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3064

2007 HOUSE GOVERNMENT AND VETERANS AFFAIRS

HCR 3064

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HCR 3064

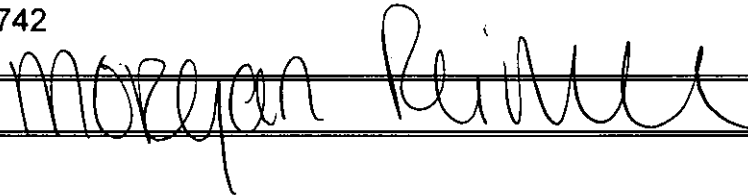
House Government and Veterans Affairs Committee

Check here for Conference Committee

Hearing Date: February 23, 2007

Recorder Job Number: 3742

Committee Clerk Signature



Minutes:

Speaker Delzer: *This is a pretty straight forward study resolution that basically says we should possibly take a look at the HR system in the state of ND. It was put together kind of quick at the end during the crossover week so it hasn't been looked at real close. I wouldn't have a problem if you wanted to look at it and make some changes. I think Rep. Metcalf has amendments that he would like to consider. Where it comes from is having served on Appropriations for a number of years. We sit there and constantly hear complaints about the pay system from state employees. One of the things that we do find is that it seems like in the classification system that we have a number of people in the lower quadrant. They always have the equity funds that we have to look at. The question is that is the pay wrong or is the classification wrong? I don't have the answers. It's not like I am saying that this is one way and that is another. Maybe we as a legislator can look at that and decide whether the system we have is what we want the state system to be. I think we have a merit opinion. I think if the study goes forward we should look at how much is merit. One of the problems we have is that it is almost always a flat pay raise. The fact of the matter is that some of them are a flat 4 and 4. Some make 20,000, it all varies. That is one of the questions. I'm not saying one way or another. If we go forward with the study it should be looked at. We also have a geographic*

area of what we look at. The last time, from the information I got, was that there was a performance audit in 1999. 1991 was the last time this was studied. I do not want to make any arguments one way or another; it's just a question of whether or not we should spend the time. One thing I don't want to do is end up being 18 months of an open forum for more pay. The level of pay should not be the issue. The issue should be the classification system, the HR system, and the merit systems. The level of pay should not be involved.

Rep. Haas: In implementing a study like this, when a state does that, do they generally consult with a professional firm to make recommendations?

Speaker Delzer: I think we've done that. I think that was actually part of the performance audit. I don't remember it all. I don't think these needs to be the means of hiring someone out of state. I think the decision should be made by the legislator body.

Rep. Weiler: You mentioned that we compare state employee positions to other parts of the country. Do we also compare state employee positions to other positions around the state?

Speaker Delzer: I don't know how far you guys want to get into that. It is very interesting. My understanding is that we do it with most of the smaller employees in the state. I don't know if we compare the ones with a certain level of size.

Rep. Weiler: Overall what is the turnover rate for state employees? Do you have any idea?

Speaker Delzer: The number is out there. It is looked at two different ways. I think it is somewhere in the 9-10% range. There is two different ways to look at it and one is people going to state to private. There has also been a case where one state addition to another state addition is considered a turnover.

Ken Purdy: Testimony attached.

Rep. Kasper: It looks like you are reviewing about 5% of the individual positions per year. Does that mean that it takes you 12 years to run through all of the employees?

Ken Purdy: In overall sense that is right. The reality is that generally those requests are generated by those agencies. There are some positions that are reviewed more frequently in a situation where agencies focus. In other cases there are individual positions that aren't reviewed for many years. The job changes very little over the years. I couldn't make a blanket statement that said after 12 years we have looked at every single position. We use the agencies judgment to determine that.

Rep. Kasper: It appears from what the data on the sheet says that there really aren't very many complaints about the jobs and classifications with state employees.

Ken Purdy: I think in a general sense that is true. I think you would certainly talk to some individual employees who will remain dissatisfied with their classifications. Perhaps the agency hasn't agreed that they are due for a review. That always occurs. In an overall sense I think it is a positive statistic. We go to great lengths to visit directly to the employees. We are very thorough in any response in denying a reclassification. Our policy is that if an agency sends in a reclassification and they want to go from office assistant we simply respond and make a position change. If we disagree and don't approve it we have to give the agency a response, and an analysis on saying why we don't agree with their request. We have really ramped up our efforts over the years.

