

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION
SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

10008

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Deanna Bellard
Operator's Signature

10/30/03
Date

2003 HOUSE APPROPRIATIONS

HB 1008

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2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1008

House Appropriations Committee
Government Operations Division

Conference Committee

Hearing Date January 17, 2003

Tape Number	Side A	Side B	Meter #
2	XX	XX	

Committee Clerk Signature *Kelly Schmitt*

Minutes:

Timothy J. Karsky, Commissioner Department of Financial Institutes shared written testimony in support of HB 1008.

Rep. Timm asked if his department returned money to the general fund.

Timothy J. Karsky responded his department does not run with a surplus, therefore they don't add to the General Fund. His department is totally self-funding.

Chairman Carlisle made notice of the Agency response received regarding the Berg/Stenjehem letter.

Discussion was held regarding the payday loan industry and the current activity levels in the state of North Dakota.

Rep. Carlson asked if the fee structure is changing enough to cover the expenses for examinations.

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Bill/Resolution Number HB1008
Hearing Date January 17, 2003

Timothy J. Karsky, yes, Banks & Credit Unions are separate from the payday loan industry, their fee's are higher.

Chairman Carlisle asked about the turnover rate within the department

Timothy J. Karsky responded the 40% turnover rate in our Department with the examiners is related to salary issues. We were at a 60% rate in the last biennium with management positions included. We compete with the Financial Institutions and the Federal Government. We train our examiner but, we can't compete with the \$15,000 they add as starting pay.

Rep. Carlson asked if his department would be interested in a pay for performance incentive program

Timothy J. Karsky replied his department would be interested.

Rep. Koppelman asked how the state of North Dakota compared in taxation and regulations to other states.

Timothy J. Karsky responded his department works with many banking entities, our regulations are consistent with other states.

Jim Schlosser, North Dakota Bankers Association testified on behalf of HB 1008. He shared with the committee a concern over the department turnover rate, and indicated the banks would prefer to work with experienced examiners. He felt the department was run very efficient.

Chairman Carlisle asked if the legislature could do anything to improve the turnover rate,

Jim Schlosser replied increase the salaries and incentive package.

Timothy J. Karsky commented he requested a grade increase which has been accepted by OMB and would respond to the hiring situation in writing.

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Hearing Date January 17, 2003

Bob Entringer, Assistant Commissioner in response to a questions from Rep. Skarphol

indicated the changing needs of his department dictate an increase in IT costs. We use the same software as the FDIC and we have to upgrade to maintain, we have to know what their operating system will be before we can make our plans. We upgrade laptops consistency due to processing chip issues.

Hearing no further testimony, the hearing was closed.

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2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1008

House Appropriations Committee
Government Operations Division

Conference Committee

Hearing Date January 23, 2003

Tape Number	Side A	Side B	Meter #
2	XX		

Committee Clerk Signature *Kelly Schmidt*

Minutes: **COMMITTEE WORK**

Discussion was shared regarding the department turnover rate, and classifications as previously discussed in the budget hearing.

Tim Karsky, Commissioner, Department of Financial Institutions stated his department is receptive to a pay for performance program. His departments major goals is to re-classify Examiners 1, 2, and 3. In reference to the ITD expenses of his agency, his department does not have an IT person so, his department pays for all repairs.

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2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1008

House Appropriations Committee
Government Operations Division

Conference Committee

Hearing Date January 31, 2003

Tape Number	Side A	Side B	Meter #
1	xx		

Committee Clerk Signature *Kelly Schmidt*

Minutes: **COMMITTEE WORK**

There was discussion regarding the pending proposal for the increase in job classifications for this budget.

Rep. Carlson commented he will see Joe in OMB for an amendment to reflect a pay for performance option.

Joe Morrissette, OMB, indicated the 1/2 FTE in the budget is a continuation that was authorized by the Emergency Commission.. The 1 FTE requested is for a credit union examiner position.. Currently this department has 14 bank examiners for 89 banks and 2 credit union examiners for 39 credit unions, one of which is a supervisor and is filling in. There is under staffing in this area and the credit union examiners are more simplified, thus the ratio is less.

Rep. Skarphol, voiced a concern with the increase in FTE. The direction is to see a decrease in FTE's, where there is a increase one place there should be an increase in another.

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Operator's Signature *Deanna Ball...*

Date 10/30/03

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Hearing Date January 31, 2003

Rep. Kroeber commented this agency is self-funded and the lobbyist are in support of this increase and will to pay for it.

Joe, OMB also shared there is a reduction in FTE's of approx. 100 in state government. The majority are in Human Services. See pg. 44 of budget book.

Chairman Carlisle called for a motion, a DO PASS motion was made by Rep. Carlson with a second by Rep. Thoreson, motion carried 8 -1.

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