2013 HOUSE GOVERNMENT AND VETERANS AFFAIRS

HB 1309

2013 HOUSE STANDING COMMITTEE MINUTES

House Government and Veterans Affairs Committee
Fort Union Room, State Capitol

HB 1309
January 24, 2013
17670

☐ Conference Committee

Committee Clerk Signature	Carmen Hart

Explanation or reason for introduction of bill/resolution:

Relating to state agency reporting requirements for employee service awards, employer-paid tuition, and employer-paid dues and memberships

Minutes:

You may make reference to "attached testimony."

Chairman Jim Kasper opened the hearing on HB 1309.

Rep. Guggisberg testified as a sponsor of this bill. I was on the interim committee for employee benefits and we received a summary report of what the bill proposes to take out. We heard testimony that it is a 500-page report and there are departments that are spending 400 hours on it. It appears the 61st legislative assembly found some improper use of these funds in a certain department and decided to have them report. It has caused a lot of work for departments that were outside of that agency. To get these funds first of all, they have to create a rule that has to go through the rules committee. These funds are tracked during our audits, both fiscal and performance audits. It seems like it is doing the same work twice.

Rep. Ben Koppelman If your bill was passed, would these things still show up as a line item in other year end reports?

Rep. Guggisberg The budgets I have seen so far in appropriations, these are not line items, but when the department is audited, it is something that they look at in the audit. If there is a misuse of funds, it is reported in the audit.

Rep. Vernon Laning Do you have a feel for the quantity of dollars we are talking about here?

Rep. Guggisberg I do not have that report with me, but I believe there are people testifying after me that can answer that.

Chairman Jim Kasper I served on GVA when this bill was adopted. The bill was adopted because there were charges brought against an individual in the state of North Dakota, a department head, many of us thought were unwarranted and not true and misunderstood. We found that there was lack of clarification in the statue on what the departments could and could not do as far as awards and so on. We were not talking about a large dollar amount. We were talking about smaller amounts. This individual ended up being found guilty of criminal activity because in his perspective, awarding his department people with recognition and so on. This bill was drafted to require and put total transparency in so that every department had to report what they are doing, what gifts they are giving their employees so it could be tracked and there would be no question about what was being done and the transparency of it, and OMB had oversight of it.

Laurie Sterioti Hammeren, Director, OMB Human Resource Management Services, appeared in support. **Attachment 1.** We did report this information at the close of the 2009-2011 biennium. In response to the question regarding how much money was expended, I can give you some totals relative to that. This covered approximately 55 agencies. In the category of state employee service awards, there were about $466,713 million. Administrative rules identify how employees receive service awards. They get a $25 service award after three years and it escalates up to 50 years. A 35 year employee received $250. In the other categories in terms of those costs that we were following, it was things such as employer paid cost of training or education, courses including tuition and fees, and the summary for 55 agencies relative to that category was about $3 million. In the category of employer paid professional organization membership and service club dues, to refresh some of your memories, I think some of the flurry that occurred back before this bill was originally passed was that it was reported in the paper that the department of human services was purchasing zoo memberships. Of course, it was because of certain clients that they serve so they were legitimate expenditures. That also tied in with the other agency flurry that occurred at that time. We addressed the reporting requirements, and as a result of some of those problematic issues, and I think they have been resolved, the authority to implement these kinds of costs have been clarified in administrative rule in terms of the detail of what is acceptable and what is not. I did talk to the state auditor and he clarified to me that this is an irregularity that they would pick up and become part of the audits for state agencies and they would those findings.

Chairman Jim Kasper If we had 15,000 employees and each of those employees received a $350 service award for the year, that would be $525,000. Your testimony was that we paid out $466 million in service awards. Would you like to correct that?

Laurie Sterioti Hammeren I am sorry. It is $466,000.

Rep. Vernon Laning The administrative rules dictate that the recordkeeping does take place, and the state auditor does in fact monitor these awards to make sure there is compliance to these administrative rules. That is taking place right now?

Laurie Sterioti Hammeren The administrative rules provide the detail as to what awards and what expenditures in these categories can occur and how they are to occur. For example, with the employee service awards, we identify when an employee is eligible and how much they can receive. Then the state auditor assures me as they audit various things in agencies, if there are irregularities, they would report those irregularities.

Rep. Karen Karls You mentioned a $3 million figure, but I didn't catch what that was for.

Laurie Sterioti Hammeren That was for employer paid cost of training or education courses including tuition and fees. It was $3,083,111 for the last biennium.

Rep. Vernon Laning Could we get a copy of those administrative rules that apply to this portion?

Laurie Sterioti Hammeren I certainly can.

Rep. Gail Mooney Of the $466,000, that is for a biennium as well?

Laurie Sterioti Hammeren Yes.

Chairman Jim Kasper In the 2009 situation, do you know what kind of expenses came into question? I would like you to provide us a list of the expenditures that came into question in that trial and the dollar amounts that were in question. Which is the largest report you receive from an agency?

Laurie Sterioti Hammeren Human Services.

Chairman Jim Kasper Do you recall how many pages their report is? I would like a copy of their report.

Laurie Sterioti Hammeren 500 pages. I would like to mention also that Legislative Council has a copy of this report and could provide it to you electronically.

Chairman Jim Kasper Could we have the two page summary provided to us?

