

# NORTH DAKOTA LEGISLATIVE MANAGEMENT

Minutes of the

## GOVERNMENT SERVICES COMMITTEE

Thursday, April 22, 2010  
Roughrider Room, State Capitol  
Bismarck, North Dakota

Representative Ken Svedjan, Chairman, called the meeting to order at 9:00 a.m.

**Members present:** Representatives Ken Svedjan, Larry Bellew, Randy Boehning, Kari L. Conrad, Glen Froseth, Bette B. Grande, Karen Karls, Ralph Metcalf, Michael R. Nathe, Louise Potter, David S. Rust, Dave Weiler, Alon C. Wieland; Senators Dick Dever, Robert M. Horne

**Members absent:** Representative Blair Thoreson; Senators Elroy N. Lindaas, Richard Marcellais, Carolyn Nelson

**Others present:** Sara E. Chamberlin; Jim W. Smith, Legislative Council, Bismarck

Representative Lisa Wolf, member of the Legislative Management, was also in attendance.

See [Appendix A](#) for additional persons present.

**It was moved by Representative Grande, seconded by Representative Bellew, and carried on a voice vote that the minutes of the March 10, 2010, meeting be approved as distributed.**

### CLASSIFIED STATE EMPLOYEE COMPENSATION SYSTEM STUDY

Ms. Sara E. Chamberlin, Fiscal Analyst, Legislative Council, presented a memorandum entitled [Other States' Pay Philosophies](#). She said the summary provides information from 12 states, including Colorado, Idaho, Iowa, Kansas, Minnesota, Missouri, Montana, Nebraska, North Carolina, Oklahoma, South Dakota, and Wyoming. She said six of the states have incorporated their pay philosophies into statute. She said two states--Kansas and Wyoming--were assisted by the Hay Group in developing their pay philosophies.

Mr. Neville Kenning, Vice President, Hay Group, Los Angeles, California, spoke to the committee via telephone regarding the status of the classified state employee compensation system study. He reviewed a summary of project components ([Appendix B](#)) which included the analysis to be done, information required for the analysis, and whether the information has been received by the consultants.

Mr. Kenning reviewed the interview protocols which were used by the consultants in interviews with 14 state agencies. A copy of the interview protocols is on file in the Legislative Council office. He said the purpose of the interviews was to gain agencies' perspective on several factors related to the compensation practices and policies for classified

employees. He said the agencies selected for the interview process were chosen to represent a sample of large, medium, and small agencies and included the Department of Transportation, Department of Human Services, Department of Corrections and Rehabilitation, State Department of Health, Information Technology Department, Workforce Safety and Insurance, Highway Patrol, Tax Department, Attorney General's office, Insurance Department, Veterans' Home, Parks and Recreation Department, State Auditor's office, and State Treasurer's office. He said the consultants plan to interview representatives of the Governor's office during a future visit.

Mr. Kenning reviewed the following preliminary results of the interviews and information gathering process to date:

- The 10 areas to be reviewed as part of the compensation study are valid areas of concern needing review.
- The reclassification process is viewed as taking too much time and may be too subjective.
- Human Resource Management Services has established positive working relationships with agencies.
- The benefits package is favorably perceived by employees primarily due to health insurance premium and retirement contributions being paid entirely by the employer.
- Employee concern was expressed regarding the uncertainty of the status of employee benefits in the future.
- Market comparisons being made for certain occupations may not be the most appropriate.
- Equity pools are used by agencies as a key mechanism to move employees through the pay ranges; however, concern was expressed regarding some of the guidelines being used for determining pay equity increases for employees.
- The state does not have a compensation philosophy statement.

Mr. Kenning said a review of classification and pay grade information indicates very few employees in the bottom five and top five pay grades. He said there are instances where an employee reports to another employee in the same pay grade.

Mr. Kenning suggested the committee create a working group to develop a compensation philosophy

statement. He said he would provide a letter to the chairman of the committee providing guidance on the structure and focus of the work group.

