

# NORTH DAKOTA LEGISLATIVE MANAGEMENT

## Minutes of the

### GOVERNMENT SERVICES COMMITTEE

Wednesday, March 10, 2010  
Prairie Room, State Capitol  
Bismarck, North Dakota

Representative Ken Svedjan, Chairman, called the meeting to order at 1:00 p.m.

**Members present:** Representatives Ken Svedjan, Larry Bellew, Randy Boehning, Kari L. Conrad, Karen Karls, Ralph Metcalf, Michael R. Nathe, Louise Potter, Blair Thoreson, Dave Weiler, Alon C. Wieland; Senators Dick Dever, Robert M. Horne, Elroy N. Lindaas, Richard Marcellais, Carolyn Nelson

**Members absent:** Representatives Glen Froseth, Bette B. Grande, David S. Rust

**Others present:** Representative Al Carlson, Chairman of the Legislative Management, was also in attendance.

See attached [appendix](#) for additional persons present.

**It was moved by Senator Lindaas, seconded by Representative Thoreson, and carried on a voice vote that the minutes of the February 11, 2010, meeting be approved as distributed.**

#### CAPITOL COMPLEX AND STATE FACILITIES STUDY

Mr. John Boyle, Director, Facility Management Division, Office of Management and Budget, presented information relating to the Capitol complex and state facilities study. A copy of the information presented is on file in the Legislative Council office.

Mr. Boyle reviewed the results of an office space guidelines survey of other states. He said 17 states responded to the survey. The results of the survey are shown below for gross square foot allowances for buildings housing a single agency and buildings housing multiple agencies:

State	Office Space Guidelines	Gross Square Foot Allowance (Multiple Agencies)	Gross Square Foot Allowance (Single Agency)
North Dakota	Yes	230	300
Connecticut	Yes	225	280
Florida	Yes	175	225
Georgia	Yes	225	325
Idaho	No	N/A	N/A
Iowa	Yes	220	310
Kentucky	No	N/A	N/A
Massachusetts	Yes	230	300
Michigan	Yes	250	250
Montana	No	N/A	N/A
Missouri	Yes	200	225
New Mexico	Yes	220	290
Oregon	Yes	250	250
Utah	No	N/A	N/A
Virginia	Yes	198	198
Washington	No	N/A	N/A
Wisconsin	Yes	211	265

Mr. Boyle reviewed the following information relating to facility operating costs for select state agencies that own their building and the Capitol complex for fiscal year 2009:

	Land Department	Job Service North Dakota	Workforce Safety and Insurance	Capitol
Real estate taxes/fee in lieu of taxes			\$247,356	
Security services		\$270		<sup>1</sup>
Building automation				<sup>2</sup>
Janitorial services	\$9,350	24,600	126,336	<sup>2</sup>
Janitorial supplies	935		26,995	\$205,000
Snow removal	3,650	2,187	52,821	<sup>2</sup>
Mechanical repairs	1,513	40,061	51,155	<sup>2</sup>
Electrical repairs	1,377	3,581		<sup>2</sup>
Insurance	1,130	3,375	3,917	105,000
Trash removal	441	2,732	3,167	21,458
Electricity	11,754	76,053	114,661	284,536
Natural gas		31,266	1,452	55,635
Water and sewer	1,719	3,883	6,448	<sup>2</sup>
Grounds and landscaping	188	16,582	16,062	<sup>2</sup>
Elevator contract	522	744	5,312	110,000
Administration			40,522	868,452
<b>Total</b>	<b>\$32,579</b>	<b>\$205,334</b>	<b>\$696,204</b>	<b>\$1,650,081</b>
Gross square feet of building	7,225	40,000	110,000	184,000
Annual cost per square foot	\$4.51	\$5.13	\$6.33	\$8.97

<sup>1</sup>Security for the Capitol is provided by the Highway Patrol.  
<sup>2</sup>This service is provided by the Facility Management Division employees.

In response to a question from Representative Weiler, Mr. Boyle said he would provide information at a future committee meeting relating to space leased by state agencies in prior years.

Representative Conrad presented a summary of information she has received relating to office space on the Capitol grounds. A copy of the summary is on file in the Legislative Council office. She said the

information included in the summary demonstrates the need for a new office building.

In response to a question from Representative Boehning, Mr. Boyle said the construction of a new state-owned office building would affect the real estate market in Bismarck. He said both state-owned buildings and privately owned buildings would have a significant amount of vacant space if state agencies moved back to the Capitol complex.

In response to questions from committee members, Mr. Boyle said the report to be presented by the Office of Management and Budget in October will include information on the location, expenses, and square footage requirements of all facilities occupied by each agency and recommendations for improvements in efficiencies of space and cost.

### **CLASSIFIED STATE EMPLOYEE COMPENSATION SYSTEM AND STATE ELECTED OFFICIALS' SALARIES STUDY**

The committee discussed and provided input on specific areas to be addressed by the consultants in the classified state employee compensation system study.