Rep. Kasper: So the way the system works now if an agency had wanted to reclassify and employee before that reclassification can occur it has to be o.k'd through the agency level?

Ken Purdy: The statutory authority for the job classifications system is our office. We do have some positions that are repetitive and ongoing that we have delegated to agencies. One example would be in the equipment operator's series in DOT. They routinely hire one level after a period of time of gaining the experience they move them to the second level. That is

routine and we delegate that to DOT. We have a handful of those. By and large the majority is done in our office by our staff.

Rep. Haas: Are the employees at all levels and agencies, are they generally well informed on how the classification system works?

Ken Purdy: I'm not sure how to answer that. I hope so. The opportunities are there when there is a classification activity.

Rep. Haas: What about at the hiring level?

Ken Purdy: I'm really not sure. At that point perhaps not. They see the job announcement and salary. In terms of how that fits into the bigger scheme I'm not sure.

Rep. Haas: The point classification system that you have talked about, is that in your opinion a fairly objective system? Or is there a lot of subjectivity involved?

Ken Purdy: I view the point factor classification system as objective as you can get in dealing with people. We are dealing with people. There is less precision in that whole process. The whole goal of going to a point factor evaluation system was to land more precision and more definition to how we arrived at the level.

Rep. Haas: Does it not relate directly to job description?

Ken Purdy: Yes. It is all derived from what employees complete the questionnaire. It's tough. It is a lot tougher than you think to sit back and explain your own job to someone else.

Rep. Potter: On the reclassification that was appealed, how did it turn out?

Ken Purdy: I'm honestly not sure. I think our decision was upheld.

Rep. Boehning: How many job classifications are there? I see you review 75 job classifications a year. How many are out there/

Ken Purdy: Right now we have just over 900. It varies almost week to week.

Rep. Haas: Is there any other testimony for HCR 3064? If not we will close the hearing on HCR 3064.

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HCR 3064

House Government and Veterans Affairs Committee

Check here for Conference Committee

Hearing Date: February 23, 2007

Recorder Job Number: 3745

Committee Clerk Signature

Morgan Penick

Minutes:

Speaker Delzer: This has come about in discussion with Rep. Metcalf and some of the others in appropriations about some of the issues we have and see within our classification system. It isn't driven at all at pay. If this study is ever decided to be done we want to make that point clear all the way through. I don't think we need to put anything in the bill about it. This amendment on page 1 line 5 was discussed between us. Rep. Metcalf wanted to put 'audited' on page 1 line 5 right behind 'upon'. If I have this right he wanted people to do desk audits, sit with employees, go through their job, and set up and make sure the job was as the description is. I think that the discussion needs to be done. If there is a study done I don't want that word in the bill myself. I think it would be part of the discussion. I don't want that to be the driving force of the study. To me the study is still about whether or not the classification system is what we as legislators want the state to be working on. We want to see if the system fits what we are trying to get for the state. The second line under line 12 behind 'education' put 'skill' and 'ability'. I don't have a problem if you decide to put that in that is not a problem at all. Over the last 10 years I have looked at a number of job classifications on the internet. When I look at them it looks to me that you look at the description and pay. It seems what is happening is that

they want people with more education than what the job description and pay fit. To me that means that we are hiring people who are not challenged like they should be.

Rep. Metcalf: Mr. Speaker explained this situation very well and I am in total agreement with what he said. I was basically employed and worked with the federal government as a personnel management. The system that we had worked very well for us. It really did work very well. I think that if we can incorporate some of the provisions of that particular system into a system for the state of ND, I think we would all be better off.

Rep. Haas: Having served on appropriations do you share and experience some of the same frustrations that Speaker Delzer deals with statewide?

Rep. Metcalf: Yes very much so. Maybe not so much hearing from other people. As I have observed what is happening and what could be happening underneath a system that was really identified for the state of ND, there has to be a unified system where every agency in the state would be working under the same system. It is very frustrating.

Rep. Potter: With your amendments that you brought forth for us, you have page 1 line 5 to insert 'audit'. Could you explain why you wanted audited in there.

Rep. Metcalf: Yes, very much so. This is an intricate part of the system that we use in the federal system. Every individual is audited at least once every two years to see that he or she is performing the job that was described. Unless we audit that position we really don't have a system.

Rep. Boehning: How long would it take to do an audit on an individual every two years?

