

Minutes of the

**LEGISLATIVE COMPENSATION COMMISSION**

Tuesday, June 9, 1998  
 Roughrider Room, State Capitol  
 Bismarck, North Dakota

Mr. Harold N. Trautman, Chairman, called the meeting to order at 10:00 a.m.

**Members present:** Harold N. Trautman, Rosie Black, Jim Gerl, Tish Kelly, Ray Schmidt

**Others present:** Karen Mund, Legislative Council  
 Andrea Larson, Doug VanTassel; KFYZ-TV, Bismarck

Don Davis, Bismarck Tribune, Bismarck  
 Dale Wetzel, Associated Press, Bismarck

At the request of Chairman Trautman, Mr. Chester E. Nelson, Jr., Legislative Budget Analyst and Auditor, Legislative Council, presented information on the estimated state general fund budget for the 1999-2001 biennium. Mr. Nelson said estimated general fund revenues for the 1999-2001 biennium, based on fiscal year 1999 revenues adjusted for inflationary growth of three percent, less estimated 1999-2001 biennium appropriations, based on 1997-99 biennium general fund appropriations adjusted for one-time costs and inflationary growth, result in an estimated July 1, 2001, negative general fund balance of \$1.5 million.

At the request of Chairman Trautman, the Legislative Council staff distributed copies of and reviewed

North Dakota Century Code (NDCC) Sections 54-03-19.1 and 54-03-19.2. Section 54-03-19.1 provides that the Legislative Compensation Commission shall develop recommendations for a long-term policy on legislative compensation, expense allowance, and insurance benefits and recommend appropriate levels of compensation, expense allowance, and insurance benefits. Section 54-03-19.2 provides that the Legislative Compensation Commission must meet at least once each biennium to determine levels of legislative compensation, expense allowance, and insurance benefits which permit citizens to hold legislative office without undue financial sacrifice or disadvantage. This section also allows the commission to file with the Legislative Council a bill incorporating its recommendations.

At the request of Chairman Trautman, the Legislative Council staff presented a background memorandum on the history of the Legislative Compensation Commission and legislative compensation and expense reimbursement in North Dakota. The following schedule summarizes legislative compensation and expense reimbursement rates from 1889 to 1997:

Year	Compensation for Each Calendar Day During Session	Expense Reimbursement per Session	Expense Reimbursement for Each Day During Session	Expense Reimbursement for Each Month During Session	Expense Reimbursement or Compensation for Each Month During Term of Office
1889	\$5	10 cents per mile			
1945	\$5	\$300			
1949	\$5	\$600			
1957	\$5	\$1,200 <sup>1</sup>			
1965	\$5	\$1,200 <sup>2</sup>			\$35 <sup>2</sup>
1967	\$5		\$25		\$35
1969	\$5		\$35		\$35
1971	\$5		\$40		\$50
1973	\$5		\$50		\$50
1975	\$5		\$60		\$75
1977	\$5		\$60		\$150
1979	\$5		\$70		\$150
1981	\$5		\$85		\$180
1983	\$40		\$50 <sup>3</sup>		\$180
1985	\$90			\$600 <sup>4</sup>	\$180 <sup>5</sup>
1997	\$111			\$650	\$250

<sup>1</sup> Section 54-03-20 was amended in 1959 to provide that the \$1,200 payment was reimbursement for expenses incurred during the interim and during the legislative session.

- <sup>2</sup> Section 54-03-20 was amended in 1965 to provide that the \$1,200 payment was reimbursement only for expenses incurred during the session and to provide for payments of \$35 per month during each legislator's term of office as payment for uncompensated expenses.
- <sup>3</sup> Bismarck legislators received \$90 per day during session as compensation and did not receive any amount for daily expense reimbursement.
- <sup>4</sup> Section 54-03-20 was amended to provide that legislators not from the Bismarck area receive reimbursement for lodging or mileage at the rates provided for state employees, to a maximum of \$600 per month.
- <sup>5</sup> House Bill No. 1243 (1985) amended Section 54-03-20 to provide that the monthly amount paid to legislators during the interim was compensation, not reimbursement for expenses.

