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DRAFT

March 25, 2025

The Honorable Lisa Demuth
Speaker of the House of Representatives

The Honorable Bobby Joe Champion
President of the Senate

Re: Compensation Council Recommendations

Dear Madam Speaker and Mr. President:

In accordance with the duties assigned to it by Minnesota Statutes, section 15A.082, to make determinations and recommendations for the salaries of Minnesota's top governmental officials, the Compensation Council (Council) held 4 hearings, received oral testimony and written submissions from interested parties, and engaged in extended deliberations. The Council requests that you strongly consider the recommendations for judicial salaries in the report and would welcome the opportunity to present the report before any legislative committees.

In addition to providing the statutorily required salary determinations, the process to create appropriate judicial salaries is larger than the time allotted for the Compensation Council, this report provides some additional background and further recommendations for consideration and possible legislative action.

Background

Historically, the Compensation Council, which is convened every odd-numbered year, recommended salaries for Minnesota's constitutional officers and all justices and judges in Minnesota's court system. The Council also recommended salary limits for the commissioners of state departments and the heads of certain metropolitan agencies appointed by the governor.

The 2023 Legislature passed significant legislation related to the work of the Compensation Council. Under these changes, the Council now determines the salaries for constitutional officers and agency heads and makes recommendations to the Legislature for judicial salaries. In 2024, the responsibility to determine the daily compensation rate for voting board members of the Direct Care and Treatment Executive Board was also added to the Council's responsibilities.

By law, the Compensation Council is a bipartisan committee composed of members appointed by the governor, the chief justice of the Supreme Court, and legislative leadership. The Council has a long tradition of working collaboratively in focused deliberations.

The statute that establishes the Compensation Council specifically provides that we consider "the amount of compensation paid in government service and the private sector to persons with similar qualifications, the amount of compensation needed to attract and retain experienced and competent persons, and the ability of the state to pay the recommended compensation." As we demonstrate in our report, we carefully considered these elements in making our determinations and recommendations set forth below.

Constitutional officers, judges, and the agency heads lead our government in Minnesota. It is important that the individuals who serve in these roles be of the highest caliber. This Council, like others before it, believes that a fair and adequate compensation system is an important element in ensuring that good candidates will seek and serve in these offices.

Analysis

Constitutional Officers

The 2023 Legislature adopted the recommendation of the 2023 Council to increase the salaries for Minnesota's governor and other constitutional officers. The Legislature approved the Council's recommendations to increase the salaries of all constitutional officers by 9% effective July 1, 2023, and by 7.5% effective July 1, 2024. The recommendation to increase the salary of the Secretary of State to be the same as the State Auditor was also adopted.

The Council finds that increases are necessary to maintain Minnesota's ability to attract and retain experienced and competent candidates for political office.

Governor

The governor is responsible for managing the executive branch with approximately 45,000 employees and overseeing a biennial state budget of over \$66 billion from the General Fund. According to a 2023 survey by the Council of State Governments, the salary of Minnesota's governor was ranked 30th nationally. Even with a nearly 17% increase in the previous biennium, the governor's ranking is still below what other governors earn.

While Minnesota does not compete nationally for governor candidates, our ranking below the middle of the pack indicates that other states have taken action to recognize that governors and other elected officials should be paid salaries commensurate with their responsibilities. In comparing our governor's salary with those of surrounding states, Wisconsin, with a population similar in size to Minnesota, pays their governor \$143,646. And North Dakota, with a population only 15% of Minnesota's, pays their governor \$143,646. **See attachment 2.**

The Council also explored comparisons of the salary of the governor to other positions within state government. Some members argued that as the governor, this salary should be higher than any other salary in state government. Despite this, every member of the judiciary earns more than the governor and, according to data provided by MMB, there are hundreds of state agency employees who earn more than the governor.

The Council heard testimony from MMB indicating the average pay for city managers and county administrators was \$239,119 and \$253,130, respectively. While these are all critical positions in local governments, their scope is significantly smaller in scope than that of the governor.

