

Sixty-fourth  
Legislative Assembly  
of North Dakota

**HOUSE BILL NO. 1246**

Introduced by

Representatives Streyle, Belter, Carlson

Senators Armstrong, Larsen, Miller

1 A BILL for an Act to amend and reenact section 54-44.3-01.2 of the North Dakota Century  
2 Code, relating to compensation level comparisons; and to declare an emergency.

3 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

4 **SECTION 1. AMENDMENT.** Section 54-44.3-01.2 of the North Dakota Century Code is  
5 amended and reenacted as follows:

6 **54-44.3-01.2. Compensation philosophy statement.**

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

11 The compensation program must:

- 12 1. Provide a competitive employee compensation package based on job content  
13 evaluation, internal equity, and external competitiveness balanced by the state's fiscal  
14 conditions.
- 15 2. Be based on principles of fairness and equity.
- 16 3. Include a consistent compensation policy which allows for multiple pay structures to  
17 address varying occupational specialties.
- 18 4. Set the external competitiveness target for salary range midpoints at a competitive  
19 level of relevant labor markets. For purposes of this section, "relevant labor markets"  
20 is defined as the labor markets from which the state attracts employees in similar  
21 positions and the labor markets to which the state loses employees in similar  
22 positions.
- 23 5. Include a process for providing compensation adjustments that considers a  
24 combination of factors, including achievement of performance objectives or results,

1 competency determinations, recognition of changes in job content, and acquisition and  
2 application of advanced skills or knowledge.

3 6. Provide funding for compensation adjustments based on the dollar amounts  
4 determined necessary to provide competitive compensation in accordance with the  
5 state's compensation philosophy. Funding for compensation adjustments may not be  
6 provided as a statewide percentage increase attributable to all employees nor as part  
7 of a statewide pool of funds designated for addressing equity issues.

8 7. Consider the needs of the state as an employer and the tax effect on North Dakota  
9 citizens.

10 The office of management and budget shall develop and consistently administer the  
11 compensation program for classified state employees and ensure that state agencies adhere to  
12 the components of the state's compensation philosophy. The office of management and budget  
13 shall regularly conduct compensation comparisons to ensure that the state's compensation  
14 levels are competitive with relevant labor markets. ~~All comparisons must include, as part of the~~  
15 ~~state's compensation level, at least fifty percent of the value of the state's share of the state~~  
16 ~~employee health insurance benefit and at least fifty percent of the value of the state's~~  
17 ~~contribution toward state employee retirement benefits.~~ All comparisons must be in terms of total  
18 compensation paid in dollars. Weighting factors may not be used to reduce or increase the  
19 value of total compensation when making comparisons. The total compensation comparison  
20 must include all contributions paid by the employer and employee in terms of dollars and must  
21 include the cost of all benefits paid.

22 The legislative assembly recognizes the importance of providing annual compensation  
23 adjustments to employees based on performance and equity to maintain the market  
24 competitiveness of the compensation system.

25 **SECTION 2. EMERGENCY.** This Act is declared to be an emergency measure.