Rep. Marie Strinden You were talking about the audits that happen now that incorporated the information that we are talking about in this report. Did those exist when this legal case happened and what are the measures besides this report that weren't in effect then that are in effect now to make sure this doesn't happen again?

Laurie Sterioti Hammeren I can't address all of the audit criteria. I do know that the administrative rules that I prepare relative to these provisions give more detail. I can't tell you exactly what they looked at before, but I do know the authorization to have these expenditures was clarified in both statue and rule. That clarity probably didn't exist before.

Rep. Marie Strinden Are you saying the policies you have in place are enough and you don't need the Century Code anymore?

Laurie Sterioti Hammeren No. I believe that the statue that exists and the administrative rules that exist are appropriate. This bill eliminates the reporting requirement at the close of the biennium.

Chairman Jim Kasper Are all of these reports electronically submitted by each agency?

Laurie Sterioti Hammeren No, it is a manual process. We have devised an excel spreadsheet in which agencies then record their expenditures and they submit that electronically.

Chairman Jim Kasper Manual, meaning the numbers are inputted into the computer?

Laurie Sterioti Hammeren I would like to defer to Deb McDermont, and she could explain in that agency how they prepare the report.

Marcie Wuitschick, Human Resource Director for the Department of Human Services, appeared in support of this bill. **Attachment 2** (21:22-23:09)

Rep. Ben Koppelman After 4 years wouldn't it make some sense to adapt the software to allow you to, as those payments are made to individual employees, record that data?

Marcie Wuitschick That is a good question. One of the things I would point out is payments are not always made to employees. For instance if a group of employees go to a training session, there is one payment to a vendor, but it is not indicated for which employees it applies. As far as the system adaptability, that is something I would have to follow up on and find out.

Rep. Gary Paur If the system does not lend itself to accurate reporting, how is the auditor going to know you are reporting accurately?

Marcie Wuitschick I believe you can report with People Soft. There is an account code, for instance, for dues and memberships that you can draw down and see how much was paid. It may not tell you the exact employees for which those pertained, but it would tell you who the payment was made to and what the payment was. I believe People Soft is sufficient for what the auditor's office uses. I think the format of this report is what makes it a more cumbersome process.

Rep. Gary Paur Basically you are saying the auditing that is going to be done if this bill passes from here on out will not meet the requirements of the present law?

Marcie Wuitschick Certainly we would want to make sure we are reporting within the requirements of the law, but we would need to visit with the auditor's office to find out what information they need. If we need to continue in the format that is prescribed, it will require either the manual work or some other variation to get to the data.

Deb McDermont, CFO for the Department of Human Services, appeared. The state's People Soft accounting system has all the account codes. Where all the time came in, we had to take all the expenditures off the People Soft system and then go back to all the hard copy documents and download all that information into another database because to change People Soft at this point in time would be very costly. Then I have my staff input all the individuals' names for each one of those payments. Then I have somebody else go in and actually do a count because we have to say how many individuals actually were paid. There are some trainings we go to where there are as many 30-40 attending. It is auditable. When the auditors come in and audit, they go back to the hard copy documents and make sure it is all necessary and reasonable. Most of the money that we get within the department is federal funds or some type of match in federal funds. There is a requirement for all federal funds that all expenditures have to be necessary and reasonable.

Rep. Vernon Laning I think I understand your struggle and yet, looking at it from our side, I am not hearing that you are satisfying our need in that we want to make sure that this whole system is transparent and that we don't end up in a situation like happened in 2009 again where individuals supposedly were rewarded beyond what they should have merited. Somehow we need to be able to track that.

Vice Chair Randy Boehning Say you paid $5,000 to the vendor and 15 people went to a conference. Isn't there a way in People Soft to put the names in and report it that way?

Deb McDermont We would have to talk to OMB about that, but I know there are several times where we feel that there would be additional information that would be very helpful to us in monitoring our budget. There are no fields basically available to put that information in.

Vice Chair Randy Boehning How do you report that in People Soft?

Deb McDermont The state accounting system has account codes that are used. Basically it would be a payment made to Vendor A and you would use an account code that would say it was dues and memberships or tuition and fees. All of those account codes are specifically audited by the auditors to make sure we are using the correct account code for every expenditure that we incur.

Vice Chair Randy Boehning Within that account code, can't you put in detailed information without putting it in another excel spreadsheet?

Deb McDermont That is the problem. You need that other field to be able to put that all in. Statewide, you would have to have everybody put the data in there right.

Rep. Karen Rohr I have prepared budgets for many big departments. There is always a form that you have to use to prepare your budget. In order to budget a certain amount, you have to identify what those subsections are going to be. An example might be I have ten employees that are going to receive awards this year. This is the name of the person and dollars. That sounds like that is happening. In order for me to forecast for the future, I pull out that sheet and I have an accountability system where I know what I have paid out and what I haven't so that I know what to budget for the following year. This sounds like a process problem in your department. As a CFO, do you not get together with other CFOs and discuss that this is an issue and how to make it better?

Deb McDermont We do that same process when we build our budget. The problem is what is wanted in this report is to go back through all those actual expenditures and get that same data for each individual person. The accounting system right now does not allow us to do that, so we have to redevelop a whole different system and a database off of our accounting system so that we can go back and recreate that data only for this report.

