

**SECOND ENGROSSMENT  
with House Amendments**

Fifty-ninth  
Legislative Assembly  
of North Dakota

**REENGROSSED SENATE BILL NO. 2247**

Introduced by

Senators Nething, Kringstad, Stenehjem

Representatives Headland, R. Kelsch, Martinson

1 A BILL for an Act to provide a statement of legislative intent regarding state employee  
2 compensation adjustments; to amend and reenact section 54-52.1-06 of the North Dakota  
3 Century Code, relating to state employee contributions for participation in the uniform group  
4 insurance program; to provide for application; and to declare an emergency.

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

6 **SECTION 1. LEGISLATIVE INTENT - STATE EMPLOYEE COMPENSATION**

7 **ADJUSTMENTS - GUIDELINES.** It is the intent of the fifty-ninth legislative assembly that  
8 2005-07 biennium compensation adjustments for permanent state employees are to be  
9 increases of four percent with a minimum increase of \$80 beginning with the month of July  
10 2005, to be paid in August 2005, and of four percent beginning with the month of July 2006, to  
11 be paid in August 2006. Employees are to contribute five percent of the monthly cost of the  
12 uniform group insurance program under section 54-52.1-06. Of the four percent increase  
13 beginning with the month of July 2006, two percent is to be distributed for the following  
14 adjustments:

- 15 1. Equity increases to address a documented and serious internal agency inequity  
16 affecting the agency's ability to retain an employee.
- 17 2. Market adjustments to address a documented external salary disparity identified by  
18 comparison with generally recognized market data. Appropriate documentation  
19 supporting all market adjustments must be maintained. Market adjustments may  
20 not be provided in situations where serious internal inequities will result.
- 21 3. Merit and performance increases in recognition of documented performance which  
22 is consistently superior or which consistently exceeds performance and  
23 accountability standards.

1           4.    Discretionary salary adjustments at the discretion of the appointing authority based  
2                    on changes in workload, promotion, reclassification, or other permanent job  
3                    reassignment. Appropriate documentation and justification must be maintained by  
4                    the appointing authority.

5            Employees whose documented performance levels do not meet standards are not  
6 eligible for the general increases.

7            Probationary employees are not entitled to the general increases. However,  
8 probationary employees may be given all or a portion of the increases upon completion of  
9 probation, at the discretion of the appointing authority.

10           During the biennium, no salary increase other than the four percent with a minimum of  
11 \$80 in July 2005 and the four percent in July 2006 may be given to an employee whose salary  
12 exceeds or would exceed the salary range maximum.

13           Each agency appropriation for salaries and wages is increased by four percent with a  
14 minimum of \$80 the first year and four percent the second year of the 2005-07 biennium for  
15 these compensation adjustments.

16           **SECTION 2. AGENCY SALARY INCREASE INFORMATION.** State agencies shall  
17 report to the human resources management services division of the office of management and  
18 budget in the format developed by the division information regarding the state employee salary  
19 increases provided pursuant to section 1 of this Act. The human resources management  
20 services division shall analyze the impact of the increases on the classified employee system  
21 and include this analysis in the division's presentation to the appropriations committees of the  
22 sixtieth legislative assembly.

23           **SECTION 3. AMENDMENT.** Section 54-52.1-06 of the North Dakota Century Code is  
24 amended and reenacted as follows:

25           **54-52.1-06. State contribution - State employee contribution.** Each department,  
26 board, or agency shall pay to the board each month from its funds appropriated for payroll and  
27 salary amounts a state contribution in the amount as determined by the primary carrier of the  
28 group contract less employee contributions as required by this section for the full single rate  
29 monthly premium for each of its eligible employees enrolled in the uniform group insurance  
30 program and the full rate monthly premium, in an amount equal to that contributed under the  
31 alternate family contract less employee contributions as required by this section, including

1 major medical coverage, for hospital and medical benefits coverage for spouses and  
2 dependent children of its eligible employees enrolled in the uniform group insurance program  
3 pursuant to section 54-52.1-07. An eligible employee employed by a state department, board,  
4 or agency who is participating in the uniform group insurance program and for whom that  
5 eligible employee's employer is paying a premium must be assessed and required to pay  
6 monthly five percent of the total premium for uniform group insurance program coverage under  
7 this section. The assessment must be deducted and retained out of the eligible employee's  
8 salary. The board shall then pay the necessary and proper premium amount for the uniform  
9 group insurance program to the proper carrier or carriers on a monthly basis. Any refund,  
10 rebate, dividend, experience rating allowance, discount, or other reduction of premium amount  
11 must be credited at least annually to a separate fund of the uniform group insurance program to  
12 be used by the board to reimburse the administrative expense and benefit fund of the public  
13 employees retirement program for the costs of administration of the uniform group insurance  
14 program. In the event an enrolled eligible employee is not entitled to receive salary, wages, or  
15 other compensation for a particular calendar month, that employee may make direct payment  
16 of the required premium to the board to continue the employee's coverage, and the employing  
17 department, board, or agency shall provide for the giving of a timely notice to the employee of  
18 that person's right to make such payment at the time the right arises.

19 **SECTION 4. APPLICATION OF ACT.** Section 3 of this Act applies to health insurance  
20 premiums paid for health insurance coverage after June 30, 2005.

21 **SECTION 5. EMERGENCY.** Section 3 of this Act is declared to be an emergency  
22 measure.