

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2400

2005 SENATE APPROPRIATIONS

SB 2400

2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2400

Senate Appropriations Committee

Conference Committee

Hearing Date 02/01/05

Tape Number	Side A	Side B	Meter #
1	x		0-1743
Committee Clerk Signature 			

Minutes: **Chairman Holmberg** opened meeting on SB 2400.

Sen. O'Connell (486), introduced SB 2400, he also provided a background and overview of SB 2400. He is also in support of the bill.

Numerous questions were asked regarding the fiscal note. **Celeste Kubsasta** answered many of these questions.

Tom Tupa, Independent State Employees Association appeared in support of SB 2400. No written testimony was provided.

Chris Renke, Executive Director, ND public Employee Association (1273), appeared in support of SB 2400.

Chairman Holmberg closed meeting on SB 2400.

2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 2400

Senate Appropriations Committee

Conference Committee

Hearing Date February 15, 2005

Tape Number	Side A	Side B	Meter #
3	1		844
Committee Clerk Signature <i>Janet Pinks for Ginny Bueck</i>			

Minutes:

Chairman Holmberg opened the hearing on SB 2400.

Chairman Holmberg distributed amendments to SB 2400 (50827-0101) indicating that SB 2400 had to do with employees receiving a \$35 raise and the bill had a \$2.6 million impact on the budget. The amendment has to do with creating a statement that the minimum raise for employees would be \$35.

Pam Sharp appeared in reference to the amendment, responding to questions to provide a \$35 minimum raise. She indicated that a 3 percent increase in the first year would be for individuals making less then \$14,000 and the second year the full 4 percent would apply.

Senator Mathern raised questions about funding this amendment and whether there would be any loss to any employees making more then this is allocated for. The response was no.

Senator Christmann asked about the average increase of 3 and 4 percent and whether the \$35 is coming out of the averages of the higher end people or is that an additional amount of monies to

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Senate Appropriations Committee

Bill/Resolution Number 2400

Hearing Date February 15, 2005

appropriate. The response was an additional amount needs to be appropriated to reach a minimum of \$35.

Further discussion took place on the proposed amendment.

Senator Andrist moved that the amendment (0101) be adopted; Senator Thane seconded.

Discussion took place. A voice vote was taken, **the motion carried.**

Senator Mathern moved a DO PASS AS AMENDED, Senator Kringstad seconded. A roll call vote was taken with 15 yes, 0 no, 0 absent, **the motion carried.** **Senator Mathern will carry the bill.**

Chairman Holmberg closed the hearing on SB 2400.

FISCAL NOTE
 Requested by Legislative Council
 02/17/2005

Amendment to: SB 2400

1A. State fiscal effect: *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2003-2005 Biennium		2005-2007 Biennium		2007-2009 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

1B. County, city, and school district fiscal effect: *Identify the fiscal effect on the appropriate political subdivision.*

2003-2005 Biennium			2005-2007 Biennium			2007-2009 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2. Narrative: *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

Agency appropriation bills passed by the first house include the salary increase of three percent for the first year and four percent for the second year. The intent of this bill provides the increase should be a minimum of \$35 per month for each employee. No additional funding is provided.

3. State fiscal effect detail: *For information shown under state fiscal effect in 1A, please:*

A. Revenues: *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

Agency appropriation bills passed by the first house include the salary increase of three percent for the first year and four percent for the second year. The intent of this bill provides the increase should be a minimum of \$35 per month for each employee. No additional funding is provided.

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

Name:	Celeste Kubasta	Agency:	OMB
Phone Number:	328-4947	Date Prepared:	02/24/2005

FISCAL NOTE
Requested by Legislative Council
01/25/2005

Bill/Resolution No.: SB 2400

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2003-2005 Biennium		2005-2007 Biennium		2007-2009 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$1,316,400	\$1,142,892	\$1,316,400	\$1,142,892
Appropriations	\$0	\$0	\$1,316,400	\$1,142,892	\$1,316,400	\$1,142,892

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2003-2005 Biennium			2005-2007 Biennium			2007-2009 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

The amount shown reflects a \$35/month increase for each permanent position in the budget who receives less than \$25,000 per year in compensation. No adjustments were made for positions less than 1.00 FTE or employees included in multiple agencies.

