

## SF 3542 (Rosen); HF 4018 (Nelson, M.): State Board of Investment; Clarifying the classification of professional employees

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### Introduction

- Affected Plan:** None
- Laws Amended:** Minnesota Statutes, Sections [11A.04](#) and [11A.07](#) (governing the State Board of Investment (SBI)), [43A.18](#) (governing state employment), and [179.10](#) (governing labor relations)
- Brief Description:** The bill makes changes necessary for certain investment professionals employed by the SBI to be compensated according to the SBI's compensation plan, which was approved in 2019.
- Attachments:** [SBI Salary Administration Plan](#), dated May 31, 2019  
[Memo dated December 1, 2021](#), to the members of the SBI from Mansco Perry, Executive Director and CIO; Subject: Proposed Legislation to Fully Implement SBI Salary Plan

### Background

In 2006 the SBI instituted its own Salary Administration Plan (Salary Plan) to provide for compensation for the SBI's professional investment staff. In 2019 the Legislature ratified an updated Salary Plan for the SBI.<sup>1</sup> Among other things, the updated Salary Plan added new professional investment staff job classifications to create a path for development for investment staff from the entry-level. The new job classifications are titled: Investment Analyst, Junior; Investment Analyst, Intermediate; and Investment Analyst, Senior. However, the state bargaining unit represented by the Minnesota Association of Professional Employees (MAPE) includes two similar job classification titles: Investment Analyst 2 and Investment Analyst 3. The similarity between job titles combined with ambiguity in the applicable statutes has led to uncertainty about how entry-level and mid-level investment staff should be classified.

This bill clarifies that investment staff who manage or administer the portfolio are unclassified employees subject to the SBI Salary Plan. The bill is intended to remove any ambiguity about the

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<sup>1</sup> Minnesota Session Laws 2019, 1st Special Session, Chapter 10, Article 2, Section 26.

classification of these employees and allow SBI to finish implementing the 2019 changes to its Salary Plan.

## Section by Section Summary

SF 3542 / HF 4018 is organized in six sections, as follows:

### Section 1

Section 1 amends Minnesota Statutes, section 11A.04, by removing a reference to employees who are not covered by a collective bargaining agreement from a requirement that the State Board of Investment (SBI) adopt a compensation plan. The reference is replaced with a cross reference to section 43A.18, subdivision 3b, which describes the procedure for adopting the compensation plan.

### Section 2

Section 2 amends section 11A.07, subdivision 4, which describes the duties and powers of the executive director of the SBI, by making technical and conforming changes. Language which currently describes which employees of the SBI are considered unclassified is moved to a new subdivision, established in section 3 of the bill. Similarly, language describing a report required to be filed with the legislature is moved to a new subdivision in section 4 of the bill. These changes are made to make this section more readable and to conform to the Revisor's drafting recommendations.

### Section 3

Section 3 establishes a new subdivision 4a in section 11A.07, which contains amended language from subdivision 4 of that section. The amended language clarifies and expands the definition of unclassified employees to include employees who "in the determination of the director, are primarily responsible for managing or administering the investment portfolio, including diligence and analysis, investment risk mitigation and implementing investment strategy."

### Section 4

Section 4 establishes a new subdivision 4b in section 11A.07 that restates the language related to the annual report to the legislature that was moved from subdivision 4. The subdivision sets forth the requirements for the report. There are no changes to the requirements.

### Section 5

Section 5 amends section 43A.18, subdivision 3b, to clarify that the SBI salary plan applies to all unclassified positions not just those not covered by a collective bargaining agreement.

Section 6

Section 6 amends section 179A.10, subdivision 1, by adding “unclassified positions in the State Board of Investment” to a list of positions exempt from being represented by a state bargaining unit.

Effective date

All sections are effective the day following final enactment.

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