Mr. Neville Kenning, Vice President, Hay Group, Los Angeles, California, reviewed the following 10 specific areas the consultants will be addressing in the study based on the committee's input:

1. **Methods used to develop and determine position classifications:** Mr. Kenning said the consultant team will review the format and content of position description questionnaires; format and content of class specifications; and the means by which decisions are made and allocations occur, including the interaction between agency human resource divisions and the Human Resource Management Services Division of the Office of Management and Budget. He said a review will be done of the grouping of classifications into occupational groups and job families within occupational groups.
2. **Methods used to set pay grade minimums, maximums, and midpoints:** Mr. Kenning said the consultant team will review the definition of market, the level at which pay ranges are set relative to market, and the structure of the ranges. He said the most common definition of market is an appropriate selection of other states and private and in-state public sector employers. He said the review will also address options for the development of a single or multiple pay structure and the identification of any geographical differential relating to pay across the state.
3. **Appropriate market comparisons:** Mr. Kenning said appropriate market comparisons will be determined during the review of methods used to set pay grade ranges in Item 2.

4. **Methods to minimize salary inequities both within an agency and within state government:** Mr. Kenning said the consultant team will review the distribution of pay to jobs within the same pay grade and to jobs with the same pay but within different pay grades. He said the review can be based on a statewide, agency, occupational, or gender basis. He said the review will also include inequities that may relate to funding sources.
5. **Methods of developing and sustaining a consistent long-term salary increase administration policy for state government, including the advisability of using cost-of-living increases, across-the-board increases, merit increases, equity increases, and performance increases:** Mr. Kenning said the consultant team will review how cost-of-living increases, across-the-board increases, merit increases, equity increases, and performance increases are used by the state. He said the team will review pay adjustments over the past six years and identify the effect pay equity adjustments have had on the compensation system.
6. **A budget and appropriation process for providing funds to agencies to administer the state's salary increase policy:** Mr. Kenning said the consultant team will review the agency and executive budget process for requesting salary funding as well as the legislative process for appropriating funds for salary increases. He said options will be considered for appropriating salary increase funds based on a dollar amount rather than percentages. He said the consultants will also review how the appropriations are applied at the agency level.
7. **The appropriate use of funding available within agency budgets from accumulated savings resulting from vacant positions and employee turnover:** Mr. Kenning said the consultant team will review the appropriate use of funding from accumulated savings and make a recommendation regarding the use of the funding, including whether it is appropriate for agencies to use these funds for salary increases not authorized by the Legislative Assembly.
8. **Fringe benefits:** Mr. Kenning said the consultant team will review the benefits provided by the state, complete a market comparison, and provide an analysis on how the benefits coincide with salary levels. He said there are five major categories of benefits, including life insurance, sick leave and disability, health and medical, retirement and savings, and holidays and vacations.
9. **Recruitment and retention tools:** Mr. Kenning said the consultant team will review turnover data, the time it takes to fill a

vacant position, and hard-to-fill positions. He said a review will be made of any recruitment and retention tools currently being used by the state and consideration of the establishment of a recruitment and retention funding pool.

10. **State compensation philosophy statement:** Mr. Kenning said the consultant team will determine if the state has a compensation philosophy statement. He said if there is no statement, the team will assist in developing one or recommend that one be developed. He said the philosophy statement should be broad and related policies should be more specific. He said philosophy statements are typically included in legislation. He said the consultant team can identify what should be included in legislation and what should be included in policy.

Mr. Kenning asked if the study should include the level of competitiveness of salaries. Chairman Svedjan said the committee anticipated that would be included when determining appropriate market comparisons.

Mr. Kenning said the consultant team plans to contact key stakeholders such as agency leadership and the Governor's office. He said representatives of large-, medium-, and small-size agencies should be contacted.

In response to a question from Representative Potter, Ms. Brenda Danenhauer, Hay Group, Los Angeles, California, said an employee questionnaire can be a helpful tool to determine the employees' perception of the employee compensation plan. She said it should first be determined that the state has the right design components and processes

in place relating to the compensation system and then ask employees their perception to identify if communications regarding the compensation system is lacking.

Representative Conrad suggested contacting county representatives regarding the study since county social services employees are included in the state employee classification system.

The legislative budget analyst and auditor said the Legislative Council will prepare a letter to all state agencies to inform them that Hay Group will be conducting a classified state employee compensation system study and ask for their assistance.

### **COMMITTEE DISCUSSION AND STAFF DIRECTIVES**

Chairman Svedjan said the next meeting of the Government Services Committee is tentatively scheduled for April 22, 2010.

No further business appearing, Chairman Svedjan adjourned the meeting at 4:45 p.m.

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Becky Keller  
Senior Fiscal Analyst

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Allen H. Knudson  
Legislative Budget Analyst and Auditor

ATTACH:1