

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION  
SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1120

2001 HOUSE GOVERNMENT AND VETERANS AFFAIRS

HB 1120

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1120

House Government and Veterans Affairs Committee

Conference Committee

Hearing Date 01-18-01

Tape Number	Side A	Side B	Meter #
#1	X		4108-END
		X	0-2124
#2		X	2399-3639
Committee Clerk Signature <i>Robin S. Small</i>			

Minutes:

REP. M. KLEIN called the meeting to order.

In favor:

KEN PURDY, ACTING DIRECTOR, OMB CENTRAL PERSONNEL DIVISION

Please see attached testimony.

REP. M. KLEIN states that this is another tool, let's try and use it and see how it works.

REP. KLEMIN asks if the state ever uses employment agencies to fill positions?

PURDY replies that it is a very limited use.

REP. KLEMIN asks about the reason or the method of having someone else help them to recruit someone into a position.

PURDY replies that largely it is the cost of doing so.

REP. KROEBER asks do the agencies not have a system by which they can reclassify a position and move them up if that deems necessary? Instead of doing this, why wouldn't they want to reclassify the position? Then get it up to a wage that would be appropriate for that level?

PURDY replies that the classification system is charged with putting jobs with similar levels of knowledge skills complexity and accountability. At an equitable grade with circulation to other occupations. Trying to keep the jobs competitive as possible.

REP. CLEARY asks are the salary increases automatic, and do the heads of the departments get to decide which ones get it and which ones don't?

PURDY replies that employees have been guaranteed a certain dollar increase. Assured a \$35.00 increase. The additional beyond that has been directed on merit and equity and not been given across the board. The over all 2% or 3% is not a guarantee for each employee.

REP. KASPER asks about the attached testimony, and the turn over that has plagued many agencies. What percentage of turn over are you seeing? Second question is how far under the market do you find these people being paid by the state government compared to where they are leaving to go?

PURDY replies that in terms of turnover they saw some I.T. Units and agencies in the high 20%. Overall in state government in recent years they have been at a very controlled rate around 8%. Closing out 2000 at 9.9%. Specialty occupations are the greatest turnover. Overall they are 10-15% behind on salaries on an average on the market.

REP. METCALF asks about the testimony.

REP. DEVLIN asks how many active state employees do they have?

PURDY replies that there are roughly 13,000 in total.

In favor:

ARDYTH PFAFF, NDITD (Human Resource Manager)

PFAFF states that recruiting and flexibility is something that is needed. New alternatives and creative ones are needed to keep these candidates on the hook and keep them interested in what there is to be offered. Sometimes base pay is not an option. We have to come up with a solution. Sign on bonuses are also another thing to be looked at. Hot skills, grow our own technology workers, in the long term of things. Allocate resources necessary to train the employee. One great thing going for a state employee, is the benefit package. So they need to work hard to retain that as well.

REP. M. KLEIN states that we need to follow up with this and operate it properly.

REP. KLEMIN asks about noncash incentives addition to the cash type alternatives. If it would, would this bill allow it?

PFAFF replies that the noncash incentives are appropriate. She is also not certain if this bill would allow for that. Refers to PURDY.

REP. KASPER asks if they hired the employee that she was using for an example.

PFAFF replies that yes they did.

REP. KASPER asks about what sign on incentives do they use.

PFAFF replies that they like to find out what is important to that potential employee. She has to at all times know what tools are available to her. Such as relocation assistance, training development, no cut in pay to move back to North Dakota. So balancing all of those things and also looking at what they are paying the current person in that position. She then created an inequity. We have to correct this over time. PFAFF states that they had a 13% turnover rate, but

now they have it down to 7%. But they had to work with central personnel and ask for some adjustments.

REP. KASPER asks about the turnover that has went down. So why do we need this program?

PFAFF replies that they need to be active. Technology workers out there really need to know how savvy you really are out there. Do we understand what the market is out there? Looking at herself is she able to close the deal.

REP. KLEMIN asks about a sign on bonus, do you have a written agreement with that person that will stay in that position then?

PFAFF replies that in crafting those programs that the literature suggests that. It is something that they will look at.

CURT WOLFE, SENIOR INFORMATION OFFICER, ITD

WOLFE talks about the challenges that they have today. Current budget request asked for 44 new positions in their agency. Augmenting additional people. The rate that they charge to find these people are increasing.

