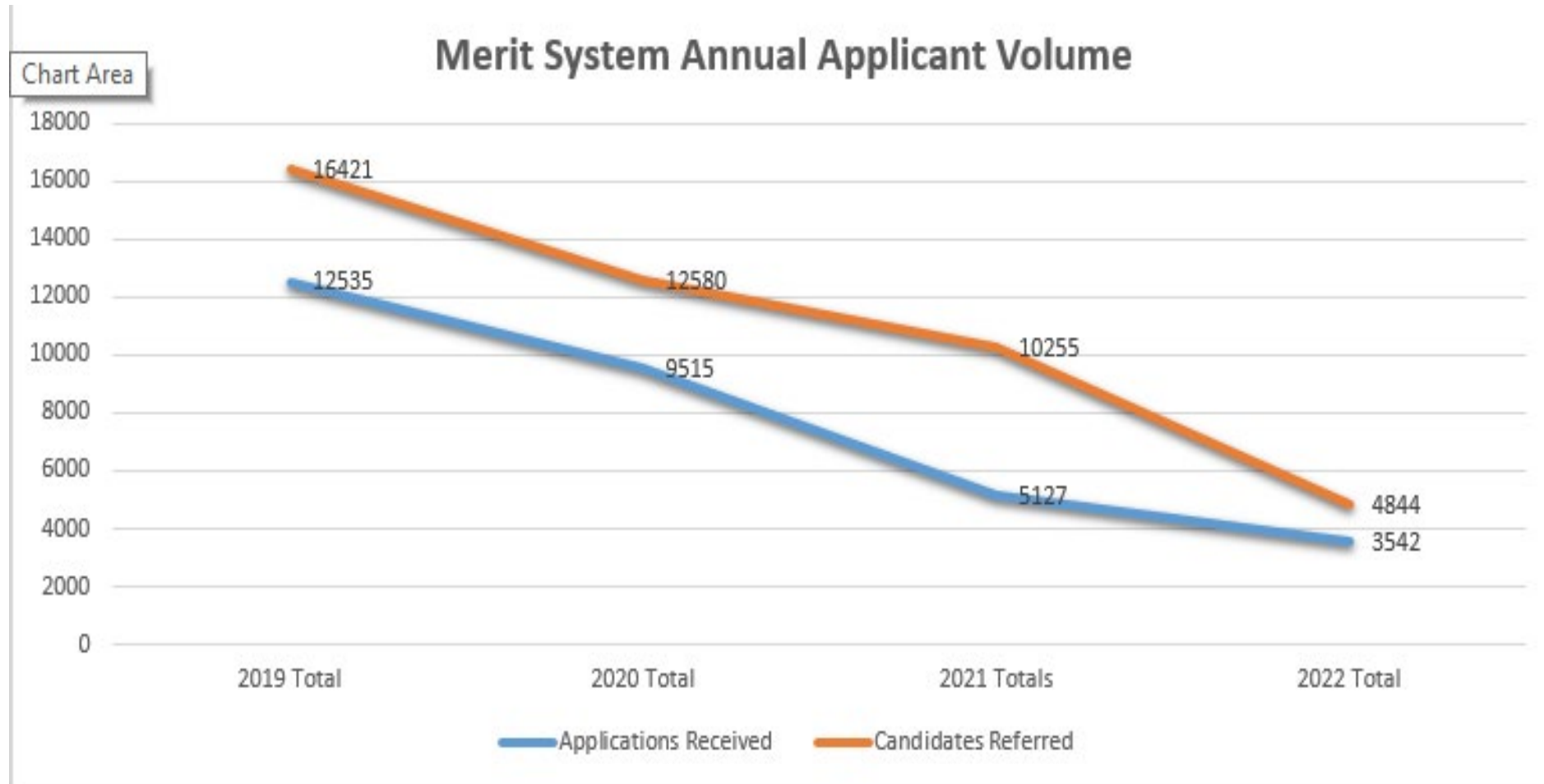
Annual Separations by Classification



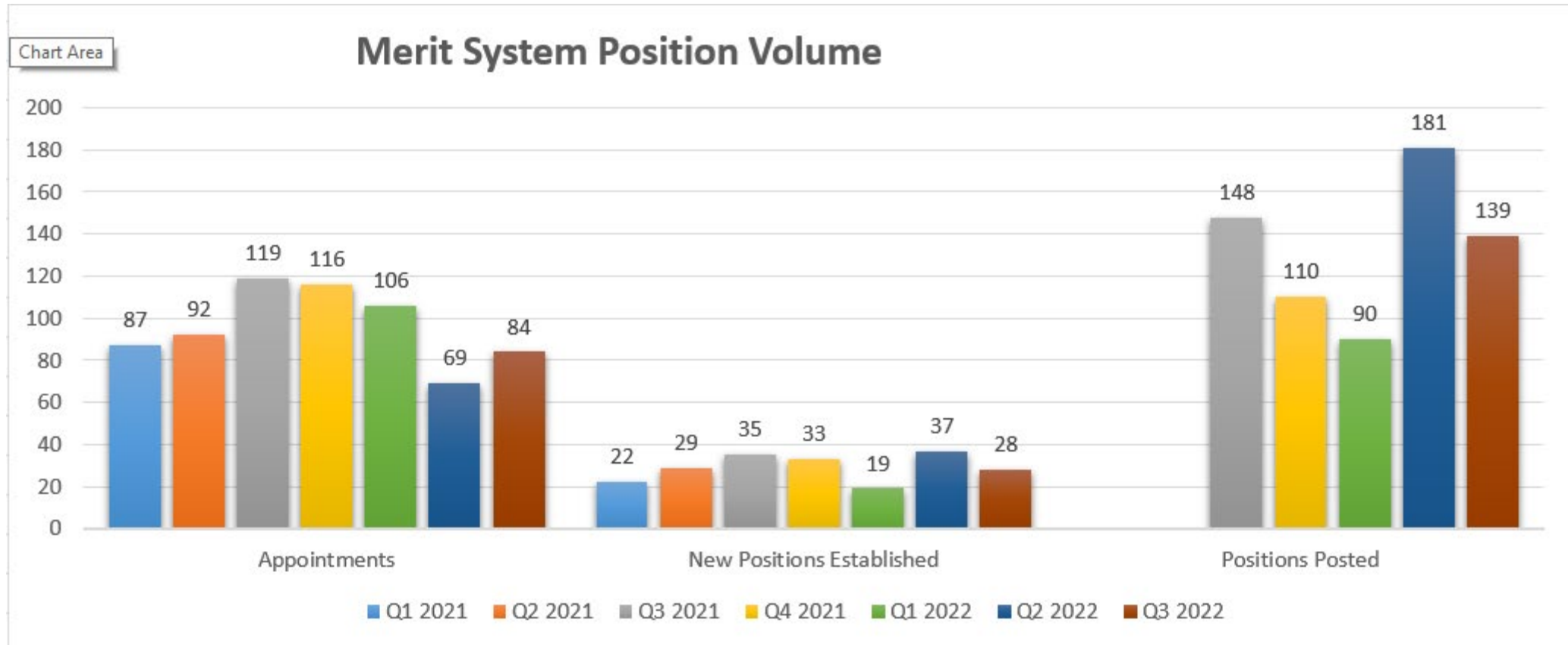