Rep. Ben Koppelman I understand how this report can be cumbersome. This bill is asking for us to do away with the report entirely. I think it would be more reasonable to propose a change that makes it less cumbersome, but still gives an overview of what is going on.

Deb McDermont It would be very easy for all the departments to prepare a report and tell you specifically by department how much money was spent in each of the categories. The only cumbersome process of this is to tell you the number of employees that they were paid on behalf of.

Rep. Ben Koppelman Wouldn't it be easier if you said this training was for 19 employees? Is there a way to do that without being cumbersome?

Deb McDermont We would have to talk to OMB about that to see if there is a field that we could actually put that information in there when we key the expenditure in for payment.

Rep. Marie Strinden If you did not prepare this report, there wouldn't be anywhere where it said which names went with what amount of money?

Deb McDermont That is correct.

Laurie Sterioti Hammeren You have the written documentation behind the scenes to verify who attended the training and how much you spent for all of those employees by name. We have all that data. It is only for this employee benefits committee report that it is provided cumbersome. As Deb mentioned to Rep. Koppelman, if we were to only have to report the employee benefits committee on the total number of dollars expended, you would have a right picture of what we are spending. If you would want to modify it that way, it would certainly be a lot easier.

Chairman Jim Kasper Is your reporting process right now as a result of this statue or as a result of the rules that were passed after the statue was passed?

Laurie Sterioti Hammeren I would have to look back if it is in statue or administrative rule.

Chairman Jim Kasper Is it the fact that the statue requires indicating the individuals receiving? That is the problem?

Laurie Sterioti Hammeren That is the problem.

Rep. Gail Mooney How many employees are we talking about?

Laurie Sterioti Hammeren For all agencies it is in the neighborhood of 15,000.

Chairman Jim Kasper Are you implying that all state employees receive something like this throughout the biennium?

Laurie Sterioti Hammeren Employees would be eligible depending on their job and so on. Not every employee certainly gets a service award every year. It would be incremental.

Chairman Jim Kasper I think Rep. Mooney wanted to know about how many are receiving an award per year where you have to have the reporting?

Laurie Sterioti Hammeren It does cover the full gamut of state workforce.

Rep. Gail Mooney The question probably includes both. If you have 15,000 employees, you would have to determine out of the 15,000 just how many we are talking about as far as reporting. Correct?

Laurie Sterioti Hammeren That is correct.

Rep. Gail Mooney Do you have to go through all 15,000 people in order to figure out which ones you are reporting on?

Laurie Sterioti Hammeren Agencies report to us _that receive it in that biennium. We have to determine that manually.

Rep. Marie Strinden Do we want the report to make sure there is no funny business or do we want to wait for someone to report funny business and you have the information for us? Laurie agreed to that question.

There was no opposition.

Chairman Jim Kasper If you looked at this bill and you were to amend the bill so that we would receive reports that would not cause additional work and that simply would be reports you already have but would verify at least the dollar amounts that are being expended by department so that we still have the transparency, could you work on a proposed amendment to bring back tomorrow? They agreed.

Rep. Vernon Laning You were more involved in it than I was. Does that take care of the concern of watching individual favoritism? I am only looking at the assurance we have that we can defend actions by state agencies that these were in fact proper and nobody can come up with a lawsuit.

Chairman Jim Kasper It may not be fully 100% fool proof from that perspective, but we have the data there which is better than it was before. We have the department heads in the middle of it, because somebody in that department has approved it. You still have the possibility that a department head makes a wrong decision, but I don't know if we can ever get to the point of exonerating anyone from making a bad decision.

Rep. Gail Mooney The intent being that we don't want to micromanage the department. Correct?

Chairman Jim Kasper That is correct. We are trying to save at least 400 man hours and still have the transparency that we think we need as a legislative body.

Rep. Gary Paur These reports go to the employee benefits committee? Would it be prudent to ask that committee the value of these reports?

Chairman Jim Kasper They don't meet until they are called in the session. I would suggest you might want to visit with Rep. Grande, who chaired this committee for many sessions and is very familiar with the employee benefits committee.

Rep. Marie Strinden If this were to go to court like it did last time, would you be able to whip up another report if you needed to? They agreed.

The hearing was closed on HB 1309.

2013 HOUSE STANDING COMMITTEE MINUTES

House Government and Veterans Affairs Committee
Fort Union Room, State Capitol

HB 1309
February 7, 2013
18509

☐ Conference Committee

Committee Clerk Signature	Carmen Hart

Explanation or reason for introduction of bill/resolution:

Relating to state agency reporting requirements for employee service awards, employer-paid tuition, and employer-paid dues and memberships.

You may make reference to "attached testimony."

Rep. Ben Koppelman presented the amendment. **Attachment 1.**

Chairman Jim Kasper We are still going to require the reporting. Only we are going to be following the manner that we heard from testimony where it was a simple report that they could already generate where it gets rid of the 400 man hours and all the other problems.

Rep. Ben Koppelman Correct. He mentioned **Attachment 2.**

Vice Chair Randy Boehning Referring to Page 1, Line 20, we have to make sure that we cover all of that in the amendment. Is that the intent?