REP. KLEIN states that they put big dollars into this thing and it needs to be made to work and you need people to make it work.

WOLFE replies that is exactly right.

RONALD LEINGANG, HUMAN RESOURCE DIRECTOR, ND DEPARTMENT OF HUMAN SERVICES - Please see attached testimony.

TOM FREIER, DEPUTY DIRECTOR, ND DEPARTMENT OF TRANSPORTATION

Please see attached testimony.

REP. KLEMIN asks if the nationwide shortage is due to the federal dollars that are available to a matching fund basis. Can any of that money be used to fund the people that do the work?

FREIER replies that yes indirectly, they are able to charge federal dollars to the federal program. The dollars must be appropriated through the department and the ability to use the state dollars as well.

REP. CLEARY suggests maybe another tool would be able to pay their school loans.

REP. KLEIN states that there is a similar bill on the floor that would do just that.

FREIER states that bill was just passed out of the house.

REP. CLEARY explains that she meant a graduate that they were trying to get. Instead of giving them a higher salary.

FREIER refers to TOM EVANS.

REP. HAAS asks if the need is so critical that there should be an emergency clause on it?

FREIER replies that if it were available right now they would use it.

TOM TUPA, INDEPENDENT NORTH DAKOTA EMPLOYEES ASSOC.

TUPA states that they just want to be on record as in favor of this bill. TUPA also touches base on the sunset clause regarding this bill.

Not in favor or against:

CHRIS RUNGE, EXECUTIVE DIRECTOR, NDPEA AFT

RUNGE has an issue with the base pay. Still have to raise the base pay which causes an internal equity problem.

REP. GRANDE comments about the incentives.

REP. HAAS moves to accept the amendment-emergency clause.

Seconded by REP. BRUSEGAARD.

REP. M. KLEIN called for voice vote, with a DO PASS on the amendments. 15-0.

REP. MEIER motioned for a DO PASS AS AMENDED, seconded by REP. HAAS.

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House Government and Veterans Affairs Committee  
Bill/Resolution Number HB 1120  
Hearing Date 01-18-01

The motion was carried, 15-0. The carrier of the bill is REP. HAAS.



## FISCAL NOTE

Requested by Legislative Council  
12/21/2000

Bill/Resolution No.: HB 1120

Amendment to:

**1A. State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>	\$0	\$0	\$0	\$0	\$0	\$0
<b>Expenditures</b>	\$0	\$0	\$0	\$0	\$0	\$0
<b>Appropriations</b>	\$0	\$0	\$0	\$0	\$0	\$0

**1B. County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

**2. Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

**3. State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

**A. Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

**B. Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

**C. Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

<b>Name:</b>	Pam Sharp	<b>Agency:</b>	OMB
<b>Phone Number:</b>	328-4606	<b>Date Prepared:</b>	12/27/2000

18130.0101  
Title.0200

Adopted by the Government and Veterans  
Affairs Committee  
January 18, 2001

VR  
1/18/01

HOUSE AMENDMENTS TO HB 1120                      HOUSE GVA 1/18/01  
Page 1, line 3, remove "and" and after "date" insert "; and to declare an emergency"

HOUSE AMENDMENTS TO HB 1120                      HOUSE GVA 1/18/01  
Page 2, after line 2, insert:

**"SECTION 3. EMERGENCY.** This Act is declared to be an emergency measure."

Renumber accordingly

Date: Jan. 18<sup>th</sup>, 2001  
Roll Call Vote #: 1

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. HB 1120

House GOVERNMENT AND VETERANS AFFAIRS Committee

Subcommittee on \_\_\_\_\_  
or  
 Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken accept the amendment - emergency clause

Motion Made By Haas Seconded By Brusegaard

Representatives	Yes	No	Representatives	Yes	No
CHAIRMAN KLEIN			REP KROEBER		
VICE CHAIR GRANDE					
REP BELLEW					
REP BRUSEGAARD					
REP CLARK					
REP DEVLIN					
REP HAAS					
REP KASPER					
REP KLEMIN					
REP MEIER					
REP WIKENHEISER					
REP CLEARY					
REP HUNSKOR					
REP METCALF					

*VOICE VOTE  
PASSES*

Total (Yes) \_\_\_\_\_ No \_\_\_\_\_

Absent \_\_\_\_\_

Floor Assignment \_\_\_\_\_

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

Date: Jan. 18<sup>th</sup>, 2001

Roll Call Vote #: 2

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. HB 1120

House GOVERNMENT AND VETERANS AFFAIRS Committee

Subcommittee on \_\_\_\_\_  
or  
 Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Do Pass As Amended

