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10/3/03
Date

2003 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1377

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2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1377

House Industry, Business and Labor Committee

Conference Committee

Hearing Date 1/29/03

Tape Number	Side A	Side B	Meter #
1	x		39.0-end
1		x	0.0-15.6
3	x		15.5-27.4
Committee Clerk Signature <i>Judith Hammer</i>			

Minutes: **Chairman Keiser** opened the hearing on HB 1377.

Rep. Winrich, District 18, prime sponsor of HB 1377, introduced this legislation at request of ND Public Employees Association. He quoted a T-shirt slogan: "Unions-The People Who Invented the Weekend". Because of the impact of collective bargaining by unions, 5 day workweeks, health insurance, retirement benefits, all these things are now acceptable practices. Some of that is a history of violence and that is regrettable. Especially so, because a vast majority of union history emanated true concern and compassion for the working classes. Enlightened employers realized that workers who are safe and healthy and fairly compensated and appreciated are more productive. As you consider this bill, remember how your life is improved because of the benefits that were won over the years by collective bargaining.

Rep. Kasper: Do state employees enjoy their benefits now? Are they missing some of those benefits you just spoke of?

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House Industry, Business and Labor Committee

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Rep. Winrich: In my opinion, I think the most glaring lack is fair compensation. Other areas need improvement. Collective bargaining is the best way to deal with differences between workers and management.

Rep. Aarsvold, District 20, appeared in support of HB 1377 and offered oral testimony outlining his experience as a school board member for 15 years. For 5 years, he was lead negotiator representing the school board. Interestingly, ND mandates that school boards must negotiate with their employees but yet, do not allow that right to state employees.

Kris Runge, Executive Director of the NDPEA, AFT #4660, AFL-CIO, appeared to testify in support of HB 1377. (See attachments)

Rep. Dosch: What are your current job duties at NDPEA?

Runge: I am executive director, I supervise a staff of five employees. We enroll new members and handle grievances. I serve as chief lobbyist for the organization on behalf of our members. Our primary goal is to bring collective bargaining to allow all state employees and political subdivision workers the right to vote for collective bargaining agreements.

Rep. Kasper: On page 2, are you implying that currently state employees are not involved or do not wish to be involved in activities unless we have collective bargaining?

Runge: No, workers would take ownership of what happens in state government if they feel they can negotiate equally across the table from their employers.

Rep. Kasper: Isn't it their responsibility as employees whether they are state of ND or any employer to be involved in those activities whether or not there is collective bargaining?

Runge: I do believe that.

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House Industry, Business and Labor Committee

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Rep. Froseth: How does this differ from provisions set forth....? (continued from side A, some of Froseth's question was not captured on tape)

Runge: This will not allow is that we would not be able to strike and do those types of things that are allowed in the private sector. Employees need the right to vote.

Rep. Ekstrom: The largest single item in the fiscal note is establishing a state employees relation board. Where are these numbers coming from?

Runge: I've not seen the fiscal note. I'm assuming it's almost identical to the one we had two years ago. Costs could come down because the labor relations board could be shared with the cities and counties when collective bargaining comes into play. There is a cost to this.

Rep. Klein: How many employees would be eligible to join NDPEA? How many members as present?

Runge: We have 1800 active members, 1100 retirees. There are 8000 state employees who could join NDPEA.

Chairman Keiser: Review for us, how do we avoid strikes in your proposal?

Runge: There is arbitration in the bill, that's in Section 14. Negotiations would have to be completed prior to commencement of legislative session so the contract could be negotiated.

Rep. Froseth: If this isn't completed during the legislative session, what happens?

Runge: I believe it goes to Legislative Council.

Rep. Nottestad: What assurances do we have that work slowdowns wouldn't happen instead of strikes?

Runge: ND's public and state employees are an excellent work force, teachers don't do slowdowns, why would our employees? We want to negotiate our working conditions.

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House Industry, Business and Labor Committee
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Hearing Date 1/29/03

Rep. Severson: Does this apply to all political subdivision?

Runge: No, that's a Senate bill.

Rep. Klein: Why do only 10% of the employees belong to NDPEA?

Runge: Because we don't have collective bargaining.

Chairman Kelsner: What is your official position on performance based or merit pay?

Runge: Performance pay is happening in ND. We want to make sure that standards are used fairly and that supervisors are trained well to conduct evaluations. When we catch up with pay raises, then merit pay can be addressed. Specific agencies like DOT and IT with hard to fill positions set up the bonus and retention. Salary schedule is low, the further we not fund salaries, the bigger problem we'll have when so many current employees are nearing retirement.