### STATE ELECTED OFFICIALS' SALARY STUDY

The Legislative Council staff presented a memorandum entitled [Summary of Elected Officials' Salaries Among Selected States](#). The memorandum provides a summary of the salary information included in the memorandum entitled [Comparison of Elected Officials Among Selected States](#), which was provided at the December 2009 committee meeting.

The Legislative Council staff said the 10 states in the survey for both memorandums are the same 10 states included in the salary survey conducted by Human Resource Management Services. She said compared to the other states' salaries, the Lieutenant Governor ranks 5<sup>th</sup>; the Governor ranks 7<sup>th</sup>; the Secretary of State and Insurance Commissioner rank 8<sup>th</sup>; the State Auditor and State Treasurer rank 9<sup>th</sup>; the Attorney General, Superintendent of Public Instruction, and Public Service Commissioners rank 10<sup>th</sup>; and the Tax Commissioner and Agriculture Commissioner rank 11<sup>th</sup>. All officials will receive a 5 percent increase on July 1, 2010, and with the exception of the Attorney General, this will move them up by only one or two in rank. After the three increases provided by the 2009 Legislative Assembly, the Attorney General will rank sixth on January 1, 2011, and second on July 1, 2011.

In response to a question from Representative Svedjan, the legislative budget analyst and auditor said the recommendations resulting from the consultant's study of the classified state employee compensation system study could be considered and, if appropriate, be applied to the determination of elected officials' salaries. He said Human Resource Management Services could be asked to provide biennial market comparisons for elected officials for consideration by the Legislative Assembly in determining elected officials' salaries each session. He said a compensation philosophy statement, if developed, could also apply to elected officials.

Chairman Svedjan asked Human Resource Management Services to review and analyze information provided to the committee by the Legislative Council staff relating to elected officials and present information at a future committee meeting regarding the analysis and any recommendations for committee consideration in its study of elected officials' salaries.

### 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. He reviewed a comparison of space leased by state agencies ([Appendix C](#)) in the

Bismarck/Mandan area for the 1997-99 and 2009-11 bienniums. He said agencies are leasing 306,752 square feet in the 2009-11 biennium, an increase of 19 percent from the 1997-99 biennium level of 257,982 square feet.

In response to a question from Representative Weiler, Mr. Boyle said to the extent available, he would provide information at a future committee meeting relating to when agencies began leasing space off the Capitol grounds and the population of the state at that time.

Representative Svedjan suggested Workforce Safety and Insurance be asked to present information at a future meeting regarding maintenance and operating costs for its building.

Mr. Boyle reviewed pictures of public access areas ([Appendix D](#)) of the Capitol that require maintenance. He said funding for the maintenance will be provided by the Capitol building fund. He said the Capitol building fund has a fund balance of \$2.78 million. He said the fund has increased substantially over the last four years due to mineral and lease revenue from land owned by the trust.

In response to a question from Representative Conrad, Mr. Boyle said he will provide information regarding the lease agreement for lands held by the Capitol building fund at the next committee meeting.

In response to a question from Senator Horne, Mr. Boyle said the Capitol Grounds Planning Commission has identified Capitol building improvement projects which should be done prior to the Capitol's 100<sup>th</sup> anniversary celebration in 2034. He said the cost of the improvement projects is approximately \$38 million.

In response to a question from Representative Grande, Mr. Boyle said the Capitol Grounds Planning Commission is provided a continuing appropriation from the Capitol building fund of \$100,000 per biennium. He said the funding appropriated for the 2009-11 biennium is being used to restore the Veterans' Memorial on the Capitol grounds.

Lt. Governor Jack Dalrymple presented information regarding the activities of the Capitol Grounds Planning Commission. In addition to the \$100,000 continuing appropriation, he said, the commission receives recurring general fund appropriations that are included in the Office of Management and Budget's budget. He said the general fund appropriation for Capitol restoration for the 2009-11 biennium is \$1.2 million.