Rep. Metcalf: The length of time depends on the complexity of the job. Now you have people who will be trained.

Rep. Wolf: When you testified (Speaker Delzer) you said you would like to see this legislative study cover certain areas. It says that legislative council should study the human resource

management services personnel classification system. Does that encompass everything that you want them to study? Do you feel that personnel classification system covers everything that you want studied?

Speaker Delzer: That is the whole system. It covers everything now. Part of that is when and if this study would get chosen. I would say that the council would put a directive out to that chairman. That is one of the reasons that I feel uncomfortable by putting the word 'audited' in there. I do agree with the aspect of doing it but I think that putting this in here may become the vocal point of the discussion.

Rep. Haas: Essentially, if this were studied, then legislative council and whatever committee is designated to do this study can establish the parameters of this study.

Speaker Delzer: That is the way it works. You have to define the parameters then it is up to the chairman in the committee if they want to change the parameters or not.

Rep. Haas: What are your wishes with regard to the amendments?

Rep. Kasper: If Speaker Delzer had no problem with the second part of the amendment, I would move that we would insert that part of the amendment but not insert the word 'audited'.

Rep. Dahl: I Second that.

Rep. Weiler: When I heard the numbers, I understand that this is a study but if it should get turned into bill form and passed, we would need to audit every state employee. Now we would have to hire 50 new FTE's to get that done. I'm going to support the amendments.

Rep. Haas: I feel comfortable with the amendment because I believe that the legislative council and the committee that would be assigned to this study would have the capacity and the authority to establish the parameters of the study.

Speaker Delzer: My concern of putting that word in there is whether or not it is the right thing to do have to be the first question. We need to look at the whole system and decide what parts are good and what isn't. Auditing would certainly be part of that discussion.

Rep. Haas: Is there any other discussion on the amendments? If not we will take a voice vote. All in favor say 'aye' all opposed say 'no'. The motion carries.

Rep. Haas: We have the amended resolution before us. What are your wishes?

Rep. Dahl: I will move a do pass as amended.

Rep. Kasper: I Second that.

Rep. Haas: Is there any further discussion? If not we will take a roll call vote on HCR 3064. The do pass as amended motion for HCR 3064 passes with a vote of 11-1-1. Is there a volunteer to carry this?

Rep. Kasper: I will.

73112.0101
Title.

Prepared by the Legislative Council staff for
Representative Metcalf
February 21, 2007

PROPOSED AMENDMENTS TO HOUSE CONCURRENT RESOLUTION NO. 3064

Page 1, line 5, after "upon" insert "audited"

Page 1, line 12, after "education" insert ", skill, and ability"

Renumber accordingly

73112.0102
Title.0200

Prepared by the Legislative Council staff for
Representative Metcalf
February 21, 2007

**House Amendments to HCR3064 (73112.0102) - Government and Veterans Affairs
Committee 02/23/2007**

Page 1, line 12, after "education" insert ", skill, and ability"

Renumber accordingly

Date: 2-23-07
Roll Call Vote #: 1

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. "Click here to type Bill/Resolution No."

House Government and Veterans Affairs Committee

Check here for Conference Committee

Legislative Council Amendment Number HCR 306-1

Action Taken DO PASS AS AMENDED

Motion Made By Rep Dahl Seconded By Rep Kasper

Representatives		Yes	No	Representatives		Yes	No
Rep. C. B Haas Chairman		X		Rep. Bill Amerman	X		
Rep. Bette Grande VC				Rep. Louise Potter		X	
Rep. Randy Boehning		X		Rep. Jasper Schneider	X		
Rep. Stacey Dahl		X		Rep. Lisa Wolf	X		
Rep. Glen Froseth		X					
Rep. Karen Karls		X					
Rep. Jim Kasper		X					
Rep. Lisa Meier		X					
Rep. Dave Weiler		X					

Total (Yes) 11 No 1

Absent 1

Floor Assignment Rep. Kasper

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HCR 3064: Government and Veterans Affairs Committee (Rep. Haas, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** and **BE PLACED ON THE CONSENT CALENDAR** (11 YEAS, 1 NAY, 1 ABSENT AND NOT VOTING). HCR 3064 was placed on the Sixth order on the calendar.