The Council recognizes that there are certainly non-monetary considerations that motivate candidates to run for the highest executive offices in the state. However, the natural consequence of the increasing compensation gap is that candidates who have greater personal financial constraints are less likely to run for office.

Attorney General

The attorney general is the state's chief legal officer and has several key duties, including: playing a key role in litigation defending challenges against the state and seeking to enforce the state's interests, providing legal advice affecting all parts of state and local government, handling criminal prosecutions across the state on behalf of counties, and is often involved in constitutional and other legal dealings with other states and the federal government. The attorney general oversees legal work for one hundred state agencies and boards and handles thousands of open legal files per year. The attorney general manages an operating budget of approximately \$83.1 million and an office of over 434 employees. The attorney general serves on the State Executive Council.

In 2025, there are 74 members of staff and 37 attorneys who earn salaries higher than the attorney general.

State Auditor

The Office of the State Auditor oversees local government financial activity in Minnesota by performing audits of local government financial statements and by reviewing documents, data, reports, and complaints reported to the Office. The Office is responsible for overseeing the finances of approximately 3,300 local units of government. The state auditor manages an operating budget of approximately \$20.4 million and employs 84 staff.

The responsibilities of the Office include:

- Providing oversight of over \$40 billion in spending by local governments in Minnesota and \$20 billion in federal funds at the state level.
- Performing financial, compliance and petition audits; and, the review and comparison of reporting forms to financial statements.
- Investigating allegations of misuse of public funds.
- Serving as a resource for local governments.
- Providing oversight of approximately 520 local public pension plans.

In addition, the state auditor serves on the State Executive Council, the State Board of Investment, Land Exchange Board, Minnesota Housing Finance Agency, Public Employees Retirement Association, and the Rural Finance Authority Board.

In comparison, the Office of the Legislative Auditor, in the Legislative Branch, is responsible for conducting financial audits of the Executive Branch and preparing extensive evaluations of state agency programs. That Office has approximately 71 staff, and an operating budget of approximately \$11.8 million. The legislative auditor's salary is approximately \$214,375 which is \$87,000 greater than the state auditor's salary.

Secretary of State

The secretary of state deals extensively with the administration of critical election laws and with business and corporate filing involving many important parts of the state's economy, relied on by citizens and businesses throughout the state. This Office has an operating budget of about \$ 26.4 million, and 111 staff. The secretary of state serves on the State Executive Council.

The scope of the Office of the Secretary of State is broad:

- The Business Office processes over 970,000 business filings each year.
- The Office is a net revenue generator, contributing \$13.5 million in revenue to the state's General Fund each year.
- The secretary manages the state elections system. In the last presidential election, over 3.2 million citizens voted, representing a nation-leading 76.4 % turnout
- The secretary and staff provide oversight of increasingly complex and serious security threats to our state's election systems.
- The Office implements the Safe at Home program, which permits Minnesotans who need to protect the location of their home to receive mail through the Office.

Lieutenant Governor

The lieutenant governor handles a variety of functions assigned by the governor and would become the state's chief executive should the Office of the Governor become vacant.

The lieutenant governor serves several capacities:

- Member of the State Executive Council
- Vice-chair of the State Capitol Preservation Commission
- Chair of the Capitol Area Architectural Planning Board

The lieutenant governor in many ways operates as chief deputies of state agencies do, convening meetings on behalf of the governor, assisting the governor with policy development and implementation, and representing the governor at meetings and events.

The Council also reviewed salaries paid to constitutional officers in other states. See [Attachment 3](#) for a comparison with these officials in neighboring states.

Judicial Branch

The 2023 Legislature increased the salaries of the judiciary by 8% in July 2023 and 4.0% in 2024, less than the respective 9% and 6% increases recommended by the 2023 Council.