Dave Kemnitz, President of AFL-CIO and a member of IBEW, appeared to testify in wholehearted support of HB 1377. He pointed out that the State Employment Relations Board would be appointed by the Governor and the Senate. (Refer to Section 5) He also spoke to the arbitration process.

Rep. Kasper: Do you believe that state employees feel safe, healthy, appreciated and fairly compensated?

Kemnitz: My perspective is gleaned from casual conversation. Most feel that they'd have a better chance if they had procedure to address it on a level playing field where they are peers rather than adversaries. Most feel they could improve their lives and situations through a process where their voice is heard.

As there was no one else present to testify either in support of or in opposition to HB 1377, the hearing was closed.

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During the afternoon work session, **Chairman Kelsner** called for committee work on HB 1377.

Rep. Klein moved a Do Not Pass, **Rep. Ruby** seconded the motion.

Rep. Ekstrom: State employees deserve the same rights as employees in the private sector. I don't think this will lead to strikes, etc.

Rep. Johnson: One area that concerns me is the binding arbitration. Once before our citizens voted that down.

Rep. Ruby: The majority of state's employees aren't covered.

Rep. Klein: Look at the fiscal note...Yikes!!! PERS represents only 10% of state employees. We can't pass this thing out.

Rep. Kasper: Runge provided me with stats that shows average classified state employee's annual salary over the years. 1993, classified was \$22,189. In 2002, the salary was \$32,262. That's without benefits. PERS health insurance equals about \$500 per month per employee, regardless if they have families or not. That's \$6000. Retirement benefits run \$3-4000 a year. That plus vacation equals well over \$40,000. The average employee in the state earns dramatically less than that. **Rep. Winrich** said he didn't think they are fairly compensated

Rep. Thorpe: I am philosophically supportive of collective bargaining, so I'll have to vote against a Do Not Pass, in spite of the death by fiscal note.

Rep. Klein: Recognize too that they're retirement and health insurance benefits are deducted before taxes are taken out. That's considerable.

Rep. Ekstrom: We still have folks within the system that aren't paid well enough. Some qualify for food stamps. If 50-60% of state employees belonged to PERS, we'd be better inclined to support this.

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Chairman Kelser: Empowered employees are better employees, that's true. The perception that they have input into the process of negotiation is important. But we vote appropriations in the legislature. Through referral, the citizens of the state can tell us what to do. There's merit on both sides of this topic.

The results of the roll call vote were 10-3-1.

Rep. Severson will carry this bill on the floor.

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FISCAL NOTE
 Requested by Legislative Council
 01/20/2003

Bill/Resolution No.: HB 1377

1A. **State fiscal effect:** Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.

	2001-2003 Biennium		2003-2005 Biennium		2005-2007 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures			\$507,721		\$649,914	
Appropriations						

1B. **County, city, and school district fiscal effect:** Identify the fiscal effect on the appropriate political subdivision.

2001-2003 Biennium			2003-2005 Biennium			2005-2007 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2. **Narrative:** Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.

STATE EMPLOYEES RELATIONS BOARD 2003-2005 2005-2007

Compensation for 3 board members
 Members are entitled to receive per diem payments equal to \$333/day for 3 days/mo. for 23 months

\$22,977.00 \$23,976.00

Transcription for Unfair Labor Practices
 (2 hrs./month @ \$155/hr.)

\$3,720.00 \$7,440.00

Office of State Employee Relations Board

\$354,560.00 \$476,160.00

	<u>Salary</u>	<u>Benefits</u>	<u>Total</u>		
1 Director (19 mos)	\$60,000	\$16,800	\$76,800	(19 mos.)	\$121,600
1 Legal Counsel (18 mos)	\$60,000	\$16,800	\$76,800	(18 mos.)	\$115,200
1 Labor Rel. Spec. (16 mos)	\$42,000	\$11,760	\$53,760	(16 mos.)	\$71,680
1 Admin. Support (18 mos)	\$6,720	\$30,720			\$24,000
		(18 mos.)	\$46,080		

Operating Expenses (20 percent base salary)

\$70,912.00 \$95,232.00

Equipment for 4

\$25,000.00 \$10,000.00

Contract Hearing Officer
 (80 hrs/yr @ \$81.91/hr for 1 yr)

\$6,552.80 \$13,105.60

Agency Costs

Negotiations (\$25/hr, 10 contracts, 80 hrs/contract)

\$20,000.00 \$20,000.00

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