

**OMB Presentation on the Status of Implementation of
The Compensation Philosophy and Compensation Initiatives and
Development of Guidelines for July 2012 Classified Employee Salary Increases**

Budget Section – March 13, 2012

The last status report was presented by the Hay Group at the September meeting of the Budget Section. Since that time, OMB's Human Resource Management Services Division (HRMS) has been working further through the details of implementation.

- As presented in September, implementation of the employee compensation recommendations was delayed until July 1, 2012 because no appropriations were made for the cost of implementation. Agencies were briefed and advised to conserve spending to ensure they can meet the new salary range minimums on 7/1/2012
- In December, HRMS & Budget staff have met with 20 agencies who have a significant number of employees whose salaries would fall below their respective new salary range minimums on July 1, 2012
 - Based on initial feedback it appeared that most agencies are hopeful they will be able to meet the new salary range minimums
 - Implementation using only available funds will result in compression issues and will be a budget issue going forward
- HRMS & the Job Evaluation Committee (JEC), in consultation with the Hay Group, have reviewed market data in more detail and identified specific market exceptions for about 65 job classes (eg. Telecommunications Analyst, Pharmacist, Electrician)
- HRMS & the JEC, in conjunction with agencies, have re-reviewed the evaluations of about 50 job classes (of the original 900 job classes evaluated)
 - An additional 10 job class reviews are currently pending and we anticipate others 'in the works' from agencies
- HRMS has prepared an overview of the study and implementation plan to share with agencies to assist them in rolling out the new system to their employees
 - HRMS is scheduling an 'executive briefing' for agency directors and their senior management
 - HRMS has met with senior management of several agencies and will be available as agencies request more assistance

The implementation is on track and, we continue to believe, it will provide an improved system with more valid job evaluation and more accurate relationships to market pay. It will also facilitate more strategic distribution of salary appropriations to address market needs and to base salary decisions on performance.

DRAFT Guidelines for July 2012 Classified State Employee Salary Increases

SB2015

SECTION 9. EXTERNAL COMPETITIVENESS TARGET - CLASSIFIED STATE EMPLOYEE COMPENSATION ADJUSTMENT GUIDELINES - 2011-13 BIENNIUM. *The office of management and budget shall set the external competitiveness target for the classified state employee compensation system based on the funding provided by the sixty-second legislative assembly for classified state employee compensation, for the biennium beginning July 1, 2011, and ending June 30, 2013. The office of management and budget shall develop guidelines for use by state agencies for providing compensation adjustments for regular classified state employees, for the biennium beginning July 1, 2011, and ending June 30, 2013. The guidelines must be developed in accordance with the compensation philosophy statement and compensation system initiatives included in House Bill No. 1031, as approved by the sixty-second legislative assembly, and the external competitiveness target as determined by the office of management and budget.*

Guidelines for Classified Employee Salary Increases – July 1, 2012

Agencies received an appropriation of 3.0% for employee salary increases on July 1, 2012. In January 2013 (pd Feb 1) employees will begin contributing an additional 1.0% of salary to the NDPERS Retirement Fund. The following guidelines are provided in accordance with the legislative intent cited above:

- Employees whose performance meets standards should receive a minimum increase of 1.0%
- Agencies shall distribute their overall 3.0% appropriations based on performance and equity
- Employees whose salary is above the maximum of their respective salary range may receive no more than a 1.0% increase
- An Employee whose overall documented performance level does not meet standards is not eligible for a salary increase
- Probationary employees are not entitled to the general increase but may be given all or a portion of the increases in July (pd Aug) or upon completion of probation at the discretion of the appointing authority.

With adoption of the new Compensation Plan (Grade Structure and Market-based Salary Ranges) resulting from the Legislative Hay Group Study of Classified Employee Compensation, agencies should make every effort to ensure that all employees are paid at least the minimum of their respective salary range effective July 1, 2012. If there are issues complying with salary range minimums, agencies should contact HRMS as soon as possible