Rep. Ben Koppelman It would have the individual removals. In Line 20 it would say within 60 days after the close of. In Lines 21-22 it would say remove the entire overstrike. Line 23, remove up to the where it is indicating the.

Chairman Jim Kasper He read what we are removing on Line 23.

Laurie Sterioti Hammeren, HRMS, appeared to help answer questions. She went through the amendment. (7:34-8:23)

Chairman Jim Kasper Where do you indicate you are removing the overstrike from expenditures?

Laurie Sterioti Hammeren The next one, Page 1, Line 24, remove overstrike starting within.

Law Intern Perhaps the intern made a mistake on her amendment. I don't think I included the word overstrike on expenditure.

Chairman Jim Kasper What you want it to read is the office of management and budget a report indicating expenditures...

Laurie Sterioti Hammeren It is indicating the total amount of service awards paid. Page 1, Line 24 after expenditures

Chairman Jim Kasper Would it not read after the word indicating because we are keeping the overstrike of the individuals receiving and so on?

Rep. Ben Koppelman I think removing the overstrike needs to be continued on further down to expenditure.

Chairman Jim Kasper We are getting rid of the individual reporting. That's the problem. Is it not?

Rep. Ben Koppelman It ends up reading the office of management and budget a report indicating the expenditure or expenditures and then insert total amount of service awards paid. He read the phrase that was removed from the original language of law.

Chairman Jim Kasper It does not flow.

Laurie Sterioti Hammeren It is all overstruck at this point. We are removing the overstriking until indicating the and then we are inserting and she read that. We didn't remove the overstrike because the overstrike is already there regarding individuals receiving a service award, the amount paid, and a statement of the public purpose of the... That is what we want to report is the total amount. (12:09-14:50)

Rep. Ben Koppelman made a motion to adopt the amendment.

Rep. Jason Dockter seconded the motion.

Rep. Karen Rohr If anybody would want to have a detailed report, it would still be available?

Laurie Sterioti Hammeren Absolutely. The agencies have the detailed information.

A voice vote was taken and the motion carried to adopt the amendment.

Rep. Steven Zaiser made a motion for a Do Pass as amended.

Rep. Marie Strinden seconded the motion.

A roll call vote resulted in **DO PASS AS AMENDED, 14-0. Rep. Ben Koppelman** is the carrier of this bill.

13.0208.02001
Title.03000

Adopted by the Government and Veterans Affairs Committee
February 7, 2013

2/7/13
SNC

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1309

Page 1, line 20, remove the overstrike over "~~Within sixty days after the close of~~"

Page 1, remove the overstrike over line 21 and 22

Page 1, line 23, remove the overstrike over "~~office of management and budget a report indicating the~~"

Page 1, line 24, after "~~expenditures~~" insert "total amount of service awards paid"

Page 1, line 24, remove the overstrike over "~~. Within~~"

Page 2, remove the overstrike over line 1

Page 2, line 2, remove the overstrike over "~~submit to the legislative council a report summarizing this information.~~"

Page 2, line 21, remove the overstrike over "~~Within sixty days after the close of~~"

Page 2, remove the overstrike over lines 22 through 24

Page 2, line 25, remove the overstrike over "~~indicating the~~"

Page 2, line 27, after "~~expenditure~~" insert "total employer-paid costs of training and educational courses, including tuition and fees"

Page 2, line 27, remove the overstrike over "~~. Within ninety days after the close of each biennial period, the office of~~"

Page 2, remove the overstrike over line 28

Page 2, line 29, remove the overstrike over "~~information.~~"

Page 3, line 10, remove the overstrike over "~~Within sixty days after the~~"

Page 3, remove the overstrike over lines 11 through 13

Page 3, line 14, remove the overstrike over "~~indicating the~~"

Page 3, line 16, after "~~expenditure~~" insert "total employer-paid professional organization membership and service club dues"

Page 3, line 16, remove the overstrike over "~~. Within ninety days after the close of each biennial period, the office of~~"

Page 3, remove the overstrike over line 17

Page 3, line 18, remove the overstrike over "~~information.~~"

Renumber accordingly

Date: 2-7-13
Roll Call Vote #: 1

2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1309

House Government and Veterans Affairs Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number ______

Action Taken: ☐ Do Pass ☐ Do Not Pass ☐ Amended ☒ Adopt Amendment

☐ Rerefer to Appropriations ☐ Reconsider

Motion Made By B. Koppelman Seconded By Dockter

Representatives	Yes	No	Representatives	Yes	No
Chairman Jim Kasper			Rep. Bill Amerman		
Vice Chairman Randy Boehning			Rep. Gail Mooney		
Rep. Jason Dockter			Rep. Marie Strinden		
Rep. Karen Karls			Rep. Steven Zaiser		
Rep. Ben Koppelman					
Rep. Vernon Laning					
Rep. Scott Louser					
Rep. Gary Paur					
Rep. Karen Rohr					
Rep. Vicky Steiner					

Voice vote to adopt amendment motion carried

Total (Yes) ______ No ______

Absent ______

Floor Assignment ______

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

Date: 2-7-13
Roll Call Vote #: 2

2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1309

House Government and Veterans Affairs Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number ____________

Action Taken: ☒ Do Pass ☐ Do Not Pass ☒ Amended ☐ Adopt Amendment
☐ Rerefer to Appropriations ☐ Reconsider