Motion Made By Meier Seconded By Haas

Representatives	Yes	No	Representatives	Yes	No
CHAIRMAN KLEIN	✓		REP KROEBER	✓	
VICE CHAIR GRANDE	✓				
REP BELLEW	✓				
REP BRUSEGAARD	✓				
REP CLARK	✓				
REP DEVLIN	✓				
REP HAAS	✓				
REP KASPER	✓				
REP KLEMIN	✓				
REP MEIER	✓				
REP WIKENHEISER	✓				
REP CLEARY	✓				
REP HUNSKOR	✓				
REP METCALF	✓				

Total (Yes) 15 No 0

Absent \_\_\_\_\_

Floor Assignment Rep. Haas

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

**REPORT OF STANDING COMMITTEE (410)**  
January 19, 2001 10:24 a.m.

Module No: HR-09-1276  
Carrier: Haas  
Insert LC: 18130.0101 Title: .0200

**REPORT OF STANDING COMMITTEE**

**HB 1120: Government and Veterans Affairs Committee (Rep. M. Klein, Chairman)**  
recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends  
**DO PASS** (15 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1120 was placed  
on the Sixth order on the calendar.

Page 1, line 3, remove "and" and after "date" insert "; and to declare an emergency"

Page 2, after line 2, Insert:

**"SECTION 3. EMERGENCY.** This Act is declared to be an emergency measure."

Renumber accordingly

2001 SENATE GOVERNMENT AND VETERANS AFFAIRS

HB 1120

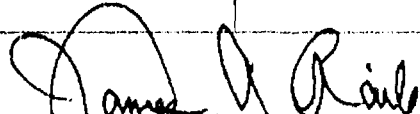
2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1120

Senate Government and Veterans Affairs Committee

Conference Committee

Hearing Date March 1, 2001

Tape Number	Side A	Side B	Meter #
1		X	0,0-20,4
2		X	10,3-18,0
Committee Clerk Signature 			

Minutes: **Chairman Krebsbach** opened the hearing on HB 1120. Appearing before the committee to introduce the bill was **Ken Purdy**, acting director, OMB Central Personnel Division. He reviewed the bill section by section. A copy of Mr. Purdy's written testimony is attached. **Senator T. Mathern** inquired why this concept wasn't included in HB 1119? Are there any conflicts in the bonus program of 1119 and 1120? **Mr. Purdy** in terms of the statutory structure, I don't know. We kind of drafted the outlines and the basic provisions and our assistant attorney general drafted the bill. I don't see any real conflict between the two other than the fact that they are competing for the same dollars. **Senator T. Mathern**, inquired why there are two bonus bills. **Mr. Purdy** indicated the difference was on focus. **Arde Pfaff**, representing Human Resource Function of ITD appeared before the committee. She indicated her testimony was in support of HB 1120. As with HB 1119 recruiting and retaining IT workers is a significant issue for ITD and there is absolutely no hope in sight for any improvement. Projections that really look sound say through 2006 get ready, it's going to get worse before it gets better. The

demand for IT workers has been made more noticeable because of the way our business has changed. The business use of technology has increased by roughly thirty to forty percent. Couple that into the picture and we need flexibility. We need some strategic approach to how we can recruit and retain our people. That is what HB 1120 does for us. It provides us some strategic flexibility. Now you ask the question, how does this differ from a performance management type of program? I see them completely different. The only common thing is both bills do not add to base pay. The performance management in her view is quite different than how ITD has proposed to use this bill. We would want to implement an employee referral program where we would ask our employees, involve them in our selection process and ask them, do you know of a very talented IT worker that you would feel confident in recommending to human resources for a job opening. Should the employee refer the best candidate we would then give that employee a reward. This is very acceptable practice in the industry. It has been proven to be one of the least expensive methods of recruiting there is. She spoke of several other ways in which this bill might help to recruit and retain employees. In the long term this is not the solution. ITD must grow it's own technology workers. Employers across the nation must do this. It is very important that we hire skilled individuals and spend some money on training them. Therefore she asks too that we hang onto our training dollars. Health care benefits also help to recruit and retain skilled employees. **Senator Dever** inquired if this has an application across the board with other agencies. **Ms. Pfaff** indicated that ITD is not the only one in this day and age of unemployment rates that is crying for workers and can not find them. I imagine you'll hear that from other agencies also. She doesn't think her agency is the exception. **Senator Wardner** commented that Arde mentioned things that we currently have like health insurance helps retain. How about the pension plan? **Ms. Pfaff** indicated that this is excellent.