Application Volume



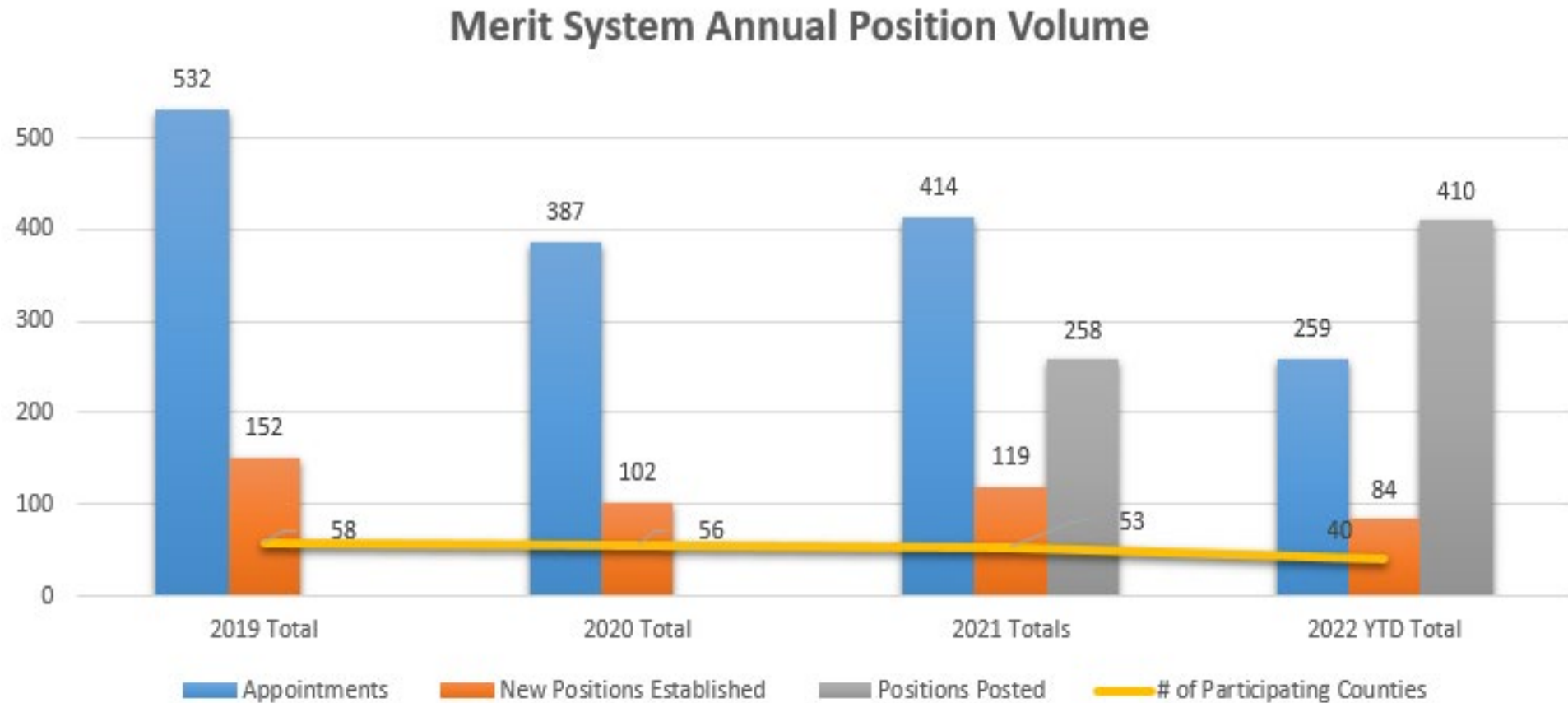
Annual Application Volume



Position Volume

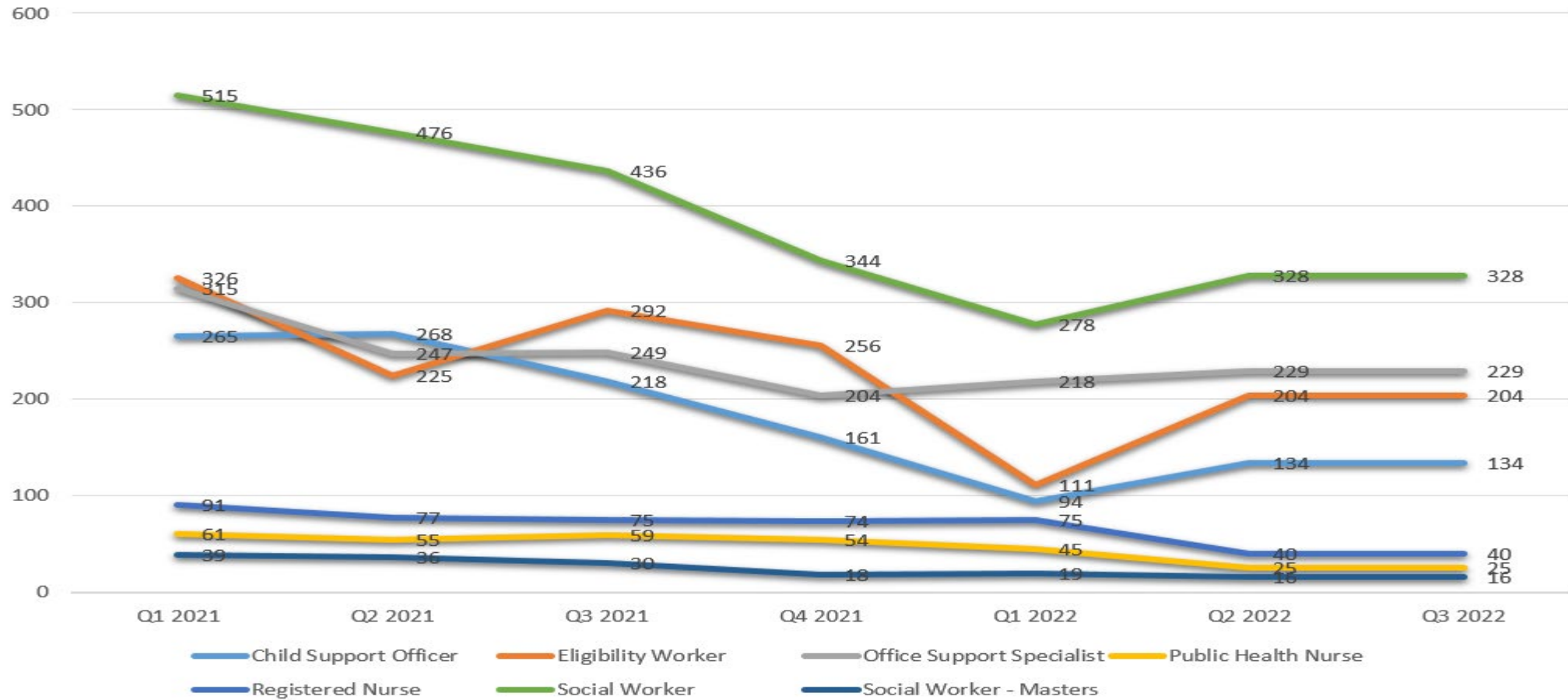