Our Council reviewed extensive written material and heard testimony from the Supreme Court Administrator, the Minnesota Judicial Selection Commission, and the Minnesota District Judges Association (MDJA). Testifiers provided background on caseloads, challenges in recruiting and retaining qualified judges, and increasing security concerns. Testimony focused on compensation, pension, and other benefits. Data collected by the Council indicate:

- While Minnesota does not compete with other states for its judges, it is relevant to examine the ranking of the salaries paid to Minnesota’s judiciary compared to other states. Salaries of district court judges are ranked 26th when compared nationally. In that same survey, justices on the Minnesota Supreme Court are ranked 28th, and judges on the Court of Appeals are ranked 23rd. A copy of the national survey is included [as Attachment 4](#).
- Substantial testimony focused on the need to attract qualified candidates from both the private and public sectors.
- Numerous county and assistant attorneys earn higher salaries than the salary of district court judges (\$190,117):

County Attorneys¹

Carver	\$213,757	Beltrami	\$151,091
Chisago	\$160,358	Mower	\$187,563
Dakota	\$219,813	Olmsted	\$207,326
Hennepin	\$224,820	St. Louis	\$199,784

¹ Minnesota County Attorneys Association Survey. If the survey provided a range for a position, we showed the high end of the range.

Ramsey	\$197,284	Stearns	\$164,009
Scott	\$212,737		

Assistant County Attorneys¹

Carver	\$175,698	Beltrami	\$134,472
Chisago	\$156,163	Olmsted	\$190,847
Dakota	\$208,619	St. Louis	\$171,122
Hennepin	\$179,315	Stearns	\$196,497
Ramsey	\$183,309		
Scott	\$190,906		

- Private sector attorneys regularly earn more than judges (the 50th percentile reflects the median):

Private sector Attorneys

	25th percentile	50 th percentile	75 th percentile
Lawyer, 10+ years' experience	\$146,909	\$178,295	\$206,253
Lawyer, 4-9 years' experience	\$113,413	\$144,535	\$179,614
Lawyer, 2-3 years' experience	\$101,808	\$127,391	\$157,986
First year Lawyer	\$83,609	\$102,599	\$113,458

Ms. Erin Sindberg Porter, Chair of the Judicial Selection Commission, reported that there is an average of 17 judicial vacancies each year with 22 applicants for Metro area vacancies, but only 11 applicants in Greater Minnesota. In addition to a relative shortage of applications in Greater Minnesota, she indicated an on-going concern that there is a lack of applicants from the private sector. She indicated that district court judges' salaries should be in the \$200,000 range, Court of Appeals judges should be \$225,000, and Supreme Court justices \$250,000.

In their testimony on behalf of MDJA, Judge Mary Mahler and MDJA consultant, Dr. King Banaian, expressed a concern that if judicial salaries continue to stagnate, it will be difficult to attract a diverse and high-quality pool of candidates from both the public and private sectors. They further noted that in certain judicial districts the number of well-qualified candidates for judicial openings has been very limited. MDJA contends salaries are one of the significant reasons for the limited number of applicants.

Testimony by the judges indicated that more candidates come from the public sector, with declining numbers from the private sector, likely due to the limited compensation opportunities for judges. The 2025 MDJA consultants' report indicated that while median

salaries for ten-year private sector attorneys are comparable, private sector attorneys have more opportunity for income growth: the 75% percentile for attorneys is \$206,253.

The MDJA consultant report also includes data on salaries paid to other public sector members of the judicial process. As noted earlier, there are a number of county attorneys and assistant county attorneys who are paid more than the district court judges in whose courts they appear. In addition, according to the consultant report, the State Public Defender is paid \$226,460 and the maximum salary range for the Hennepin County Public Defender is \$221,955.

The Compensation Council shares the view that the judiciary should reflect a broad range of experience and perspectives, and that a small pool of candidates from only one part of the legal community could be a serious concern for the future of the state's judiciary.

The Council also heard testimony from Jeff Shorba, State Court Administrator, who explained the Judicial Council's work in developing the judicial branch's biennial budget proposal. This proposal is premised on all members of the judiciary receiving salary increases of 6% in FY 26 and 27, and staff receiving a 6% compensation pool in FY 26 and 27. The Judicial Council consists of 19 judges and six administrators from throughout the court system. Thirteen of the judges are district court judges.

