

2011 HOUSE GOVERNMENT AND VETERANS AFFAIRS

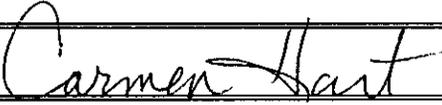
HB 1261

# 2011 HOUSE STANDING COMMITTEE MINUTES

House Government and Veterans Affairs Committee  
Fort Union Room, State Capitol

HB 1261  
February 4, 2011  
14050

Conference Committee

Committee Clerk Signature 

## Explanation or reason for introduction of bill/resolution:

Relating to the state employees compensation commission

## Minutes:

**Chairman Bette Grande** opened the hearing on HB 1261.

**Rep. Al Carlson, District 41**, appeared in support. When this bill was drafted, there were some numbers that were wrong in the bill. I believe you have already heard 1368. It was about tying our pay to the same rate as the public employees get. There was a repealer on the back page for 54-03-19.1 54-03-19.2. That was the intent of my bill when I started. However, the numbers were put in wrong. My intent was to get rid of the legislative compensation commission, not the commission on the state employees. **Attachment 1 and Attachment 2 (amendment)**. Attachment 1 is a copy of the letter that I received as chairman of the council talking about the state employees compensation commission's recommendations. You can look at the makeup. You will see that it is the head of OMB. There are 2 senators, 2 representatives, and 4 members from various agencies or whatever on the list. I also want you to know with these recommendations it was a 5-4 vote. You will also note that this was not the recommendation that the governor put forward in his budget. It is the legislators' responsibility in the end to decide compensation. This amendment fixes the section of code eliminating the legislative compensation commission. The commission is made up mostly of former legislators and they bring in a recommendation. I went back and got the whole history of what they have recommended. The recommendations for this time were a house bill to increase legislators' daily pay during the legislative session in the interim commission by a rate of 3% per year for the biennium 2011-2013. That raised it from \$148 a day to \$152 a day and \$157 a day effective July 1, 2012. This is the same percentage recommended by the governor for the state employees' salaries for the 2011-13 biennium which does basically the same thing that Rep. Keiser's bill does. Chuck Axtman, a former representative from Jamestown, has been on it for a number of years. They have been recommending these things to us, and they have had some but very little success in determining what we as a body vote on in the end for what we believe should be the \_\_\_ compensation. We are the only people that can do it. If it is ever going to change, whether we like it or not, we have to vote on it. I believe that is a legislative responsibility, not a commission of people who are not elected by anyone else to tell us what they think based upon what information I am not sure. We have attempted on lodging. We have attempted on mileage to tie it to a particular indicator so

that you are not constantly back here asking for what you should be compensated. I think Rep. Keiser's bill does just that, and I think it is probably a logical approach to do that. If you felt the need to continue on with the elimination of the state compensation commission which again is our responsibility—it is a recommendation that they make. I am surely not going to say that they shouldn't have their opinion. I just think that we always in the end the responsibility lies upon us to make those decisions. I am offering those amendments to the bill. I do support Rep. Keiser's bill. I don't believe there is any reason if you pass this bill to send both of these forward. It would make no sense. You can surely go ahead with my name at the lead and feel free to kill it.

**Chairman Bette Grande:** Do you know how many times the state employee compensation commission met during this past interim?

**Rep. Al Carlson:** The state or the legislative? It was two times. I don't follow that. The legislative compensation commission just meets basically one time and looks over things and makes a recommendation. In the end it is still our responsibility to deal with.

**Rep. Glen Froseth:** I am wondering which would be the best way to go. Just give this a do not pass without the amendment or put the amendment on so in case it passes on the floor. There is going to be a little bit of a time element in how the bills come to the floor, because the other one has to go to appropriations. This one if we put the amendment on and pass it, it would probably be on the floor early next week.

**Rep. Al Carlson:** That would probably be the best, because that was my original intention to get rid of the legislative compensation commission. Have you sent out the other bill yet?

**Chairman Bette Grande:** Yes, we have. We changed it to half. If they got a 3 and 3, we would get a 3.

**Rep. Al Carlson:** If you feel you have a vehicle, then I have no problem, Rep. Froseth, for this to be amended to do what I meant it to do and then do not pass the bill.

**Rep. Glen Froseth:** If the other one fails on the floor, then we have no vehicle again. We probably better amend this one and ask for a Do Pass. This could be held until the other one leaves appropriations.