Page 1, line 12, after "education" insert ", skill, and ability"

Renumber accordingly

2007 SENATE GOVERNMENT AND VETERANS AFFAIRS

HCR 3064

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 3064

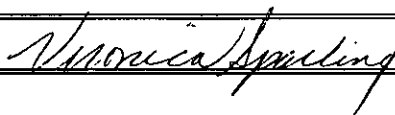
Senate Government and Veterans Affairs Committee

Check here for Conference Committee

Hearing Date: 03/15/07

Recorder Job Number: 5151

Committee Clerk Signature



Minutes:

All members of the committee were present.

Senator Dever, Chairman, opened the hearing on HCR 3064.

Representative Jeff Delzer from District 8 introduced the resolution. He stated that the last study of the classification of employees was done in 1999. He said this is not about money, it's about the level of training necessary, ability, merit pay, etc. He said this doesn't mandate the study. Legislative Council can decide if it wants to study it. He also feels it is fairly broad and the Council would set the scope of the study. He just wants the classification system to be the best it can be for our state.

Senator Nelson mentioned that the House amended it to go beyond educational requirements to skill and ability. She asked what the discussion was on that.

Representative Delzer said that came from Representative Metcalf who is a highly skilled HR person. Rep. Metcalf asked the committee to add it. Rep. Metcalf was in HR for retired military or something military and he has a lot of experience.

Senator Oehlke asked if changes like this are not typically ongoing. It seems odd that it has been 10 years.

Rep. Delzer said that is true. Usually it is an ongoing process.

Senator Oehlke said he serves on a college board and the college compares itself to other colleges to see how they are doing. He asked whether we have other states to compare our state with.

Representative Delzer said that would be up to the committee members and legislative council.

Senator Dever said if the study goes forward it would be a good opportunity to educate the legislators on these issues.

Senator Horne asked if the language on line one indicates a mandate or a suggestion.

Rep. Delzer said it is optional. The Council would decide.

Senator Dever mentioned that all agencies of the state are already classified except WSI and Dept of Commerce.

Rep. Delzer said that is correct. There are certain positions within almost every agency that are unclassified.

Senator Dever said some agencies are in a better position to move their employees up within their pay range than other agencies.

Rep. Delzer said in his experience with this area the pay has been right for the job description but the qualifications have been higher than what the pay and the job duties require.

Senator Dever asked if Rep. Delzer could see this study going before the Employee Benefits Committee or a different committee.

Rep. Delzer said he would be uncomfortable with it going before the Employee Benefits Committee. He feels other legislators should be looking at it than the ones who historically have served on the employee benefits committee.

Opposition: -

Neutral: Ken Purdy, the Classification Compensation Manager with Human Resource Management Division of the Office of Management and Budget spoke in a neutral nature on HCR 3064. He said they are always willing to work with legislative committees to review their activities and to further describe and educate groups about their activities and their system. The classification system is a system of grouping like jobs to systematically value the jobs for compensation purposes. It gets very difficult where the line is drawn not to cross over into the compensation area. See attachment # 1 and # 2.

Senator Nelson asked where the CTE people would fit in this classification system.

Mr. Purdy said they are not classified as teachers. That was one of the reasons they felt it was appropriate to switch. He said they are part of the 6420 employees classified under HRMS.

Senator Oehlke asked if it would be better to have an independent organization that regularly does a comparative analysis than have legislative council do it.

Mr Purdy said he has nothing against an interim study being done. They have never had a negative experience with it. He even sees value in helping more legislators learn more about the system. Dealing with the complexities of 10,000 or more employees, there are a lot of details. It doesn't hurt to explore perceptions and the more legislators they can educate the better. Bringing consultants in is ok too.

Senator Nelson said higher ed goes through an accreditation study quite often. Does the state HR go through a process by which they self check each other.

Mr Purdy said no. Some of their staff members are part of different associations and the state HR participates in the Central States Compensation Association which is a group of 26 states that conducts an annual survey of salary and benefits. They also hold an annual conference where they compare notes and learn from each other.

Senator Nelson said the Employee Benefits Committee did hear from Mr. Purdy and it was very helpful. She feels it is too bad that there were only a few senators on that committee because the information was very helpful. It would be better if it went out to a larger committee. There was some discussion about the details of the classification system, how it works, how it was developed, how it can be changed.