Motion Made By Zaiser Seconded By Strinden

Representatives	Yes	No	Representatives	Yes	No
Chairman Jim Kasper	X		Rep. Bill Amerman	X	
Vice Chairman Randy Boehning	X		Rep. Gail Mooney	X	
Rep. Jason Dockter	X		Rep. Marie Strinden	X	
Rep. Karen Karls	X		Rep. Steven Zaiser	X	
Rep. Ben Koppelman	X				
Rep. Vernon Laning	X				
Rep. Scott Louser	X				
Rep. Gary Paur	X				
Rep. Karen Rohr	X				
Rep. Vicky Steiner	X				

Total (Yes) 14 No 0

Absent 0

Floor Assignment Koppelman

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

REPORT OF STANDING COMMITTEE

HB 1309: Government and Veterans Affairs Committee (Rep. Kasper, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1309 was placed on the Sixth order on the calendar.

Page 1, line 20, remove the overstrike over "~~Within sixty days after the close of~~"

Page 1, remove the overstrike over line 21 and 22

Page 1, line 23, remove the overstrike over "~~office of management and budget a report indicating the~~"

Page 1, line 24, after "~~expenditures~~" insert "<u>total amount of service awards paid</u>"

Page 1, line 24, remove the overstrike over "~~. Within~~"

Page 2, remove the overstrike over line 1

Page 2, line 2, remove the overstrike over "~~submit to the legislative council a report summarizing this information.~~"

Page 2, line 21, remove the overstrike over "~~Within sixty days after the close of~~"

Page 2, remove the overstrike over lines 22 through 24

Page 2, line 25, remove the overstrike over "~~indicating the~~"

Page 2, line 27, after "~~expenditure~~" insert "<u>total employer-paid costs of training and educational courses, including tuition and fees</u>"

Page 2, line 27, remove the overstrike over "~~. Within ninety days after the close of each biennial period, the office of~~"

Page 2, remove the overstrike over line 28

Page 2, line 29, remove the overstrike over "~~information.~~"

Page 3, line 10, remove the overstrike over "~~Within sixty days after the~~"

Page 3, remove the overstrike over lines 11 through 13

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Page 3, line 16, after "~~expenditure~~" insert "<u>total employer-paid professional organization membership and service club dues</u>"

Page 3, line 16, remove the overstrike over "~~. Within ninety days after the close of each biennial period, the office of~~"

Page 3, remove the overstrike over line 17

Page 3, line 18, remove the overstrike over "~~information.~~"

Renumber accordingly

2013 SENATE GOVERNMENT AND VETERANS AFFAIRS

HB 1309

2013 SENATE STANDING COMMITTEE MINUTES

Senate Government and Veterans Affairs Committee
Missouri River Room, State Capitol

HB 1309
03/15/2013
Job Number 19975

☐ Conference Committee

Committee Clerk Signature	Carie Winings

Explanation or reason for introduction of bill/resolution:

Minutes:

Chairman Dever: Opened the hearing on HB 1309.

Ken Purdy, Office of Management and Budget: See Attachment #1 for testimony of Laurie Sterioti presented by Ken.

(5:18) Vice Chairman Berry: In looking at this, it seems that this is an effort to streamline the situation. Has there been a problem?

Ken Purdy: The problem being the hours and hours being spent to track that. The issue as I understand it is that all the expenditures are tracked in the fiscal/accounting side of the system and it does not tie specifically, employee by employee, in every case and in an automated fashion and so it required a lot of manual time to tie each expenditure to the employee. That can be tracked if questions arise in an individual circumstance, but to maintain it on an ongoing basis, became pretty burdensome.

Vice Chairman Berry: It seems reasonable. Has there been an irregularity that has been uncovered by these reports that has been a problem?

Ken Purdy: To my knowledge, no one went through that 500 page report.

Senator Nelson: If I wanted to know what the $760 was for in the Governor's office, I could find out but it would not be on the summary report?

Ken Purdy: Right, and they would be able to identify an individual circumstance or situation and identify the employee that was related to that.

Senator Nelson: You did not find any golf course fees or anything like that?

Ken Purdy: Not to my knowledge. The report is still on file if you would like to review it.

Senator Cook: I do not see legislative council on here?

Ken Purdy: I don't think they were covered by the statute.

(9:05)Representative Ron Guggisberg, District 11: Testified as sponsor and in support of the bill. Explained the bill briefly.

(10:15) Marcie Wuitschick, Human Resource Director, Department of Human Services: See Attachment #2 for testimony in support of the bill. An Emergency clause would be much appreciated.

(13:15) Chairman Dever: Without the emergency clause you would be preparing that in July. Four hundred hours for one person would be ten weeks; that would be June.

Marcie Wuitschick: Correct.

Chairman Dever: Where is that report available at?

Marcie Wuitschick: At legislative council.

Chairman Dever: Closed the hearing on HB 1309.

Senator Nelson: Moved to amend by adding an emergency clause.

Vice Chairman Berry: Seconded.

A Roll Call Vote Was Taken: 7 yeas, 0 nays, 0 absent.

Senator Schaible: Moved a Do Pass As Amended.

Vice Chairman Berry: Seconded.

A Roll Call Vote Was Taken: 7 yeas, 0 nays, 0 absent.

