

MERIT SYSTEM OPERATIONS COMMITTEE MEETING MINUTES
THURSDAY, October 22, 2020
11:30 A.M. TO 12:18 P.M.

Committee Purpose: Minn. Stat. § 256.012, subd. 3 provides that "The Commissioner shall ensure that participating counties are consulted regularly and offered the opportunity to provide input on the management of the Merit System to ensure effective use of resources and to monitor system performance."

Present: Rae Ann Keeler Aus (Yellow Medicine), Dave Sayler (Wilkin County), Jamie Halverson (Clearwater), Kay Steffen (Des Moines Valley), Tess Arrick Krueger (Houston), Julie Sjostrand (Pennington), David Minke (Pine), John Dahlstrom (Wabasha County), Naomi Ochsendorf (Watonwan), Pam Hughes (DHS), Brent Boyd (DHS) and Jessica Page (DHS).

Rae Ann called the meeting to order at 11:30.

1. **Approval of September meeting minutes.** The minutes from the September 24, 2020 meeting were approved as recorded.
2. **Merit system costs.** Jess shared with the committee that she managed to find some savings and sent an updated spreadsheet this morning. She indicated that there have been some small percentage decreases and overall we're moving in right direction. She will continue to evaluate cost savings and indicated that the billing won't be going out until January for the 3rd quarter, so there is a little more time for analysis and evaluation. The overall costs have gone down to \$840,000 from \$858,000. Rae Ann asked about finalization and Jess indicated that it wouldn't need to be finalized until the end of the year. Rae Ann mentioned that counties would need to know by mid-December for their budget process. Rae Ann asked about director inquiries and Jess mentioned that she had gotten a couple related to the previous draft with concerns being mentioned regarding the cost increase. Rae Ann asked about other areas of savings, and Jess mentioned that they were looking into a temporary redeployment for a staff member to another agency which would pay the staff member's salary.

John asked about additional counties leaving. He clarified that they weren't thinking about leaving, but others may be concerned about the increase and it could lead to a "slow death." Jess mentioned that one county has requested a review for certification in 2022 and four counties have expressed an interest in learning about the process. John mentioned that the cost increase appeared to be primarily related to the number of employees leaving. Jess

confirmed that, and said there were about 900 employees leaving this coming year and the employee number represents two thirds of the formula, so has a significant impact. Rae Ann mentioned that many counties were hiring full-time human resources staff and feeling that they should fulfill the Merit System's role. Also, she felt that the quality of the lists and recruiting new candidates locally played a role in their decision. Dave S. mentioned that, as a small county, they recently hired a HR manager, but that probably wouldn't allow them to have their own system. However, they would consider partnering with a larger regional entity. Dave suggested that unless there was some way of stabilizing the system, he sees some major issues going on for the next few years. John voiced similar concerns, and that we need to figure a way to cap the costs, otherwise we will continue to see departures. In terms of partnering regionally or with nearby counties, John mentioned that that alternative may not work for some of the counties. For example, Olmsted would charge such a high administrative fee that it wouldn't be reasonable for them to consider that option. Jamie agreed with the concerns mentioned by her colleagues. She said she believed that, at this point, the cost isn't an issue, but could be down the road. She also added, a decrease in the number of participants could result in significant concerns for the Merit System's staffing plans and overall service delivery.

The suggestion was made to survey the counties as to why they are leaving and to better understand their needs. Jess concurred with this suggestion. Tess felt this might better reveal why smaller counties are looking for alternatives. Jess mentioned that the Merit System was looking at doing more in terms of recruitment through the career centers and providing additional training, but stated that these can add costs. It was also mentioned that some type of marketing might be useful focusing on the services versus the compliance side, and that this could be incorporated into some training offerings. Pam agreed that greater communication about the Merit System would be helpful. Tess suggested possibly developing a member value statement covering compliance components, marketing and specialized recruiting efforts. She suggested that this could possibly be done by just adding some enhancements to our website. Jess offered that perhaps we should develop a Linked In account for greater exposure, and said she would look into this option. Finally, Jess requested survey question suggestions.

- 3. 2021 Salary adjustments.** Jess stated that our recommendation will be 2% based on information from the Bureau of Labor Statistics, rates shared at our last MSOC meeting, state increases, and the average from last year. Dave S. thought the amount was reasonable, and many other directors repeated that sentiment. Overall, most of the committee members stated their adjustments were between 1.45 percent and 2.5 percent with many at 2 percent. In terms of health insurance costs, one county mentioned having to contend with a 9 percent increase in their health insurance rates, offsetting their salary

increase. While another county mentioned initiating an employee contribution for single coverage.

- 4. Next meeting dates/times.** The meeting was adjourned at 12:18 p.m. The next meeting of the MSOC will be held Thursday, December 17, 2020. This will be a change from our regular quarterly meeting schedule.