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

Name:	Celeste Kubasta	Agency:	OMB
Phone Number:	328-4947	Date Prepared:	01/27/2005

Date 2-15-05
Roll Call Vote #: 1

2005 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2400

Senate SENATE APPROPRIATIONS Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass as Amended

Motion Made By Mather Seconded By Kringstad

Senators	Yes	No	Senators	Yes	No
CHAIRMAN HOLMBERG	/		SENATOR KRAUTER	/	
VICE CHAIRMAN BOWMAN	/		SENATOR LINDAAS	/	
VICE CHAIRMAN GRINDBERG	/		SENATOR MATHERN	/	
SENATOR ANDRIST	/		SENATOR ROBINSON	/	
SENATOR CHRISTMANN	/		SEN. TALLACKSON	/	
SENATOR FISCHER	/				
SENATOR KILZER	/				
SENATOR KRINGSTAD	/				
SENATOR SCHOBINGER	/				
SENATOR THANE	/				

Total (Yes) 15 No 0

Absent 0

Floor Assignment Mather

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

SB 2400: Appropriations Committee (Sen. Holmberg, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (15 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2400 was placed on the Sixth order on the calendar.

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to provide a statement of legislative intent regarding state employee compensation adjustments.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. LEGISLATIVE INTENT - STATE EMPLOYEE COMPENSATION ADJUSTMENTS - GUIDELINES. It is the intent of the fifty-ninth legislative assembly that 2005-07 biennium compensation adjustments for permanent state employees are to be average increases of three percent beginning with the month of July 2005, to be paid in August 2005, and of four percent beginning with the month of July 2006, to be paid in August 2006. The increases are to be a minimum of \$35 per month for each permanent state employee for each year of the biennium. Employees whose documented performance levels do not meet standards are not eligible for the general increases.

Probationary employees are not entitled to the general increases. However, probationary employees may be given all or a portion of the increases upon completion of probation, at the discretion of the appointing authority.

During the biennium, no salary increase other than the three percent in July 2005, with a \$35 per month minimum, and the four percent in July 2006, with a \$35 per month minimum, may be given to an employee whose salary exceeds or would exceed the salary range maximum.

Each agency appropriation for salaries and wages is increased by three percent the first year and four percent the second year of the 2005-07 biennium for these compensation adjustments."

Renumber accordingly

2005 HOUSE APPROPRIATIONS

SB 2400

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB2400

House Government Performance Division

Conference Committee

Hearing Date March 9, 2005

Tape Number	Side A	Side B	Meter #
1	X		3565-End
		X	1-138
Committee Clerk Signature <i>Stephanie N. Sherman</i>			

Minutes: **Chair Carlson** opened the hearing on SB 2400, relating to provide a statement of legislative intent regarding state employee compensation adjustments.

Sen. David O'Connell, District 6: When the bill was originally introduced, it was to give anybody under 25,000 dollars and additional 35 dollar a month increase. The research I had done showed that there was 1172 people who were below the 25,000 dollar figure at that time.

There's been a number of fiscal notes around, I think this one showed 2.4. That amount has to be including the 4% and the 2 plus 2. Originally when I first started looking at it, we were looking at just a little over 400,000 dollars for the total figure, but there were some complications.

Sen. Tim Mathern, District 11: The concept of giving a minimum increase to everyone was supported by the appropriations committee. The difficulty with the bill, as it came in, is it created some tension between the people right above the 25,000 dollar salary, and those right below. Those below would than have gotten a much higher increase than those above in that immediate range. The bill was amended to apply a 35 dollar minimum salary increase per

month. The application of that depends on the percent increase that is given to State Employees. I would hope that your committee would support the concept of a minimum increase. I think it might be cleaner if you were to amend the bill so that it only addresses that issue of a minimum increase, so you don't tie up the bill with the other issue in terms of a salary increase across the board. As I see the bill before you at this point, if a salary proposal is passed by this legislative session, which is the same as the Governor's, then it would appear that this bill would affect just a very small number of people, a small number of classified employees. Now if you were to increase this, that there would be a minimum raise of 50 dollars a month, you'd affect about 100 people. Now, if you went to 75 dollars a month, which is what I think would really help a family see the raise in terms of their spending ability, if you went to 75 dollars per month you would be affecting 1,100 employees. In the Senate appropriations we were dealing with both concepts in this bill. We learned that there were a number of families who are employees of the State of ND, who are eligible for our programs in the Department of Human Services. We were trying to figure out a way where we would help those families in terms of sharing some of the resources that we have been bringing in this biennium, and giving them the minimum increase. That statement would be important not only to those people materially, but also send a signal to public employees across the state, and to the public in general that we were concerned about the people on the lowest end of the pay scale.

Rep. Glassheim: Your figures are that a 35 dollar minimum would only affect 20 or so employees?