Laurie Sterioti Hammeren, Director of Human Resource Management Services, mentioned that during the discussion in the House they said there needed to be a review of the educational requirements of the system. There seemed to be an inference that if they would require less education for jobs then people would be happier with less pay. She pointed out the statistics cited in attachment #2. In the North Dakota general workforce 84% of the workers have completed high school. In the Classified workforce of the State, 99% have completed high school. In the North Dakota general workforce 22% of the workers have bachelor's degrees or beyond. In the State Classified workforce 82% have trade school or beyond and 53% have bachelors degrees or beyond. In North Dakota we can be proud of the fact that we have a fairly highly educated workforce and we have a variety of skills and occupations that require specific education and skills and abilities. When they do not have the education, the state HR system works with people to bring them to the educational level that is required. Senator Marcellais asked if the state offers any program that helps veterans to find a job when they come back home.

Laurie said she is not aware of any program other than veteran's preference.

Neutral: -

Chairman Dever closed the hearing on HCR 3064.

Senator Lee commented that she felt this resolution was not necessary.

Senator Dever commented that the only value he saw in it was the educational opportunity it would provide for legislators.

A do not pass motion was made by Senator Nelson.

The motion was seconded by Senator Marcellais.

Roll Call Vote: Yes 5 No 1 Absent 0

Carrier: Nelson

Date : 3-15-07
Roll Call Vote # : ~~32~~ 1

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 3064

Senate Government and Veterans Affairs Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken do not pass

Motion Made By Nelson Seconded By Marcellais

Senators	Yes	No	Senators	Yes	No
Senator Dick Dever - Chairman		✓	Senator Robert Horne	✓	
Senator Dave Oehlke - VC	✓		Senator Richard Marcellais	✓	
Senator Judy Lee	✓		Senator Carolyn Nelson	✓	

Total (Yes) 5 No 1

Absent 0

Floor Assignment Nelson

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE (410)
March 15, 2007 12:18 p.m.

Module No: SR-49-5407
Carrier: Nelson
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HCR 3064, as engrossed: Government and Veterans Affairs Committee (Sen. Dever, Chairman) recommends DO NOT PASS (5 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). Engrossed HCR 3064 was placed on the Fourteenth order on the calendar.

2007 TESTIMONY

HCR 3064

HCR 3064
House Government & Veterans Affairs Committee
February 23, 2007

Ken Purdy, Classification & Compensation Mgr
 HR Management Services Div - OMB

Classification System

A Classification system is a process of grouping like jobs to systematically value the jobs for compensation purposes. Classification systems are used to manage the workforce for large employers in both public and private sectors.

ND uses a point-factor job evaluation process for our classification system. We analyze technical knowledge, management, interpersonal skills, and 7 other factors to determine a total point value for each job class. The point value translates to a pay grade with a salary range determined through our market surveys and salary appropriations.

19 of 25 member states in the Central States Compensation Association responded to a quick survey this week regarding their classification systems. 7 of the 19 use a point-factor system similar to North Dakota's. In the field of HR management, the Hay System is probably the most well-known point-factor system.

Background Information on the ND Classification System

HRMS reviews about 800 individual positions each year to determine the appropriate job class assignment. 7 reclassification reviews in the past year generated reconsideration requests for more in depth review. 1 reclassification was appealed to the State Personnel Board in the past 2 years.

In addition, HRMS reviews about 75 job classifications each year to ensure that they reflect the job duties accurately, require appropriate qualifications, and are assigned to the most equitable grade.

Consulting Studies of State Compensation Systems

State	Market Study	Scope	Contractor	Cost
Minnesota	Total Rewards	125 jobs	HayGroup	\$100,000
Wyoming	Market Pay Review	Review of survey data, classification system, staff qualifications	Fox Lawson	\$107,000
Washington	Total Compensation Survey	Market survey 80 benchmarks, 200 participants	Milliman, Inc.	\$125 - \$150,000
Colorado	Total Comp Survey Audit (every 4 years)	Audit of Colorado's survey methodology, benefit comparisons, etc.	Hay, Mercer, Hewitt, Fox Lawson, Buck, & Milliman	\$25 - \$40,000 per audit
Tennessee	Total Remuneration Study	Comp and benefits comparison of 55 jobs, cash comp of 25 mgt. jobs & 50 non-mgt jobs. Determine competitiveness of state's total comp pkg	Mercer	\$200,000
Georgia	Comprehensive Market Study	Phase I: Benchmarking, employee survey and market study Phase II: Implementation of Phase One findings	Mercer	Phase I: \$650,000 - \$750,000 Phase II: \$500,000 - \$800,000