The following schedule summarizes the current compensation and expense reimbursement rates provided to members of the Legislative Assembly

during legislative sessions, monthly during their term of office, and for expenses incurred during the interim:

<b>Compensation for Regular, Special, or Organizational Sessions</b>	
Salary (Section 54-03-20)	\$111 per calendar day
Additional compensation (Section 54-03-10)	
Speaker of the House	\$10 per calendar day
House majority leader	\$10 per calendar day
Senate majority leader	\$10 per calendar day
House minority leader	\$10 per calendar day
Senate minority leader	\$10 per calendar day
Chairmen of substantive standing committees	\$5 per calendar day
House assistant majority leader	\$5 per calendar day
Senate assistant majority leader	\$5 per calendar day
House assistant minority leader	\$5 per calendar day
Senate assistant minority leader	\$5 per calendar day
<b>Expense Reimbursement for Regular, Special, or Organizational Sessions</b>	
Lodging expenses (Sections 44-08-04 and 54-03-20)	\$39 plus tax per calendar day up to \$650 per month
Mileage (Sections 54-03-20 and 54-06-09)	Twenty-five cents per mile for one round trip each calendar week going to and from the meeting of the Legislative Assembly. If travel is by common carrier, reimbursement must be at coach fare and may not exceed 1.5 times the amount the legislator would be entitled to receive as mileage reimbursement for travel by motor vehicle. Legislators who live in districts outside Bismarck are allowed daily round trip mileage reimbursement of 25 cents per mile or lodging reimbursement of up to \$39 per night plus any applicable state or local taxes, or a combination of mileage and lodging reimbursement up to a maximum of \$650 per month.
<b>Compensation During Term of Office</b>	
Compensation paid to legislators during their term of office, either monthly or every six months at the legislator's option (Section 54-03-20)	\$250 per month
<b>Compensation for Interim Meetings</b>	
Compensation for attendance at meetings of the Legislative Council and its committees (Section 54-35-10)	\$62.50 per day
Additional compensation	
Legislative Council chairman (Section 54-35-10)	\$5 per day
Committee chairmen (Section 54-35-10)	\$5 per day
<b>Expense Reimbursement for Interim Meetings</b>	
Meals (Section 44-08-04)	Up to \$20 per day in state; an amount equal to the federal

Lodging (Section 44-08-04)	per diem meals rate for out-of-state travel Actual expenses not to exceed \$39 per day, plus any applicable state or local taxes in state; actual expenses out of state
Mileage (Section 54-06-09)	Twenty-five cents per mile by motor vehicle; 18 cents per mile by motor vehicle 150 miles beyond the state border; 35 cents per mile by private airplane

The memorandum presented by the Legislative Council staff included the following information on

1995-97 biennium expenditures and the 1997-99 biennium appropriations for the Legislative Assembly:

	1997 Legislative Session Costs	Other 1995-97 Biennium Costs <sup>1</sup>	1995-97 Biennium Total
Legislators' salaries and wages			
Salaries and wages	\$1,678,534	\$689,980	\$2,368,514
Fringe benefits	144,455	59,336	203,791
Health insurance		771,336	771,336
Total legislators' salaries and wages	\$1,822,989	\$1,520,652	\$3,343,641
Mileage and lodging			
Lodging during session	\$279,855		\$279,855
Mileage during session	129,747		129,747
Total mileage and lodging during session	\$409,602	\$0	\$409,602
Total legislators' salaries and wages, mileage, and lodging	\$2,232,591	\$1,520,652	\$3,753,243
Session employees' salaries and wages	\$644,405		\$644,405
Other expenses	975,809	\$625,698	1,601,507
Total	\$3,852,805 <sup>2</sup>	\$2,146,350	\$5,999,155

<sup>1</sup> Other costs - Includes legislators' monthly compensation, health insurance, and interim costs.

<sup>2</sup> 1997 legislative session costs per day:

	Cost per day
69 legislative days (including a three-day organizational session)	\$55,838
103 calendar days (includes the three-day organizational session and travel days to and from the organizational and regular sessions)	\$37,406

Estimated cost of the 1999 legislative session	\$4,907,794 <sup>1</sup>
Estimated cost of legislators' monthly compensation	949,472
Estimated cost of legislators' health insurance	867,408
Estimated other expenses during interim	1,768,039
Total 1997-99 biennium appropriation for the Legislative Assembly (1997 Senate Bill No. 2001)	\$8,492,713

<sup>1</sup> The 1997 Legislative Assembly anticipated that this would provide funding for a 72-legislative-day 1999 legislative session and a three-day organizational session.

The Legislative Council staff said the 1995-96 Legislative Compensation Commission recommended three bills for consideration by the 1997 Legislative Assembly.

