

# MICROFILM DIVIDER

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



ROLL NUMBER

DESCRIPTION

1077

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2003 HOUSE APPROPRIATIONS

HB 1077

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2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1077

House Appropriations Committee

Conference Committee

Hearing Date 01-21-03

Tape Number	Side A	Side B	Meter #
1	X		-33.3
Committee Clerk Signature <i>Chris S. Nelson</i>			

Minutes:

**Chairman Svedjan** Opened the hearing on HB 1077. All members were present excluding Rep. Kroeber.

**Sheila Peterson, Director of the fiscal Management Division of OMB** See attached.

**Rep. Kempenich** Do DPI bonuses fall under these irregularities?

**Peterson** Yes, they do.

**Rep. Delzer** I think an agency would create an administrative rule allowing them to do that and according to the law then they could not report that as an irregularity.

**Peterson** I don't think you can write an administrative rule on something that is not in statute.

Well, they could try, but the administrative rules committee of this body would stop that in short order.

**Rep Skarphol** What would you envision that you would report under this new language?

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House Appropriations Committee

Bill/Resolution Number *Click here to type bill number*

Hearing Date *Click here to type Hearing Date*

**Peterson** The legislation passed a compensation package a few years ago allowing agencies to be able to pay an extra 1% if they could fund it internally.

**Rep. Skarphol** How difficult is it to report irregularities?

**Peterson** Included in the program statues are the required reporting. We duplicate that. For example, the employee incentive awards.

**Rep. Delzer** Government services did receive the bonuses report. But I've never seen the other report that you are talking about. Sometimes we need to see something more than once.

**Rep. Wald** Do "changes in employee workloads" cover other agencies and overtime?

**Peterson** We wouldn't see that as a workload change.

**Rep. Wald** So are you saying that they should not receive additional compensation?

**Peterson** If the amount of hours is excessive, then an agency should consider it. But for minor increases in work would fall under an irregularity, not a workload change and I would report it to you.

**Rep. Carlson**

**REPORT OF STANDING COMMITTEE (410)**  
February 6, 2003 9:34 a.m.

Module No: HR-23-1809  
Carrier: Skarphol  
Insert LC: . Title: .

**REPORT OF STANDING COMMITTEE**  
HB 1077: Appropriations Committee (Rep. Svedjan, Chairman) recommends **DO NOT PASS** (15 YEAS, 6 NAYS, 2 ABSENT AND NOT VOTING). HB 1077 was placed on the Eleventh order on the calendar.

(2) DESK, (3) COMM

Page No. 1

HR-23-1809

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2003 TESTIMONY

HB 1077

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**Testimony HB1077  
House Appropriations  
January 21, 2003**

Good afternoon Mr. Chairman and members of the House Appropriations Committee.

I am Sheila Peterson, Director of the Fiscal Management Division of OMB.

HB 1077 clarifies what is, or is not, a fiscal irregularity.

This section of statute requires OMB to report fiscal irregularities to the Budget Section. This section defines "irregularities" as "bonuses, cash incentive awards, and temporary salary adjustments for state employees."

There are a number of statutes that allow bonuses and cash incentive awards:

Recruitment and Retention Bonuses	North Dakota Century Code 54-06-31
Performance Bonuses	North Dakota Century Code 54-06-30
Telecommunication Bonuses	North Dakota Century Code 54-06-24.1
Employer Incentive Awards	North Dakota Century Code 54-06-24
Longevity Awards	Administrative Rules 4-07-18

Because these types of bonuses and cash awards are established in the Century Code or in Administrative Rules, OMB has not reported them as an "irregularity".

We have also not considered a temporary workload adjustment, and corresponding salary adjustment, as an "irregularity". An example within OMB is in our State Radio Communications Division. Long time director, Lyle Gallagher, retired last summer. Rich Hessinger was named acting director until a permanent replacement is found. Rick's salary was adjusted because Rick assumed additional duties. OMB has not reported this type of an adjustment as an "irregularity".

This particular section dates back to the early 1960's. We submitted this bill to clarify what is considered an "irregularity".

Mr. Chairman, I'd be happy to answer any questions.

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Sheila Peterson  
Operator's Signature

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