Vice Chairman Berry: Carrier.

13.0208.03001
Title.04000

Adopted by the Government and Veterans Affairs Committee
March 15, 2013

3-15-13

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1309

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

Page 3, after line 22, insert:

"**SECTION 4. EMERGENCY.** This Act is declared to be an emergency measure."

Renumber accordingly

Date: 3/15

Roll Call Vote #: 1

2013 SENATE STANDING COMMITTEE
ROLL CALL VOTES

BILL/RESOLUTION NO. 1309

Senate Government and Veterans Affairs Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number Add Emergency Clause

Action Taken: ☐ Do Pass ☐ Do Not Pass ☐ Amended ☒ Adopt Amendment

☐ Rerefer to Appropriations ☐ Reconsider

Motion Made By Senator Nelson Seconded By Senator Berry

Senators	Yes	No	Senator	Yes	No
Chariman Dick Dever	✓		Senator Carolyn Nelson	✓	
Vice Chairman Spencer Berry	✓		Senator Richard Marcellais	✓	
Senator Dwight Cook	✓				
Senator Donald Schaible	✓				
Senator Nicole Poolman	✓				

Total (Yes) 7 No 0

Absent 0

Floor Assignment

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

Date: 3/15

Roll Call Vote #: 2

2013 SENATE STANDING COMMITTEE
ROLL CALL VOTES

BILL/RESOLUTION NO. 1309

Senate Government and Veterans Affairs Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken: ☒ Do Pass ☐ Do Not Pass ☒ Amended ☐ Adopt Amendment

☐ Rerefer to Appropriations ☐ Reconsider

Motion Made By Senator Schaible Seconded By Senator Berry

Senators	Yes	No	Senator	Yes	No
Chariman Dick Dever	✓		Senator Carolyn Nelson	✓	
Vice Chairman Spencer Berry	✓		Senator Richard Marcellais	✓	
Senator Dwight Cook	✓				
Senator Donald Schaible	✓				
Senator Nicole Poolman	✓				

Total (Yes) 7 No 0

Absent 0

Floor Assignment Senator Berry

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

REPORT OF STANDING COMMITTEE

HB 1309, as engrossed: Government and Veterans Affairs Committee (Sen. Dever, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1309 was placed on the Sixth order on the calendar.

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

Page 3, after line 22, insert:

"**SECTION 4. EMERGENCY.** This Act is declared to be an emergency measure."

Renumber accordingly

2013 TESTIMONY

HB 1309

Attachment 1

Testimony HB 1309
Laurie Sterioti Hammeren, Director
OMB Human Resource Management Services
January 24, 2013

Good Morning Chairman Kasper and members of the Committee. I am Laurie Sterioti Hammeren, Director, ND Human Resource Management Services. I am here to testify in support of HB 1309.

The Sixty-first Legislative Assembly passed HB No. 1029 in 2009 which created and enacted four new sections to Chapter 54-06 of the ND Century Code relating to state employee service awards, employer-paid tuition, and employer-paid professional organization membership and service club dues. It also required biennial reporting by affected agencies.

After the 2009-2011 Biennium, I provided a detailed report of the agencies reporting to the Legislative Council and a summary to the Employee Benefits Programs Committee. A printed copy of the report is well over 500 pages.

Each agency provides the detail as to the individual expenditures and the public purpose. Agencies spend hundreds and hundreds of hours tracking and reporting the information.

Agency authority to provide employee service awards, employer-paid tuition, and employer-paid professional organization memberships and service club dues is provided in State Statute and further outlined in Administrative Rules. The State Auditor's Office looks at deviations to the Statute or Administrative Rules, and reports them in their audit findings.

Therefore, we would support HB 1309 which eliminates the reporting requirement of agencies because it doesn't serve a useful purpose, is unnecessary, and is neither an efficient nor a productive use of staff time.

This concludes my testimony.

Attachment 2

Testimony
House Bill 1309
Government & Veterans Affairs
Representative Kasper, Chairman
January 24, 2013

Chairman Kasper, members of the Government and Veterans Affairs Committee, I am Marcie Wuitschick, Human Resource Director for the Department of Human Services (Department). I am here today to testify in support of House Bill 1309.

House Bill 1309 as introduced eliminates the reporting requirements established by 2009 House Bill 1029. Department of Human Services' staff spent approximately 400 hours compiling data and preparing the report in the required format for the 2009-2011 biennium. The State's accounting system (PeopleSoft) does not contain the detailed information necessary to meet the reporting requirements of 2009 House Bill 1029; therefore, compiling the data is a very time-consuming process. For example, PeopleSoft contains only payments made to vendors and does not contain detailed information about the payment, such as employee name, etc. Therefore, staff must manually record and compile this required reporting information in another system. Work has begun on the 2011-2013 report, and we anticipate that the required effort will be similar to the previous biennium.

All expenditures of the Department must meet the federal criteria of being necessary and reasonable, as well as follow established Administrative Rules and internal Department policy relative to the items reported. In addition, expenditures are subject to review by the State Auditor's Office to determine compliance with federal requirements as well as State rules and Department policies.

The Department supports the passage of House Bill 1309.

This concludes my testimony. I would be happy to answer any questions you might have.