Agency Heads

The 2023 Council made no recommendations regarding agency head salaries. The 2023 Legislature implemented a "rebasng" of agency heads salaries, providing commissioners with increases equivalent to across-the-board increases received by represented employees in collective bargaining agreements since agency heads last received an increase. As a result, commissioners received an approximate 20.7% increase on July 1, 2023.

The 2023 Legislature adopted significant changes to the statute governing agency head salaries, and the responsibilities of the Compensation Council in setting those salaries. In Minnesota Statutes 15A.0815, all agency heads were placed into a single group, with no salary limits. Several agencies were added:

- Office of Cannabis Management
- Department of Children, Youth, and Families
- Direct Care and Treatment
- Office of Emergency Medical Services

Ms. Dori Leland, MMB Enterprise Director of Employee Classification and Compensation provided testimony regarding the salaries of agency heads. She reported that:

- Since the increases provided to agency heads in 2023, state agency employees had received across the board increases of 5.5% in July 2023 and 4.5% in July 2024.
- Deputy and assistant commissioners received these same increases, such that numerous deputy and assistant commissioner earn more than their commissioners;

- The State of Minnesota uses a standards rating system to objectively measure the relative value of each position in state government. A study of agency heads hasn't been conducted since 2015, but that data remains relatively relevant. Those ratings indicate that about half of agency heads are significantly underpaid.
- Agency heads are paid significantly less than city managers (average regional pay of \$232,119) and county administrators (average regional pay of 253,130);

MMB recommended that agency heads receive an increase comparable to what state agency employees received: a 5.5% plus 4.5% adjustment. The Department also recommended that the Council consider a mechanism to annually adjust agency head pay to track with across-the-board increases negotiated for other executive branch employees

Direct Care and Treatment Board

Under Minnesota Statutes 15A.082, Subd 3 (c), the Council must determine daily compensation for voting members of the Direct Care and Treatment Executive Board.

Dale Klitzke, General Counsel for the Board, reported that the Board has seven voting and two non-voting members. The Board provides oversight of the Direct Care and Treatment agency, which has over 5,500 employees.

Currently, Board members receive per diem of \$55. Mr. Klitzke reported that other public hospital boards provide annual compensation ranging from \$87,000-\$112,000, while private hospitals provide annual compensation of \$10,000-\$200,000. The Board recommended daily compensation be set at \$500 per day.

Budget Considerations

MMB's February Forecast estimates a surplus of \$456 million for the 2026-2027 biennium. That forecast also estimates a projected deficit of almost \$6 billion for the 2028-2029 biennium. The Council considered several elements regarding the forecast during its deliberations:

- The forecast has been amended to include the impact of inflation on the cost of state-provided services.
- MMB has indicated that several variables, such as policy uncertainty at the federal level, make the economic future harder to forecast.

Recommendations

In accordance with Minnesota Statutes, section 15A.082, the Compensation Council makes the following recommendations:

Judicial Salaries.

We recommend that salaries of all judges and justices be increased by:

- 6% in FY 2025, 6% in FY 2026.

In reaching this conclusion, the Council notes that:

- The 2023 Council recommended increases of 9% in FY 2023 and 6% in FY 2024, but the Legislature instead increased judicial pay by 8% and 4%, respectively.
- Many county attorneys earn more than district court judges before whom they regularly appear. There are now numerous assistant county attorneys around the state whose pay is higher than district court judges.
- The Council heard numerous testimony that judicial pay has increased the difficulty of attracting good candidates and more recently of retaining judges.