Lt. Governor Dalrymple said the commission has the responsibility to identify repairs at the Capitol complex that are visible to the public and enhance the appearance of the complex. He said the commission has approved projects to renovate the brass columns, refurbish black marble, and clean and restore parts of the limestone exterior. He said the following priority projects have been approved by the commission:

1. Restoration of wood and brass in House and Senate chambers.

2. Refurbishment of the hallway leading to the cafeteria and cafeteria improvements.
3. Signage.
4. Renovation of the south entrance.

Mr. Thomas L. Trenbeath, Deputy Attorney General, presented information regarding the Attorney General's office space utilization ([Appendix E](#)). He said the Attorney General's office leases 11,454 square feet in the Capitol and 56,455 square feet in various locations in Bismarck. He said the Attorney General's office does not anticipate a need for additional space with the current functions and staffing levels of the agency.

In response to a question from Representative Boehning, Mr. Trenbeath said the agency leases space throughout the state for Bureau of Criminal Investigation agents. He said all attorneys with the agency are located in Bismarck.

Chief Justice Gerald W. VandeWalle, Supreme Court, presented information on behalf of Sally Holewa, State Court Administrator, regarding the judicial branch's space utilization ([Appendix F](#)). He said the court currently has 21,604 square feet of space on the first and second floors of the judicial wing at the Capitol which houses 44 employees and five Supreme Court justices. He said the judicial branch also leases 11,156 square feet in Bismarck for 14 employees, information technology equipment, two conference rooms, a training room, and storage space.

Chief Justice VandeWalle said the Judicial Conduct Commission also leases 700 square feet of space in Bismarck. He said because the court has a role in reviewing the decisions of the commission and disciplinary board, if the commission is moved to the Capitol, the commission's space should be separate and distinctive from the court's space in order to preserve the independence of each entity.

Mr. Mike Ressler, Deputy Chief Information Officer, Information Technology Department, presented information on the Information Technology Department's space requirements ([Appendix G](#)). He said the department currently leases 17,688 square feet of space in the Capitol and 37,487 square feet in various locations in Bismarck and Mandan. He said the agency anticipates leasing an additional 6,162 square feet in the 2011-13 biennium. He said the department's needs include a conference room, small meeting rooms, a loading dock for unpacking and configuring equipment, and physical storage space. He said the department must invest a significant amount of money in telephones, networks, and security infrastructure when it leases space in locations outside the Capitol complex. He said the department has 14 employees who telecommute part-time. He said most employees would prefer working at the office rather than from home.

In response to a question from Representative Nathe, Mr. Ressler said the Information Technology Department needs a total of approximately

90,000 square feet of space for employees and information technology equipment.

In response to a question from Representative Wieland, Mr. Ressler said the department has not completed a 10-year staffing level projection. He said the department anticipates requesting fewer full-time equivalent positions for the 2011-13 biennium. However, he said, the number of employees required will depend on agency project requests.

The committee recessed for lunch at 12:35 p.m. and reconvened at 1:30 p.m.

## OTHER COMMITTEE RESPONSIBILITIES

Mr. Eric Elkins, Deputy Director, Medical Services Division, Department of Human Services, presented information on behalf of Maggie Anderson, Director, Medical Services Division, regarding Medicaid eligibility requirements relating to veterans ([Appendix H](#)). He said Medicaid eligibility is determined similarly for all applicants. He said no distinction is made between veterans and other applicants. He said issues that relate specifically to veterans include:

- Veterans, or their spouses, may receive income from the federal Department of Veterans' Affairs which is counted as income in determining Medicaid eligibility.
- Veterans, or their spouses, may receive medical care payments from the federal Department of Veterans' Affairs which are applied toward the individual's cost of care before Medicaid payment is made.
- Veterans in long-term care facilities may receive a reduced "improved pension" of \$90 if they have no dependents and reside in a Medicaid-approved facility. Federal law requires that state Medicaid programs disregard the full \$90 improved pension.
- Veterans may choose to receive medical care and/or prescriptions at federal Department of Veterans' Affairs facilities; however, due to freedom of choice, Medicaid does not mandate that they receive them through the Department of Veterans' Affairs.
- Insurance coverage provided through the federal Department of Veterans' Affairs is handled similarly to other third-party resources when determining Medicaid payment of services.