We are still on the mark there. It helps keep and it helps recruit. We are doing some things right and we do want to recognize that. **Bob Evans** with the North Dakota Department of Transportation presented written testimony on behalf of Tom Freier, deputy director of NDDOT. A copy of Mr. Freier's written testimony is attached. **Laurie Sterlotti Hammeren** Human Resource Director with the Department of Human Services presented written testimony in support of HB 1120. **Senator T. Mathern** indicated he wondered which positions in human services would you anticipate using something like this for. **Ms. Hammeren** indicated that positions such as licensed psychologists, pharmacists, masters degree social workers, and others. Appearing before the committee in a neutral position was **Chris Runge** Executive Director, representing the NDPEA. She indicated to the committee that her concerns are pretty much the same as what she had said about HB 1119. Her only other concern that she has with this bill is that it might encourage agency hopping. We see agency hopping occurring already because some agencies can offer more in salaries than others can. She sees that as a potential issue here as well. **Nancy Sand**, representing NDEA, also appeared in a neutral position. Once again she is concerned about employee input into this bill. She also is concerned if this will be done from existing budgets or will additional money be provided for this program. There were no questions from the committee. No further testimony was offered at this time. **Chairman Krebsbach** closed the hearing on HB 1120. Discussion of HB 1120 was opened. **Senator T. Mathern** proposed an amendment to HB 1120. The proposed amendment was on line 20 of the Engrossed version of HB 1120. He suggested adding the wordage To a legislative committee designated by the Legislative Council. **Senator T. Mathern** moved the adoption of the amendment, seconded by **Senator C. Nelson**. Roll Call Vote indicated 6 Yeas, 0 Nays, 0 Absent or Not Voting. A motion for Do Pass as Amended was made by **Senator C. Nelson**, seconded by **Senator Dever**.

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Senate Government and Veterans Affairs Committee

Bill/Resolution Number HB 1120

Hearing Date March 1, 2001

Roll Call Vote indicated 6 Yeas, 0 Nays, and 0 Absent or Not Voting. **Senator Kilzer** will carry the bill.

Date: 3/01/01  
Roll Call Vote #: 1

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. HB 1120 (Engrossed)

Senate GOVERNMENT AND VETERAN'S AFFAIRS Committee

Subcommittee on \_\_\_\_\_

or

Conference Committee

Legislative Council Amendment Number 18130.02D1

Action Taken Amend

Motion Made By Sen. T. Mathern Seconded By Sen. C. Nelson

Senators	Yes	No	Senators	Yes	No
Senator Karen Krebsbach, Chr.	✓		Senator Carolyn Nelson	✓	
Senator Dick Dever, Vice-Chr.	✓		Senator Tim Mathern	✓	
Senator Ralph Kilzer	✓				
Senator Rich Wardner	✓				

Total (Yes) 6 No 0

Absent 0

Floor Assignment \_\_\_\_\_

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

Date: 3/01/01  
Roll Call Vote #: 2

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. HB 1120 Engrossed

Senate GOVERNMENT AND VETERAN'S AFFAIRS Committee

Subcommittee on \_\_\_\_\_  
or  
 Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Do Pass as Amended

Motion Made By Sen. C. Nelson Seconded By Sen. Dever

Senators	Yes	No	Senators	Yes	No
Senator Karen Krebsbach, Chr.	✓		Senator Carolyn Nelson	✓	
Senator Dick Dever, Vice-Chr.	✓		Senator Tim Mathern	✓	
Senator Ralph Kilzer	✓				
Senator Rich Wardner	✓				

Total (Yes) 6 No 0

Absent 0

Floor Assignment Sen. Kilzer

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

**REPORT OF STANDING COMMITTEE (410)**  
March 2, 2001 0:18 a.m.

Module No: SR-36-4648  
Carrier: Kilzer  
Insert LC: 18130.0201 Title: .0300

**REPORT OF STANDING COMMITTEE**

**HB 1120, as engrossed: Government and Veterans Affairs Committee (Sen. Krebsbach, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1120 was placed on the Sixth order on the calendar.**

Page 1, line 20, remove "designated"

Page 1, line 21, after "committee" insert "designated by the legislative council"

Renumber accordingly

2001 TESTIMONY

HB 1120

Testimony on HB 1120  
Ken Purdy, Acting Director  
OMB Central Personnel Division  
January 18, 2001

HB 1120 was initiated by discussions with the Information Technology Department and other agencies regarding recruitment and retention of IT professionals. Turnover in IT positions has plagued several agencies and continues to be a significant challenge for ITD. The demand for many IT specialties is far exceeding the supply of workers.