**Chairman Bette Grande:** My concern is that we have a commission that met twice. I don't know how and when they gathered information other than it was sent out to look over and then they met. To me it always appeared that it was kind of this done deal, come in, and vote. I haven't been impressed with what I have seen from this commission, so I am hoping somebody will explain it better to me, because I would be more than willing, Mr. Leader, as it is and pass it.

**Rep. Al Carlson:** If you read the second point about the PERS thing, unless they were fully briefed on the actuarial effects of what they were doing, that would be a rather broad statement to make. That is a very complicated issue, and it takes a little more study than that. We devote a full term interim committee to that particular issue.

**Opposition:**

**Gary Feist, President, North Dakota Public Employees Association, and a current member of the State Employee Compensation Commission,** appeared in opposition. The commission provides employees a voice on issues regarding salaries and benefits and allows them to be part of the process in determining the compensation for public employees by making a recommendation to the governor. The legislators and employees of the commission are provided the opportunity to learn about salary and compensation issues affecting state employees. I believe that education is important to both employees and legislators. The information provided by NDPERS allows legislators and employees to hear about the status of the health insurance and the retirement plan and what funding will be needed to maintain these very important benefits to state employees. Information provided by HRMS enables the legislators and employees to understand how the compensation of employees compares to other employees in the public and private sector in North Dakota and the region. Having legislators and employees educated on these issues is critical in developing a recommendation to the governor that will help the state become competitive in attracting and retaining quality employees. During my terms on the commission there have been many discussions about what type of recommendations should be made, one that moves salaries closer to market or one that is based on what the state can afford? Some of the recommendations of the committee have been incorporated into the governor's budget and others have not. For me the important part of this process is that employees had a voice and a chance to express their views on issues related to compensation. North Dakota does not allow collective bargaining for public employees so the commission is the only chance we have to make our voice heard in developing a compensation package. Employees value the chance to be heard, so I ask you to give this bill a do not pass recommendation and vote to defeat this bill so employees can continue to have a voice in their workplace.

**Rep. Roscoe Streyle:** In the real world I don't go to my bosses and give them a recommendation. They tell me. I like the bill as is personally. I understand you need a voice, but I don't go and say I want you to give me a 5% increase. It doesn't work that way in the private industry.

**Gary Feist:** It is important that public employees have an opportunity to think what we believe is necessary so the state will be able to continue employ quality people that work in the state agencies and provide the quality services that citizens receive each and every day by the snowplow drivers, by our human service agents, and as myself as a person who works in the tax department.

**Chairman Bette Grande:** I am looking at the recommendations that came out from the commission. Number 1 was the 5 and 5 salary. My question to that was before making that decision and how it was presented, was the information from the interim study done by the Hay Group and everything presented to you so that you were aware of the direction that the legislative body was moving?

**Gary Feist:** Yes, it was.

**Chairman Bette Grande:** And you still moved with voting on a 5 and 5?

**Gary Feist:** The reason for the recommendation is that the committee was looking to moving toward the markets, and the Hay Report said that state employees' salaries still lag the markets and certain job titles by as much as 10-12%. The recommendation was if we were going to get to market, that is the goal of the state, was to pay state employees at the market rate. We believe this would move us to market and also allow us the money for pay for performance.

**Chairman Bette Grande:** Also with the Hay Group study, as you duly noted, it was in certain job titles and when we did percentage increases across the board, we were running into compression and the whole issue so this would actually undo what the Hay Group was trying to accomplish in the further study.

**Gary Feist:** The recommendation was not for a 5 and 5 across the board. It was for an appropriation which would be used to give those job titles that are lagging the market to catch them up and to allow for performance on jobs where people were closer to the market so they would at least get some compensation.

**Chairman Bette Grande:** I go on to the next one, a minimum of 1% per biennium to cover the costs for the retirement fund. Yet, during the interim study it was decided and discussed that the employees along with the employer would take ownership of the fund being taken care of. By doing this, it is the state that is basically doing both again.

**Gary Feist:** The reason for the recommendation for the minimum of 1% was to guarantee that an employee under the pay for performance plan, however our agencies would have the authority as to how they were going to administer their salary, was an employee would not see a negative take home pay under the contribution of the 1%. That would not do any good to help us stay close to the market if employees were seeing the reduction in their net take home pay.

**Chairman Bette Grande:** It actually undoes Number 2 when you say that you unanimously pass and support the legislation. At the same time you are saying but by the way we don't want to pay for it ourselves. We really want the state to do it.

**Gary Feist:** Again, the 1% was to make sure that the employee got something. In the past legislation there has been minimums established with somebody with \$75 or \$100. Under this bill that wasn't there, so we were just trying to make sure that an employee would be guaranteed a 1% salary increase and if they gave 1% back to the state, they would still be at zero.