1. Senate Bill No. 2051 - To increase legislators' compensation from \$180 to \$250 per month, paid monthly rather than every six months.
2. Senate Bill No. 2052 - Contained the following provisions:
  - a. No more than three of the five appointees of the Legislative Compensation Commission can represent the same political party.

- b. The commission must report its recommendations regarding legislative compensation and expense reimbursement to the Legislative Assembly by December 1, 1998, and by December 1 of each subsequent even-numbered year. The compensation levels recommended by the commission become effective on December 1 of each even-numbered year and remain in effect unless disapproved by a concurrent resolution adopted by 60 percent of the members-elect of each house within 30 days after the convening of the subsequent Legislative Assembly. If the

recommendation of the commission is rejected by the Legislative Assembly, the levels of legislative compensation, expense allowance, expense reimbursement, and insurance benefits revert to the levels in effect before December 1 of the preceding year.

- c. Statutory references to the amount of compensation provided pursuant to NDCC Section 54-35-10, which sets the level of legislative compensation for attending interim meetings, were changed to the fixed dollar amount of \$62.50 per day. This change was recommended so that the recommendations of the Legislative Compensation Commission would affect only compensation paid to legislative committees, not to boards and commissions that provide compensation based on the amount provided to legislators.
3. Senate Bill No. 2053 - To increase legislators' maximum lodging reimbursement during session from \$600 to \$650 per month and to increase legislators' compensation for attending interim meetings from \$62.50 to \$90 per day.

The Legislative Council staff said Senate Bill No. 2051, as passed by the 1997 Legislative Assembly, included the recommended increase in monthly compensation from \$180 to \$250 and the provision that at the legislator's option this amount could be paid monthly rather than every six months. In addition, this bill was amended to include an increase in the daily compensation paid to legislators during the legislative session from \$90 to \$111. Senate Bill No. 2052, as passed, did not include any provisions to allow the Legislative Compensation Commission to set the level of legislative compensation. However, statutory references to the amount of compensation provided pursuant to Section 54-35-10 were changed to the fixed dollar amount of \$62.50 per day, as included in the introduced bill. The Legislative Assembly also did not change the provision that no more than three of the five members of the commission can represent the same political party. Senate Bill No. 2053, as passed by the 1997 Legislative Assembly, included the recommended increase in each legislator's maximum lodging reimbursement from \$600 to \$650 per month, but did not increase legislator compensation for attending interim meetings.

Chairman Trautman said that pursuant to Section 54-03-19.2, the Legislative Compensation Commission needs to determine a level of legislative compensation that will allow citizens to hold legislative office

without undue financial sacrifice or disadvantage. He said it is important to have diversity in the Legislative Assembly, and anyone with the desire to serve should be given the opportunity, not just those with the financial means.

Mr. Schmidt asked for an explanation of the approximately \$2.4 million increase from the 1995-97 biennium costs for the Legislative Assembly to the 1997-99 biennium appropriation for the Legislative Assembly. Mr. Nelson said the 1997-99 biennium appropriation includes several one-time costs for upgrading computer programs and leasing computer equipment.

Chairman Trautman said the 1997-99 biennium appropriation for the Legislative Assembly, even though it is an increase from the 1995-97 biennium, still represents less than \$7 per year per citizen in the state.

Mr. Schmidt asked if the state pays for health insurance coverage for legislators. Ms. Karen Mund, Legislative Administrator, Legislative Council, said health insurance benefits are provided at no cost to legislators. She said because the North Dakota Public Employees Retirement System charges agencies the same amount for a single or family policy, legislators are given the option of choosing either policy.

At the request of Chairman Trautman, Legislative Council staff presented a document prepared by the National Conference of State Legislatures entitled *1997 Compensation and Benefits for State Legislators*. The document included information on legislative compensation, expense reimbursement, and other benefits provided in each of the 50 states.

Ms. Kelly suggested the Legislative Compensation Commission consider increasing the mileage allowance provided for legislators. Chairman Trautman said the mileage allowance provided for legislators is the same as that provided for state employees. He said any change to the allowance for legislators would affect all state employees and would be an issue best addressed by the Legislative Assembly.

In response to a question from Mr. Schmidt, Mr. Nelson said state employees' salary increases authorized by the Legislative Assembly during the past several years have averaged three percent per year.