Challenges in recruiting are also spreading through the agencies and into many other occupations. Projections in national publications paint a gloomy picture for employers recruiting in IT and many other occupations.

More employers are using non-base pay incentives to attract employees in high demand occupations. Enticements include a wide variety of 'perks' ranging from professional memberships, to cars, to computers, to flexible working conditions. These enticements are no longer limited to executive level staff, they are finding their way throughout the workforce where demand exceeds supply.

This bill is intended to give agencies some flexibility to better compete in those settings. Our goal is to give agencies the opportunity to be creative in recruiting and have the ability to try different approaches during the next two years.

This bill would allow agencies to try some recruiting tactics such as sign on bonuses, retention bonuses, referral bounties, and perhaps some creative ideas we haven't thought of yet. The tactics can be tried out in a strategic fashion, focused on positions or occupations where the competition is the strongest. It may also help agencies avoid offering a new employee a base starting salary exceeding other experienced staff already on board.

Subsection 1 of the bill requires agencies to have written policies to guide the program. The policy must identify affected positions and occupations. They are required to file the policy with the Central Personnel Division and to specifically report each bonus to CPD.

Subsection 2 specifies that funding is from the agency salary and wages budget.

Subsection 3 provides that the Central Personnel Division will report the programs to a legislative committee.

Subsection 4 simply ensures that this chapter does not conflict with the 'fiscal irregularities' section.

Subsection 5 provides a sunset at the end of the biennium. If the program doesn't work, we can let it die; if it has problems we can try to fix it; or if it works, we can request continued authorization.

**HB 1120**

**Chairman Klein, members of the Government & Veterans Affairs Committee, my name is Ronald Leingang. I am a Human Resource Director with the Department of Human Services. The Department of Human Services supports HB 1120. We believe this bill would be a very useful tool for the Department of Human Services. We do experience difficulty in filling certain types of jobs and feel that a recruitment and retention bonus feature in a pay structure would at times give us a needed edge in filling these positions. We therefore urge your favorable consideration of HB 1120.**



**HOUSE GOVERNMENT AND VETERANS' AFFAIRS COMMITTEE**  
**January 18, 2001**

**North Dakota Department of Transportation**  
**Tom Freier, Deputy Director**

**HB 1120**

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The N.D. Department of Transportation supports HB 1120, which provides more tools, similar to those of our counterparts in the private sector, to help recruit and retain employees in certain hard-to-fill occupations.

As a result of the recent increase in federal funding for highway construction and decreased enrollment in civil engineering programs, there has been a nationwide shortage of civil engineers and technicians. Our department has been particularly hard hit. Of 350 engineering and related positions, we have more than 20 vacancies. Some of these positions remain vacant even though we have made repeated employment offers.

The department has mounted an extensive campaign to promote employment. We are present at all career fairs, and always include engineers and engineering technicians in promotional events. We make classroom presentations. We make sure that the work we give temporary employees to do relates to their career interests with the department. We began a joint venture with NDSU to develop a design center on campus that will provide part-time engineering design work for students. Before interview days, we have sponsored informational events for students.

Over the past four years NDDOT has substantially increased entry salaries for engineers and two-year technical school graduates. Given the increases to the base salaries and the extra recruitment effort, the results so far this year have been disappointing. We have been successful in hiring only 1 of the 5 December graduates to whom offers were extended. We are extremely worried that we face similar results for the spring recruitment effort.

Another critical problem is retaining key employees throughout critical phases in the design and construction of major highway projects, information technology systems, and other department initiatives.

HB 1120 adds an important tool to the department recruitment package. It allows flexibility to target scarce salary dollars to areas and people where the risk of mission failure because of current or potential vacancies is most likely. This flexibility, added to our current efforts, may help NDDOT recruit and retain more employees in these key areas.