**Rep. Ron Guggisberg:** I have a couple of comments. I am a public employee and also don't have collective bargaining rights. I really appreciate that my boss sits down and talks to me and explains whether we can or cannot have a raise or more benefits. It really means a lot to me when they do that. This bill kind of seems to me like a reverse hoghouse amendment. This wasn't the intention of the bill and now we are discussing it like it is. I am not going to be supporting it.

There was no one neutral on this bill. The hearing was closed.

# 2011 HOUSE STANDING COMMITTEE MINUTES

House Government and Veterans Affairs Committee  
Fort Union Room, State Capitol

HB 1261  
February 11, 2011  
14456

Conference Committee

Committee Clerk Signature

*Carmen Hart*

## Explanation or reason for introduction of bill/resolution:

Relating to the state employees compensation commission

## Minutes:

**Chairman Bette Grande** opened the meeting on HB 1261.

**Rep. Glen Froseth:** This does exactly the same thing as the repealer on the legislative salary bill that appeared before the appropriations committee yesterday, and the appropriations committee gave that bill a do not pass. I would move a do pass on this bill.

**Chairman Bette Grande:** Do we need to add the amendments first?

**Rep. Glen Froseth:** Was the amendment approved?

**Chairman Bette Grande:** The amendment is not on yet. The amendment takes those two repealers and makes it into this bill instead of the current bill. It would make it a repealer to legislative compensation committee and meetings of the legislative compensation committee instead of having it be the state employee compensation commission. **Attachment 1.**

**Vice Chairman Randy Boehning:** The title will have to be changed then as well?

**Chairman Bette Grande:** The title is not a part of the code, so the council will address that.

**Vice Chairman Randy Boehning** moves the amendment.

**Rep. Ron Guggisberg** seconds the motion.

**Chairman Bette Grande:** It hoghouses the bill, so remove that and put it in that it will be the legislative compensation commission and the meetings of legislative compensation commission. In the amendment where it says 15-03-19.1, that is legislative compensation commission. 19.2 means the meeting of legislative compensation commission. Just so you know what those sections are.

**Rep. Lonny Winrich:** My copy of the amendment says 54-03-19.1.

**Chairman Bette Grande:** It does say 54. 54-03. I am sorry. The first one deals with the commission. The next one is the meetings of the commission.

**A voice vote was taken. Motion carried.**

**Vice Chairman Randy Boehning** moved a **Do Pass as amended.**

**Rep. Roscoe Streytle** seconded the motion.

**DO PASS AS AMENDED, 13 YEAS, 0 NAYS. Rep. Bill Amerman is the carrier of this bill.**

January 15, 2011

YR  
2/11/11

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1261

Page 1, line 1, replace "section 54-06-25" with "sections 54-03-19.1 and 54-03-19.2"

Page 1, line 2, replace "state employees" with "legislative"

Page 1, line 4, replace "Section 54-06-25" with "Sections 54-03-19.1 and 54-03-19.2"

Page 1, line 4, replace "is" with "are"

Renumber accordingly

Date: 2-11-11  
Roll Call Vote #: 1

2011 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 1261

House GOVERNMENT AND VETERAN AFFAIRS Committee

Check here for Conference Committee

Legislative Council Amendment Number 11.0052.01001

Action Taken  Do Pass  Do Not Pass  Amended  Adopt Amendment  
 Rerefer to Appropriations  Reconsider

Motion Made By Boehning Seconded By Guggisberg

Representatives	Yes	No	Representatives	Yes	No
Chairman Bette Grande			Bill Amerman		
Vice Chairman Randy Boehning			Ron Guggisberg		
Glen Froseth			Lonny Winrich		
Karen Karls					
Lisa Meier					
Gary Paur					
Karen Rohr					
Mark Sanford					
Vicky Steiner					
Roscoe Streyle					

Total (Yes) \_\_\_\_\_ No \_\_\_\_\_

Absent \_\_\_\_\_

Floor Assignment \_\_\_\_\_

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

*voice vote  
to adopt  
amendment  
motion  
carried*

Date: 2-11-11  
Roll Call Vote #: 2

2011 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 1261

House GOVERNMENT AND VETERAN AFFAIRS Committee

Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken  Do Pass  Do Not Pass  Amended  Adopt Amendment