At the request of Chairman Trautman, Legislative Council staff presented a memorandum entitled *Legislative Compensation Increases Compared to Inflation and State Employee Salary Increases - 1981 to 1998*. The following schedule compares actual calendar year 1998 legislative compensation rates to 1981 rates adjusted annually for inflation and state employee salary increases:

	Actual 1998 Compensation Rates	1981 Compensation Rates Adjusted for Inflation	1981 Compensation Rates Adjusted for Salary Increases Provided to State Employees
Interim daily compensation	\$62.50	\$112.81	\$98.52
Session daily compensation	\$111.00	\$162.44	\$141.88
Monthly compensation during term of office	\$250.00	\$324.91	\$398.58

Ms. Kelly said the citizens of North Dakota need a better understanding of the issues relating to legislative compensation. She said the Legislative Compensation Commission should attempt to improve citizen awareness of problems relating to inadequate legislative compensation.

Mr. Schmidt said the Legislative Compensation Commission should consider requesting a bill draft to increase the interim daily compensation provided to legislators. Chairman Trautman said certain legislative leaders have expressed concern that the amount of interim daily compensation is too low.

**It was moved by Ms. Kelly, seconded by Mr. Schmidt, and carried on a roll call vote that the Legislative Compensation Commission request the Legislative Council staff to prepare a bill draft to amend North Dakota Century Code Section 54-35-10 to increase legislators' interim daily compensation from \$62.50 to \$75, and that the bill draft be approved and submitted to the 1999 Legislative Assembly.** Chairman Trautman, Ms. Black, Mr. Gerl, Ms. Kelly, and Mr. Schmidt voted "aye." No negative votes were cast.

Mr. Schmidt said the Legislative Compensation Commission should also consider a bill draft to require that legislative compensation be adjusted annually by the same amount provided by the Legislative Assembly for state employee salary increases. Ms. Black and Chairman Trautman expressed a concern that such a recommendation would be perceived as inappropriate based on the legislative compensation increases provided by the 1997 Legislative Assembly and the uncertain economic situation in the state.

Ms. Kelly suggested that the Legislative Compensation Commission consider including provisions in its recommendation that pay raises considered by the Legislative Assembly not take effect until the next legislative session.

In response to a question from Mr. Schmidt, Mr. Nelson summarized the major increases included in the 1997-99 biennium appropriation for the Legislative Assembly, including approximately \$1 million for additional costs associated with legislative compensation and health insurance increases, approximately \$1.1 million for increased computer and data processing expenditures, and approximately \$200,000 relating to an increased number of legislative days for the 1999 legislative session. Mr. Nelson said approximately \$320,000 of the 1997-99 biennium

appropriation relates to compensation increases for the 1997 legislative session. He said the 1997 increases were actually paid with funds appropriated for the 1995-97 biennium.

The commission recessed for lunch at 12:00 noon and reconvened at 1:10 p.m. in the Harvest Room to discuss legislative compensation and reimbursement issues with the Legislative Management Committee.

At the request of Representative Dorso, Chairman, Legislative Management Committee, Chairman Trautman addressed the committee. He said the commission has requested the Legislative Council staff to prepare a bill draft to increase legislative compensation for attending interim committee meetings from \$62.50 per day to \$75 per day. Members of the Legislative Management Committee discussed the recommendation of the Legislative Compensation Commission and 1997 changes to legislative compensation rates. Representative Dorso noted that it is inconsistent for legislators to be paid \$62.50 per day for work during the interim, but \$111 per day during legislative sessions.

The commission reconvened at 1:20 p.m. in the Roughrider Room.

Ms. Kelly said the Legislative Compensation Commission should develop a proposal on how to effectively deal with legislative compensation issues in the future. She said it would be appropriate to have legislative compensation rates adjusted annually based on the inflation rate or legislatively authorized salary increases for state employees.

The commission discussed the need for additional meetings during the 1997-99 biennium. Chairman Trautman indicated that there would not be a need for an additional meeting.

**It was moved by Mr. Gerl, seconded by Ms. Kelly, and carried on a voice vote that the commission chairman and the Legislative Council staff be requested to prepare a report on the actions of the Legislative Compensation Commission and to present the report to the 1999 Legislative Assembly.**

**It was moved by Ms. Kelly, seconded by Mr. Schmidt, and carried on a voice vote that the Legislative Compensation Commission adjourn subject to the call of the chair.** The meeting was adjourned at 1:40 p.m.

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Joe R. Morrissette  
Senior Fiscal Analyst

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Chester E. Nelson, Jr.  
Legislative Budget Analyst and Auditor