

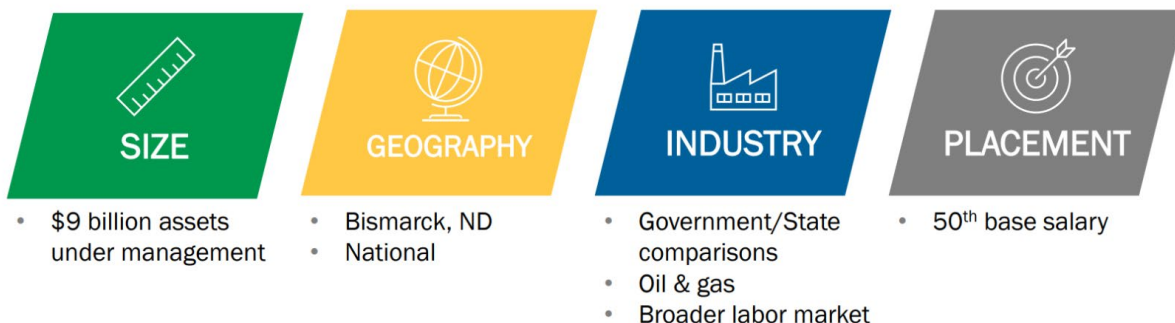
**TESTIMONY OF ADAM OTTESON
REVENUE COMPLIANCE DIRECTOR
SENATE Bill 2013**

Good morning, members of the House Appropriations – Government Operations Committee. My name is Adam Otteson, and I serve as the Director of Revenue Compliance for the Department of Trust Lands. Thank you for the opportunity to present on the salary study conducted by CBIZ, focusing on the critical base pay adjustments necessary to maintain a competitive and effective workforce.

Last summer, after reviewing the Land Commissioner’s salary, the Board of University and School Lands (“Board”) expressed concern that staff compensation was falling behind market rates, particularly when compared to salaries at other state agencies managing substantial assets and revenues, such as Bank of North Dakota and the Retirement and Investment Office. To address this concern, the Board tasked the Performance and Compensation Committee, in collaboration with HRMS and Trust Lands, to conduct a comprehensive salary study, ensuring that compensation remains competitive and supports the recruitment and retention of top talent.

After a competitive procurement process, CBIZ was selected to conduct the study. CBIZ performed a thorough evaluation, interviewing every employee, reviewing job descriptions and responsibilities, and benchmarking salaries against comparable government positions, related job sector wages, and the broader labor market. Their recommended salary ranges were set at the 50th percentile—ensuring competitiveness without excess.

Labor Markets & Competitiveness





Classify Jobs

The midpoint of each job's assigned salary grade is designed to closely approximate the market 50th percentile

- Jobs are slotted into salary grades based on this relationship

If the market 50th percentile falls between two grade midpoints, the job is assigned to the grade with the nearest midpoint to ensure accurate alignment with market data