Sen. Mathern: If we were on the Governor's 4% and 4% wage plan. Now if we were at a 3%, then it would affect more. It would affect more if this was applied uniformly to all employees,

whether they were classified or temporary. We have a number of employees who maybe coming to a job on a regular basis, permanent basis, who are not classified. When I said it would affect less than 20 people, I was saying that based on the assumption that they would be classified employees, but if you applied it to all employees, it might be more and we might be getting into the 100's of people.

Rep. Glassheim: Your other figures, the 50 dollars and the 75 dollars, those numbers again assume a 4% the first year.

Sen. Mathern: And they assume classified employees.

Rep. Skarphol: Are you saying we give them 35 plus 4% and 4%?

Sen. Mathern: The way we developed the fiscal note in the Senate, was that we provide a minimum of 35.

Rep. Skarphol: The net affect of that on the fiscal note, did you have a number that was provided to you on that? There has to be number that would be relevant if you did not meet the 35 dollars by your 4% salary increase. What's the difference between what the 4% salary increase would have brought you versus the 35?

Sen. Mathern: I don't have that number.

Rep. Monson: I had a question on how there could be no fiscal note or zero on this, but your actually reducing the top percentage a little to take the money from the ones at the top, and move it to bring that up?

Sen. Mathern: As the Senate looked at it, they were looking at a total appropriation for the salary package, and as such, yes that would be correct because the total package would not be changed. It would just mean within this total package, there would be some shifting of some

dollars. So, essentially the way it was developed is those people getting the highest salaries would be sharing some of that increase with those people getting the lowest.

Rep. Monson: The language you have on lines 12-14 about the probationary employees. Are you looking at probationary meaning those that were just newly hired and still on a probationary period, or are you looking at people not performing at a very high level of expectation according to the agency head that are on probation?

Sen. Mathern: We were looking at people who are on a probationary status just because of the conditions of employment, like so many months, that relates to that policy, or might have been placed on probation because of some problem in terms of their employment. It could include both.

Rep. Skarphol: I think what your envisioning here is a one time thing. You doing this just the first year of the biennium. You give them 35, and after that they get their 4% raise the next year, or whatever the next year is. Is that the correct assumption?

Sen. Mathern: It would kind of depend on their salary, because it may apply to some people also in the second year of the biennium. If the percent increase didn't bring them to at least 35 dollars, it would still apply in the second year of the biennium.

Tom Tupa, Independent ND State Employees Association: We support really the concept of the salary adjustments, and with regard to the minimum amount, we don't have any problem with that, depending upon where it's set obviously. We seen these formulas bounce back and forth, over time the legislature on occasion provided minimums in addition to a percentage adjustment and there have been a variety of formulas. We would like to see that certainly considered. With

regard to the 3% beginning on July of 2005, we would propose that be adjusted to 4 so that it ties in with the 4% and 4% adjustment.

Chris Runge, Executive Director of the ND Public Employees Association: We stand in support of this bill. Anything you can do to enhance the pay increase above the 4% and 4% would be terrific.

Chair Carlson: So you don't support the bill the way it is at 3% and 4% and the minimum?

Chris: We are still sticking with our 4% and 4%, the 5 million dollar equity pool. We are not adverse to a minimum pay raise as long as it is fully funded.

Rep. Glassheim: Forgetting the totals, you support the idea of a minimum that would bring up the bottom a little bit faster?

Chris: Yes, we don't have any problem with that as long as it's funded.

Lori Steriatihamrin, Director for Human Resource Management Services: We had indicated to you the various number of employees, and the various salary incremental amounts. So we have eleven employees, classified workers who are between 10 and 15,000 dollars. The cutoff really is that someone earning 14,000 dollars a year, and if they got 3% of a salary increase, that would be 35 dollars. If they got 4% it would be 46 dollars, and we have eleven classified workers in that range. If however, you move that to someone who is making 20,000 dollars, we have 1157 workers who are between 20 and 25,000 dollars a year. Someone making 20,000 a year, and if they got a 3% increase, that would be a 50 dollar increase. If they got a 4% increase it would be a 60 dollar increase. So you can see the 35 dollars has really a miscall amount. We have no objection, and we've done this in the past, guaranteeing a minimal amount

or a percentage. If someone got a minimum of a 75 dollar increase, we figured it would impact around 1100 workers.

Rep. Skarphol: What would the total dollar amount of that be?

Ken Purde: One calculation I did early on was 4% or 75 dollars, which ever is greater. The straight 4% for 7218 regular employees on the payroll was 822,000. Adding the 75 dollar threshold was 834,000, which is just under a 12,000 dollar difference in that figure.