Testimony on HB 1120  
Ken Purdy, Acting Director  
OMB Central Personnel Division  
March 1, 2001

HB 1120 was initiated by discussions with the Information Technology Department and other agencies regarding recruitment and retention of IT professionals. Turnover in IT positions has plagued several agencies and continues to be a significant challenge for ITD. The demand for many IT specialties is far exceeding the supply of workers.

Challenges in recruiting are also spreading through the agencies and into many other occupations. Projections in national publications paint a gloomy picture for employers recruiting in IT and many other occupations.

More employers are using non-base pay incentives to attract employees in high demand occupations. Enticements include a wide variety of 'perks' ranging from professional memberships, to cars, to computers, to flexible working conditions. These enticements are no longer limited to executive level staff, they are finding their way throughout the workforce where demand exceeds supply.

This bill is intended to give agencies some flexibility to better compete in those settings. Our goal is to give agencies the opportunity to be creative in recruiting and have the ability to try different approaches during the next two years.

This bill would allow agencies to try some recruiting tactics such as sign on bonuses, retention bonuses, referral bounties, and perhaps some creative ideas we haven't thought of yet. The tactics can be tried out in a strategic fashion, focused on positions or occupations where the competition is the strongest. It may also help agencies avoid offering a new employee a base starting salary exceeding other experienced staff already on board.

Section 1 contains provisions for implementing a pilot program.

Subsection 1 of the bill requires agencies to have written policies to guide the program. The policy must identify affected positions and occupations. They are required to file the policy with the Central Personnel Division and to specifically report each bonus to CPD.

Subsection 2 specifies that funding is from the agency salary and wages budget.

Subsection 3 provides that the Central Personnel Division will report the programs to a legislative committee.

Subsection 4 simply ensures that this chapter does not conflict with the 'fiscal irregularities' section of statute.

Section 2 provides an expiration at the end of the biennium. If the program doesn't work, we can let it die; if it has problems we can try to fix it; or if it works, we can request continued authorization.

Section 3, added by the House, provides an emergency clause.

**TESTIMONY BEFORE THE SENATE GOVERNMENT AND  
VETERANS AFFAIRS COMMITTEE  
REGARDING HOUSE BILL 1120  
March 1, 2001**

**Chair Krebsbach, members of the Government & Veterans Affairs Committee, my name is Laurie Sterloti Hammeren. I am a Human Resource Director with the Department of Human Services. The Department of Human Services supports HB 1120. We believe this bill would be a very useful tool for the Department of Human Services. We do experience difficulty in filling certain types of jobs and feel that a recruitment and retention bonus feature in a pay structure would at times give us a needed edge in filling these positions. We therefore urge your favorable consideration of HB 1120.**

**SENATE GOVERNMENT AND VETERANS' AFFAIRS COMMITTEE**

**March 1, 2001**

**North Dakota Department of Transportation  
Tom Freier, Deputy Director**

**HB 1120**

---

The N.D. Department of Transportation supports HB 1120, which provides more tools, similar to those of our counterparts in the private sector, to help recruit and retain employees in certain hard-to-fill occupations.

The recent increase in federal funding for highway construction, combined with decreased enrollment in civil engineering programs, has created a nationwide shortage of civil engineers and technicians. Our department has been particularly hard hit. Of our 350 engineering and related positions, the department has over 20 vacancies.

The department has mounted an extensive campaign to promote employment. We attend all career fairs and make classroom presentations. We have started a joint venture with NDSU to develop a design center on campus in order to provide part-time engineering design work for students. Before interview days, we've even sponsored informational events for students. We always include some NDDOT engineers and technicians in promotional events.

Over the past four years, NDDOT has increased salaries for engineers and two-year technical school graduates. After again raising our entry-level salaries, the department has had some success attracting graduates who will join our organization this spring. However, we are still only one of many private and public employers trying to attract the few candidates currently entering these occupations. It is highly unlikely that—without more tools—we will be able to fill all remaining vacancies this spring. In the midst of this severe workforce challenge, the state is faced with managing the largest road program in its history.

Another critical problem is retaining key employees throughout critical phases in the design and construction of major highway projects, information technology systems, and other department initiatives.

HB 1120 adds an important tool to the department recruitment package. It allows flexibility to target scarce salary dollars to areas and people where the risk of mission failure because of current or potential vacancies is most likely. This flexibility, added to our current efforts, may help NDDOT recruit and retain more employees in these key areas.