Attachment 1

PROPOSED AMENDMENTS TO HB 1309

Page 1 Line 20 remove overstrike "Within sixty days after the close of each biennial period, each state agency, department, or institution providing an employee service award under rules approved by the administrative rules committee shall file with the office of management and budget a report indicating the"

Page 1 Line 24 after "expenditures" insert "total amount of service awards paid."

Page 1 Line 24 remove overstrike " Within"

Page 2 Line 1 remove overstrike "ninety days after the close of each biennial period, the office of management and budget shall submit to the legislative council a report summarizing this information."

Page 2 Line 21 remove overstrike "Within sixty days after the close of each biennial period, each state agency, department, or institution providing employer paid costs of training or educational courses, including tuition and fees, under rules approved by the administrative rules committee, shall file with the office of management and budget a report indicating the"

Page 2 Line 27 after "expenditure" insert "total employer paid costs of training or educational courses including tuition and fees."

Page 2 Line 27 remove overstrike "Within ninety days after the close of each biennial period, the office of management and budget shall submit to the legislative council a report summarizing this information."

Page 3 Line 10 remove overstrike "Within sixty days after the close of each biennial period, each executive branch state agency, department, or institution, except an institution of higher education, providing employer paid professional organization membership and service club dues shall file with the office of management and budget a report indicating the"

Page 3 Line 16 after "expenditure" insert "total employer paid professional organization membership and service club dues."

Page 3 Line 16 remove overstrike "Within ninety days after the close of each biennial period, the office of management and budget shall submit to the legislative council a report summarizing this information."

PROPOSED AMENDMENTS TO HB 1309

SECTION 1. AMENDMENT. Section 54-06-32 of the North Dakota Century Code is amended and reenacted as follows:

54-06-32. State employee service awards

Each state agency, department, or institution may establish rules or policies for employee recognition and service award programs. Executive branch agencies having employees in classified service are subject to rules adopted by North Dakota human resource management services and approved by the state personnel board and the legislative management's administrative rules committee. Any other agency, department, or institution of the executive, legislative or judicial branch may adopt similar rules or policies to ensure uniformity and consistency in state government. Notwithstanding any other provision of law, each executive branch state agency, department, or institution, except an institution of higher education, having employees who are not in classified service and establishing rules or policies from employee recognition and service award programs shall submit the rules and policies to the office of management and budget for review and comment, and after addressing any comments of the office and management and budget, shall submit the rules and policies to the legislative management's administrative rules committee for approval. **Within sixty days after the close of each biennial period, each state agency, department, or institution providing an employee service award under rules approved by the administrative rules committee shall file with the office of management and budget a report indicating the ~~individuals receiving a service award, the amount paid, and a statement of the public purpose or benefit of the expenditures~~** <u>total amount of service awards paid</u>~~.~~ **Within ninety days of each biennial period, the office of management and budget shall submit to the legislative council a report summarizing this information.** An expenditure made under this section is deemed to be made for a public purpose and may not be construed as a gift for purposes of section 18 of article X of the Constitution of North Dakota.

SECTION 2. AMENDMENT. Section 54-06-33 of the North Dakota Century Code is amended and reenacted as follows:

54-06-33. Employer-paid tuition.

Each state agency, department, or institution may establish rules or policies to provide employer-paid costs of training or educational courses, including tuition and fees, within budgetary constraints. Executive branch agencies having employees in classified service are subject to rules adopted by North Dakota human resource management services and approved by the state personnel board and the legislative management's administrative rules committee. Any other state agency, department, or institution of the executive, legislative or judicial branch may adopt rules or policies to ensure uniformity and consistency in state government. Notwithstanding any other provision of law, each executive branch state agency, department, or institution, except an institution of higher education, having employees who are not in classified service and establishing rules or policies from employer paid costs of training or educational courses, including tuition and fees, shall submit the rules and policies to the office of management and budget for review and comment, and after addressing any comments of the office and management and budget, shall submit the rules and policies to the legislative management's administrative rules committee for approval. **Within sixty days after the close of each biennial period, each state agency, department, or institution providing employer paid costs of training or educational courses, including tuition and fees, under rules approved by the administrative rules committee, shall file with the office of management and budget a report indicating the ~~individuals receiving employer paid costs of training or educational courses, including tuition and fees, the amount paid, and a statement of the public purpose or benefit of the expenditure.~~ total employer paid costs of training or educational courses including tuition and fees. Within ninety days after the close of each biennial period, the office of management and budget shall submit to the legislative council a report summarizing this information.** An employee who receives employer-paid tuition reported under this section who leaves employment with ~~that employer~~ the state within two years of receiving the tuition must repay tuition received under this section on a prorated basis. An expenditure for employer-paid training or educational courses, including tuition and fees, under this section is deemed to be made for a public purpose and may not be construed as a gift for purposes of section 18 of article X of the Constitution of North Dakota.

SECTION 3. AMENDMENT. Section 54-06-34 of the North Dakota Century Code is amended and reenacted as follows:

54-06-34. Employer-paid professional organization membership and service club dues.