Annual Position Volume

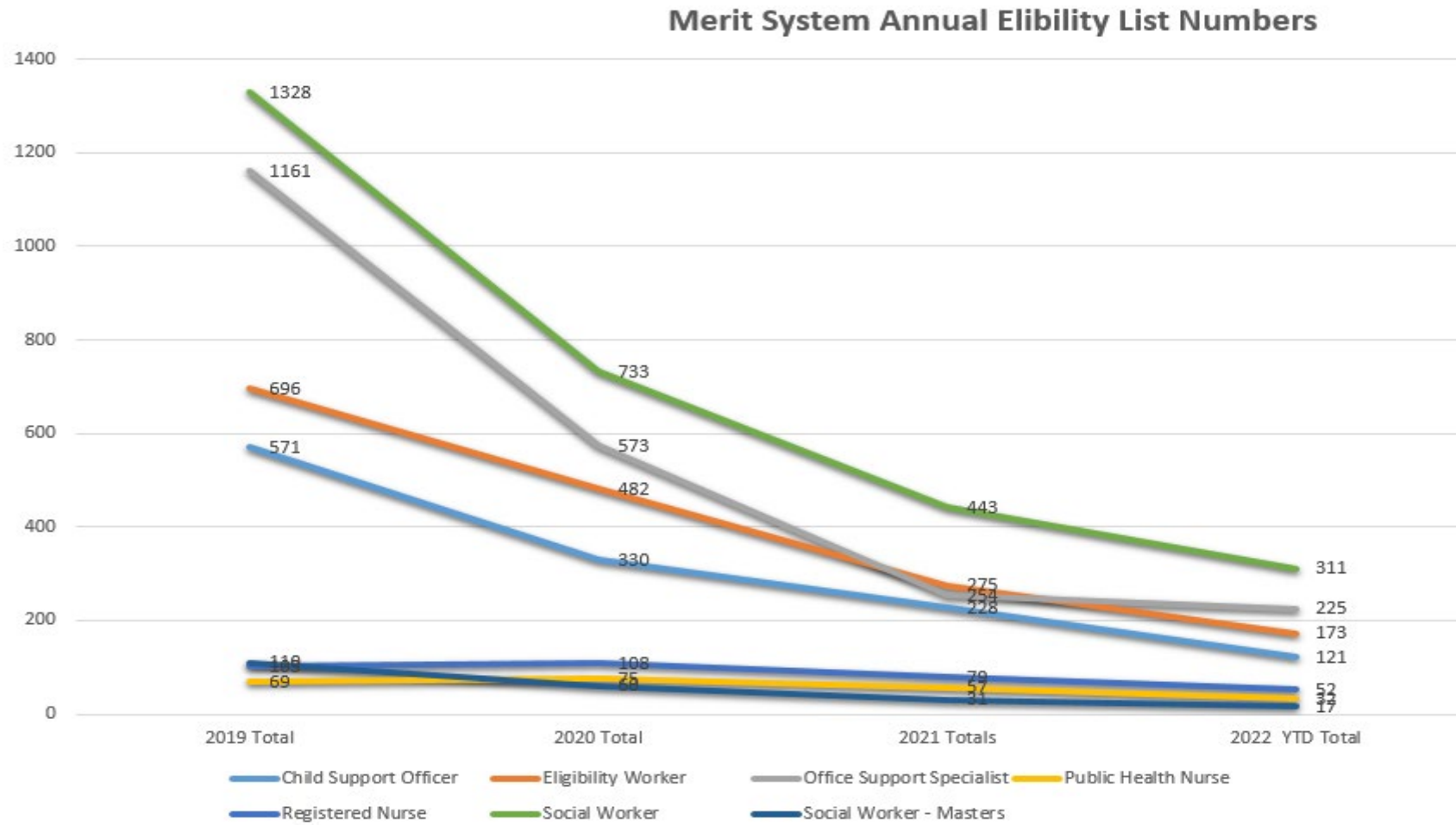


Eligibility List Numbers

Merit System Eligible List Numbers



Annual Eligibility List Numbers



Thank You!

Jenn Worthington

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651-431-