Rerefer to Appropriations  Reconsider

Motion Made By Boehning Seconded By Streyle

Representatives	Yes	No	Representatives	Yes	No
Chairman Bette Grande	✓		Bill Amerman	✓	
Vice Chairman Randy Boehning	✓		Ron Guggisberg	✓	
Glen Froseth	✓		Lonny Winrich	✓	
Karen Karls	✓				
Lisa Meier	✓				
Gary Paur	✓				
Karen Rohr	✓				
Mark Sanford	✓				
Vicky Steiner	✓				
Roscoe Streyle	✓				

Total (Yes) 13 No 0

Absent \_\_\_\_\_

Floor Assignment Rep Amerman

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

**REPORT OF STANDING COMMITTEE**

**HB 1261: Government and Veterans Affairs Committee (Rep. Grande, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (13 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1261 was placed on the Sixth order on the calendar.

Page 1, line 1, replace "section 54-06-25" with "sections 54-03-19.1 and 54-03-19.2"

Page 1, line 2, replace "state employees" with "legislative"

Page 1, line 4, replace "Section 54-06-25" with "Sections 54-03-19.1 and 54-03-19.2"

Page 1, line 4, replace "is" with "are"

Renumber accordingly

2011 SENATE INDUSTRY, BUSINESS AND LABOR

HB 1261

# 2011 SENATE STANDING COMMITTEE MINUTES

**Senate Industry, Business and Labor Committee**  
Roosevelt Park Room, State Capitol

HB 1261  
March 8, 2011  
Job Number 15058

Conference Committee

Committee Clerk Signature	<i>Erin Liebelt</i>
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**Explanation or reason for introduction of bill/resolution:**

Relating to the legislative compensation commission

**Minutes:**

No Testimony
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**Chairman Klein:** Opened the hearing on House Bill 1261.

**Representative Carlson:** In support of the bill. Said the bill deals with the elimination of the Legislative Compensation Commission. He said he feels strongly that if there is an issue to be addressed they are the ones that should vote on it. Former legislators sit on the commission and make the decision now. He gave history on the compensation given to the legislators over the years. He also talked about the mileage and the lodging.

Comments

**Chairman Klein:** Closed the hearing.

**Senator Andrist:** Moved a do pass.

**Senator Larsen:** Seconded the motion.

Roll Call Vote: Yes-7 No-0

**Senator Laffen** to carry the bill



**REPORT OF STANDING COMMITTEE**

HB 1261, as engrossed: Industry, Business and Labor Committee (Sen. Klein, Chairman) recommends **DO PASS** (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1261 was placed on the Fourteenth order on the calendar.

2011 TESTIMONY

HB 1261

Attachment 1  
1261

# SECC State Employees Compensation Commission

State Capitol, 600 East Boulevard Dept 110, Bismarck, ND 58505-0400

Telephone 328-4904

October 27, 2010

TO: State Legislators  
FROM: Pam Sharp, Chair  
SUBJECT: What the SECC Proposed to the Governor

Pursuant to North Dakota Century Code 54-06-25, the State Employees Compensation Commission (SECC) hereby forwards to you its recommendation for state employee salary increases for the 2011-13 biennium.

1. The SECC recommends that agencies be given an increase equal to 5 percent of each the agency's salary line the first year of the biennium (July 2011) and an increase equal to 5 percent of the agency's salary line the second year of the biennium (July 2012). Salary increases for state employees should be given based on performance and equity. (Passed 4-3 vote.)

A minimum of 1 percent per year of the biennium shall be given to each state employee to cover the cost of the employee's share of the increase in contribution to the NDPERS retirement fund. (See #2 below). (Passed unanimously.)

2. The SECC supports the NDPERS proposed legislation (Bill #53) to return the PERS Retirement Fund to 100 percent funded status. Bill #53 provides for equal contributions from the employer and the employee. (Passed unanimously.)
3. The SECC recommends that fully funded family health insurance be provided with no changes to the current plan and with no increases in deductibles or copays. (Passed unanimously.)

Phone numbers of the members are as follows if you wish to contact them:

Pam Sharp	328-4904
Senator Lindaas	786-3064
Senator Klein	547-3517
Representative Clark	235-2915
Representative Kroeber	252-3931
Gary Feist	328-1881
Wesley Matthews	858-3352
Steve Foster	328-6373
Jim Collins, Jr.	328-5161

*Pam Sharp, Chair  
Gary Feist, Member  
Wesley Matthews, Member*

*Steve Foster, Member  
Jim Collins, Jr., Member  
Senator Elroy Lindaas, Member*

*Senator Jerry Klein, Member  
Representative Donald Clark, Member  
Representative Joe Kroeber, Member*