Rep. Monson: So your telling us that it's about 12,000 dollars difference per month?

Ken: Per month, 144,000 a year.

Rep. Glasheim: We've done this a number of times in the past, and I remember from way back debates. As we've done it, has this had a negative impact at all on compression?

Ken: Minimal. A greater impact on compression would be going back to 1992/93, where we gave a 40 dollar per month increase and a 60 dollar per month increase for everyone across the board. That has an impact on compression, but when we mix a minimum base increase with the percentage, we're not having a significant affect at that time.

Closed Hearing on SB 2400.

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2400

House Government Performance Division

Conference Committee

Hearing Date Wednesday, March 23, 2005

Tape Number	Side A	Side B	Meter #
1	X		5550-5900
Committee Clerk Signature <i>Theresa W. Trumbull for Steph. T.</i>			

Minutes:

Chairman Carlson opened discussion on SB 2400 concerning compensation adjustments for certain state government employees. He told the Committee that HB 1050 is alive and well with a compensation package of 4 and 4. He told Rep. Glassheim that he would be on the conference committee on HB 1050. There is another bill for bonuses. He said he would like to dispose of this bill.

Rep. Skarphol moved a Do Not Pass on SB 2400; **Rep. Monson** seconded.

Chairman Carlson called for a roll call vote; motion passed 3-1.

Chairman Carlson ended discussion on SB 2400.

(Meter #5900)

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB2400
State Employee Compensation Adjustments

House Appropriations Full Committee

Conference Committee

Hearing Date March 24, 2005

Tape Number	Side A	Side B	Meter #
1		X	#4.5 - #9.1
Committee Clerk Signature <i>Chris Alexander</i>			

Minutes:

Rep. Ken Svedjan, Chairman opened the discussion on SB2400.

Rep. Al Carlson explained that this bill has a 3% in July and a 4% in the following year. There is a \$35.00 minimum in this. There were lots of discussions about minimums and where they should be. At the \$35 this did not effect very many people and if you were to raise it to \$50 it effected 1100 workers and if you raised it to \$75 it didn't effect very many more. If you are to address compensation the other bill has \$1.2 million for a bonus payment that is retroactive to the beginning of the year. Our committee decided that if we were going to make any adjustments that we could make them in the other bill because it already has money in it. Rep Carlson moved a Do Not Pass motion on SB2400

Rep. Tom Brusegaard seconded

Rep. Ole Aarsvold asked where is the compensation package

Page 2
House Appropriations Committee
Bill/Resolution Number SB2400
Hearing Date March 24, 2005

Rep. Al Carlson answered that the Senate still has HB1050 for compensation and we still have a bill in our subcommittee.

Rep. Ken Svedjan, Chairman called for a roll call vote on the Do Not Pass motion for SB2400. Motion carried with a vote of 20 yeas, 3 neas and 0 absences. Rep Carlson will carry the bill to the house floor.

Rep. Ken Svedjan, Chairman closed the discussion on SB2400.

Date: March 24, 2005
Roll Call Vote #: 1

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB2400

House Appropriations - Full Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken DO NOT PASS

Motion Made By Rep Carlson Seconded By Rep Brusegaard

Representatives	Yes	No	Representatives	Yes	No
Rep. Ken Svedjan, Chairman	X		Rep. Bob Skarphol	X	
Rep. Mike Timm, Vice Chairman	X		Rep. David Monson	X	
Rep. Bob Martinson	X		Rep. Eliot Glassheim	X	
Rep. Tom Brusegaard	X		Rep. Jeff Delzer	X	
Rep. Earl Rennerfeldt	X		Rep. Chet Pollert	X	
Rep. Francis J. Wald	X		Rep. Larry Bellew	X	
Rep. Ole Aarsvold	X		Rep. Alon C. Wieland	X	
Rep. Pam Gulleeson		X	Rep. James Kerzman	X	
Rep. Ron Carlisle	X		Rep. Ralph Metcalf	X	
Rep. Keith Kempenich	X				
Rep. Blair Thoreson	X				
Rep. Joe Kroeber		X			
Rep. Clark Williams		X			
Rep. Al Carlson	X				

Total Yes 20 No 3

Absent 0

Floor Assignment Rep Carlson

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE (410)
March 25, 2005 6:27 a.m.

Module No: HR-55-6141
Carrier: Carlson
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2400, as engrossed: Appropriations Committee (Rep. Svedjan, Chairman) recommends **DO NOT PASS** (20 YEAS, 3 NAYS, 0 ABSENT AND NOT VOTING). Engrossed SB 2400 was placed on the Fourteenth order on the calendar.