Grades will contain jobs of similar market value

Adjustments made for internal equity

Title: Job XYZ

Market Benchmark: \$35,455

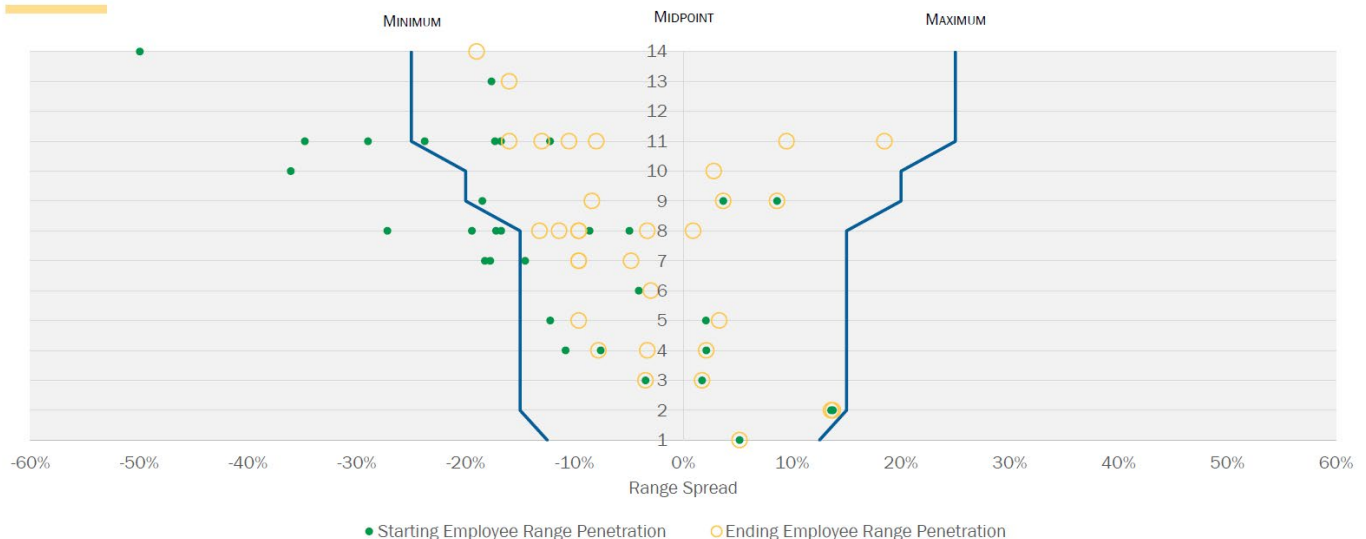
Grade	Minimum	Midpoint	Maximum
1	\$24,778	\$30,972	\$37,166
2	\$27,398	\$35,618	\$43,838
3	\$31,508	\$40,960	\$50,412

Illustrative Structure

Based on their analysis, CBIZ recommended equity adjustments for specific positions. Their findings were clear: while lower pay grade positions are adequately compensated, professional and management roles in many cases are underpaid. As the chart below illustrates, many current salaries (green dots) fall below the starting salary range (blue line) for comparable positions. CBIZ's recommended salaries (yellow circles) account for key factors such as performance, years of service, and market benchmarks.



Post Increase Range Placement



To implement the recommended salary adjustments, bringing employees up to the minimum salaries for their roles will require an annual equity increase of \$115,608. Addressing compression to ensure fair pay progression based on tenure, performance and the current salary market will require an additional \$221,770 annually. In total, approximately \$675,000 for the next biennium, plus benefits, is necessary to align salaries with CBIZ's findings.

While this may seem like a significant adjustment, it is a modest investment considering the scope of our responsibilities. We manage over \$11 billion in assets, including surface and mineral valuations, and have generated more than \$2.2 billion in revenue over the past two years alone (excluding tax revenue). The trusts and funds we oversee provide essential support for education and fund statewide initiatives through the Strategic Investments and Improvement Fund. Ensuring competitive salaries is vital to retaining the highly skilled professionals necessary to sustain and grow these critical revenue streams.



Salary Adjustment Considerations

Category	Rationale	Cost	% of Payroll
Increase to Minimum:	<ul style="list-style-type: none">• At risk of losing employees due to pay	\$115,608	3.8%
Compression Increase:	<ul style="list-style-type: none">• Alleviate pay compression based on time in role and performance• Improve overall pay position	\$221,770	7.2%
Total Increases:		\$337,377	11.0%

The CBIZ study's recommendations are well-founded, relying on public sector benchmarks with adjustments for the specialized industries in which Trust Lands operates. This was not a private sector salary comparison but a targeted analysis to ensure fair compensation.

The Board, under the Governor's leadership, has reviewed the study and authorized us to present this request to the committee for salary equity adjustments in this biennium's budget. We respectfully seek full funding of \$674,745, plus benefits, to bring salaries in line with the market and address compression. However, if the committee finds that the full amount is not feasible, we request approval for at least \$231,216, plus benefits, to support the 12 employees identified as "at risk of leaving due to pay." Any additional funding beyond this amount would significantly help reduce compression and close salary gaps.

It is important to note that this funding request does not impact the general fund budget, as we are a special funds agency.

Additionally, while the study recommended an incentive compensation plan, the Board decided to research that issue further before requesting legislative authorization. The CBIZ study report has been separately submitted for your review.

Thank you for considering this request to help Trust Lands maintain a highly skilled and competitive workforce for the effective management of the state's valuable assets. I'm happy to answer any questions.