Representative Boehning suggested the department review the possibility of Medicaid paying for any prescription costs not covered by the federal Department of Veterans' Affairs so there would be no cost to eligible veterans.

In response to a question from Representative Boehning, Mr. Elkins said all applicants are asked if they are a veteran and may be referred to a county veterans' service officer if it appears they would be eligible for veterans' benefits.

Ms. Andrea Swiontek, Department of Veterans' Affairs, Fargo, presented information on the eligibility requirements for the hardship assistance (emergency grant) program ([Appendix I](#)). She said as defined in North Dakota Century Code Chapter 37-14, the purpose of the hardship assistance program is to provide aid and comfort to veterans and their spouses. She said the applicants must be in need of dental work, dentures, optical needs, hearing aids, deposit funds for securing housing, transportation for medical reasons, or a special medical requirement.

Ms. Swiontek said in addition to meeting the definition of veteran, an applicant must be a resident of North Dakota for one year prior to the date of application and meet income guidelines. She said income guidelines are based on established indexes, such as pension rates and poverty levels, and are reviewed annually. She said applicants cannot have over \$2,000 in cash assets with the exception of \$5,000 in a certificate of deposit with the requirement to be on deposit for a minimum of 12 months from the date of application for assistance.

Ms. Swiontek said funding for the assistance grants is provided from interest earned on the veterans' postwar trust fund. She said the Department of Veterans' Affairs will receive \$25,000 from interest earnings each quarter for fiscal years 2010 and 2011 or \$200,000 for the 2011-13 biennium. She said the department is still receiving applications for assistance and currently has \$45,000 in grant applications for which funding is not available.

In response to a question from Representative Boehning, Ms. Swiontek said the North Dakota definition of veteran differs from that of the federal government. She said she will provide a comparison of the federal definition of veteran to the state's definition.

In response to a question from Representative Conrad, Ms. Swiontek said she will provide information regarding the uses of grant funding.

In response to a question from Representative Svedjan, the Legislative Council staff said the amount of earnings from the veterans' postwar trust fund available during the 2007-09 biennium totaled \$280,000.

Mr. Jerry Balzer, former member of the Administrative Committee on Veterans' Affairs,

thanked the committee for the Legislative Assembly's continuing support of veterans. He said legislators have made a difference in providing benefits to veterans.

Mr. Ron Otto, Secretary, Administrative Committee on Veterans' Affairs, said the grant award amounts have been reduced in order to provide more grants and still not exceed the \$200,000 of funding anticipated to be available this biennium. Because of this, he said, the unmet requests exceed the \$45,000 reported by Ms. Swiontek. He said the committee anticipates requesting funding for the 2011-13 biennium to allow the backlog of grant requests to be approved and to fully fund requests, such as dentures and specialty lenses for glasses.

Representative Grande suggested the State Treasurer's office provide information at a future meeting on the status of the veterans' postwar trust fund. She also suggested the Department of Veterans' Affairs provide information on the status of accreditation for county veterans' service officers and the status of the director's visits to county offices. She suggested counties provide information on how the continuing training needs for veterans' service officers will be addressed.

## **COMMITTEE DISCUSSION AND STAFF DIRECTIVES**

Chairman Svedjan said the next meeting of the Government Services Committee is tentatively scheduled for July 20, 2010.

No further business appearing, Chairman Svedjan adjourned the meeting at 2:20 p.m.

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Becky Keller  
Senior Fiscal Analyst

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Allen H. Knudson  
Legislative Budget Analyst and Auditor

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