Determinations

In accordance with Minnesota Statutes, section 15A.082, the Compensation Council makes the following determinations:

Constitutional Officer Salaries

We prescribe the salaries of Constitutional Officers as follows:

- Governor:
 - \$174,775 in FY 2025, \$200,000 in FY 2026
- Attorney General:
 - \$166,036 in FY 2025, \$190,000 in FY 2026
- State Auditor:
 - \$132,238 in FY 2025, \$137,358 in FY 2026
- Secretary of State:
 - \$136,059 in FY 2025, \$145,000 in FY 2026
- Lieutenant Governor:
 - \$101,123 in FY 2025, \$105,038 in FY 2026

In making these determinations, the Council notes that:

- The salaries of most of the constitutional officers lag nationally, even after the previous Council's increase.
- While there are certainly non-monetary considerations that motivate candidates to run for the highest executive offices in the state, the natural consequence of this increasing compensation gap is that candidates who have greater personal financial constraints will not run for office.
- The duties of the Offices of the Secretary of State and Attorney General have grown considerably in recent years.

Agency Head Salaries

We prescribe the salaries of agency heads, as listed in Minnesota Statutes, section 15A.0815, as follows:

- All agency heads *except* for the Chief Executive Officer of Direct Care and Treatment and the Executive Director of the Office of Cannabis Management:
 - 3.9% increase in FY 2025, 4% increase in FY 2026
- Chief Executive Officer of Direct Care and Treatment:
 - \$194,294 in FY 2025, \$202,066 in FY 2026
 - This is intended to match this salary with the salaries of the Commissioners of the Department of the Children, Youth, and Families and the Department of Human Services.
- Executive Director of the Office of Cannabis Management:
 - \$188,047 in FY 2025, \$195,568 in FY 2026
 - This is intended to match this salary with the salaries of the Commissioners of the Department of Employment and Economic Development and the Department of Health.

In reaching this conclusion, the Council notes that:

- Minnesota Management and Budget forecasts a structural deficit in the state's budget in the 2028-2029 biennium.
- Minnesota Management and Budget forecasts inflation rates of 2.9% in 2025 and 3% in 2026.
- The Council sought to provide a 1% increase above projected inflation each year.

Direct Care and Treatment Executive Board Daily Compensation

We prescribe the daily compensation of voting members of the Direct Care and Treatment Executive Board, as listed in Minnesota Statutes, section 15A.0815, as follows:

- \$500 per day in FY 2025 and FY 2026

In reaching this conclusion, the Council notes that:

- The current \$55 per day was insufficient.
- The General Counsel shared that \$500 per day for Direct Care and Treatment board members was included in the initial recommendation when establishing the Board.
- Board members will likely only meet and receive daily compensation monthly or every other month.
- This compensation is far below that of board members of private hospitals.

The salaries of the constitutional officers, agency heads, and judges that result from implementation of these determinations and recommendations are shown in Attachment 6.

Legislative Recommendations

Proposed Legislation Restructuring the Council

The Council reviewed legislation that would restructure the Council, so that it would recommend salaries of members of the judiciary, in even-numbered years ahead of budget preparations. The legislation would also remove the Council's ex parte prohibition.

The Council believes...

Conclusion

The Compensation Council adopted these recommendations and determinations at its meetings on March 21 and March 28, 2025. Minutes and audio/video recordings of the meetings are available on the Council's website.

We have included a list of the members of the Council as [Attachment 1](#). The members worked diligently and thoughtfully to prescribe the salaries for agency heads and constitutional officers and develop recommendations for judicial salaries for consideration by the Legislature. Council members are committed to answering any questions you may have. We extend a thank you to the staff of the Legislative Coordinating Commission for their work during a limited timeframe. We all believe appropriate compensation for our government officials is vital to our state's future and that these recommendations should be implemented.

Respectfully submitted,

Patrick McCormack
Chair, Compensation Council

David Asp
Vice Chair, Compensation Council

cc:

Governor Tim Walz
Lt. Governor Peggy Flanagan
Attorney General Keith Ellison
State Auditor Julie Blaha
Secretary of State Steve Simon
Chief Justice Natalie Hudson

Representative Melissa Hortman, Speaker
Emerita, DFL Leader
Representative Harry Niska, GOP Floor
Leader
Representative Jamie Long, DFL Floor
Leader

Senator Erin Murphy, Majority Leader
Senator Mark Johnson, Minority Leader