

PROPOSED NORTH DAKOTA COMPENSATION PHILOSOPHY STATEMENT - DRAFT

The compensation program for classified state employees must be designed to recruit, retain, and motivate a quality workforce for the purpose of providing efficient and effective services to the citizens of North Dakota. "Compensation" is defined as base salary and related fringe benefits.

The compensation program must:

1. Provide a competitive employee compensation package based on job content evaluation, internal equity, and external competitiveness balanced by the state's fiscal conditions.
2. Be based on principles of fairness and equity.
3. Include a consistent compensation policy with multiple pay plans to address varying occupational specialties.
4. Set the external competitiveness target for salary range midpoints at 95 percent of relevant labor markets. "Relevant labor markets" is defined as the labor markets the state attracts employees from and the labor markets the state loses employees to.
5. Include a process for providing compensation adjustments that considers a combination of factors, including achievement of performance objectives or results; competency determinations; recognition of changes in job content; cost-of-living adjustments; and acquisition and application of advanced skills, knowledge, or abilities.
6. Provide funding for compensation adjustments based on the dollar amounts determined necessary to provide competitive compensation in accordance with the state's compensation philosophy. Funding may not be provided based on or referred to as a percentage increase attributable to all employees nor as part of a statewide pool of funds designated for addressing equity issues.
7. Consider the needs of the state as an employer and the tax burden on North Dakota citizens.

The Office of Management and Budget shall develop and consistently administer the compensation program for classified state employees and ensure that state agencies adhere to the components of the state's compensation philosophy. The Office of Management and Budget shall regularly conduct compensation-level comparisons to ensure that the state's compensation levels are competitive with relevant labor markets.

The Legislative Assembly recognizes the importance of providing annual compensation adjustments to employees performing at satisfactory levels to maintain the market competitiveness of the compensation system. To provide funding for compensation adjustments in times of difficult fiscal conditions, the Legislative Assembly may consider increasing revenues, eliminating certain functions or programs, or reducing the number of state employees.