Each state agency, department, or institution may pay employee membership dues for professional organizations and membership dues for service clubs when required to do business or if the membership is primarily for the benefit of the state. **Within sixty days after the close of each biennial period, each executive branch state agency, department, or institution, except an institution of higher education providing employer paid professional organization membership and service club dues shall file with the office of management and budget a report indicating the ~~individuals receiving employer paid professional organization membership and service club dues shall file with the office of management and budget a report indicating the individuals receiving employer paid professional organization membership and service club dues, the amount paid, and a statement of the public purpose or benefit of the expenditure.~~ total employer paid professional organization membership and service club dues. Within ninety days after the close of each biennial period, the office of management and budget shall submit to the legislative council a report summarizing this information.** An expenditure made under this section is deemed to be made for a public purpose and may not be construed as a gift for the purposes of section 18 of article X of the Constitution of North Dakota.

1309
Attachment 2

Report on S
and Employer-Paid I

Date	Agency Number	Employee
7/7/2009	325	OMB - Connie Haag, Gayla Gienger, Helen Baumgarten, Barb Dordahl, Wendy Connelly, Ellen Berg, Kari Kramer, Joan Bohne, Sandy Heck, Crystal Knoepfle
7/7/2009	325	OMB - Vicki Magill
7/7/2009	325	CHAMBER OF COMMERCE OF FARGO MOORHEAD
7/7/2009	325	CHAMBER OF COMMERCE OF FARGO MOORHEAD
7/7/2009	325	UNIVERSITY OF NORTH DAKOTA-Kristin Love, Brenda Mohl, Corey Stewart, Rosemary Eyman, Vicki Vogel, Lisa Stymiest
7/7/2009	325	UNIVERSITY OF NORTH DAKOTA-Margaret Scharr
7/15/2009	325	UND-CONTINUE EDUCATION - Bryon Novotny
7/15/2009	325	SOCIAL WORK EXAMINERS,ND BOARD OF
7/17/2009	325	PESI LLC - Darla Dreher
7/20/2009	325	PESI LLC - Larry Culp, Randy Switters
7/24/2009	325	Jennifer Schumacher
7/24/2009	325	ND Dept of Public Instruction - Linda Rorman
7/24/2009	325	WESTERN INTERSTATE COMM FOR HIGHER ED
7/27/2009	325	PESI LLC - Chris Nygaard

7/31/2009	325	UND - Amy Nelson, Ashley Cherry, Brietta Kidney, Carmen Latella, Jason Anderson
7/31/2009	325	ALCOHOL AND SUBSTANCE ABUSE SUMMIT -Kercher,Donald L.
7/31/2009	325	ALCOHOL AND SUBSTANCE ABUSE SUMMIT - Eckart,Carlee J.
7/31/2009	325	Wanner,Stanley J.
7/31/2009	325	Swenson,Charlotte A.
7/31/2009	325	Rudolph,Marilyn
7/31/2009	325	Hammond,Shirley
7/31/2009	325	Langen,Stacy P
7/31/2009	325	Benson,Delphine D
8/5/2009	325	UND-CONTINUE EDUCATION - David Scott
8/5/2009	325	Lory Hellman
8/5/2009	325	Elsie Motter
8/5/2009	325	MELISSA GARTNER
8/6/2009	325	Jonathan Alm
8/7/2009	325	NORTH DAKOTA ADDICTION TREATMENT PROVIDERS COALITION
8/7/2009	325	ND COUNCIL ON ABUSED WOMENS SERVICES - Al Siegler
8/7/2009	325	NATIONAL RECALL ALERT CENTER
8/10/2009	325	MENTAL HEALTH PRGM DIRS INC,NATL ASSN ST
8/10/2009	325	FRED PRYOR SEMINARS - LouAnn Nider
8/10/2009	325	ROTARY CLUB OF DEVILS LAKE - Nancy Lundon
8/10/2009	325	SERTOMA CLUB OF MINOT - Brenda Vennes
8/11/2009	325	ND Board of Social Work Examiners
8/11/2009	325	Social Work Examiners, Board of
8/12/2009	325	ADDICTION TRTMNT PROVIDERS COALITION,ND-West Central
8/13/2009	325	Tara Moser
8/17/2009	325	National Eligibility Worker's Assn - Sandra Kuntz

8/17/2009	325	New England States Conf - Mark Gudmunsen
8/17/2009	325	NASUA - Theresa Frohlich
8/17/2009	325	NASUA - Nancy Maier
8/17/2009	325	American Public Human Services Assoc. (Kevin Janes, Pam Anderson, Kendall Speten)
8/17/2009	325	New England States (Brian Nybakken, Karalee Adam)
8/17/2009	325	Infotech Research
8/17/2009	325	Infotech Research
8/17/2009	325	Western Interstate Child Support Enforcement Council - Mike Schwindt
8/17/2009	325	State Bar Association Continuing Legal Education Filing Fee - Diane Hausman
8/17/2009	325	UND-CONTINUE EDUCATION - Betty Hellerud, Dawn Galardo
8/17/2009	325	UND-CONTINUE EDUCATION - Lupe Juarez
8/17/2009	325	MAYO CLINIC - ACUTE CARE PSYCHIATRY CLINICAL REVIEW - Anne Stoe
8/17/2009	325	UNIVERSITY OF NORTH DAKOTA - Lindsey Hallsten, Teage Kinzell, and LaCresha Graham
8/18/2009	325	Auditor, ND State - Nathan Bensen, Linda Borr, Tammy Elliott, Heidi Mercil, Mandeep Mishra, John Myhra, Rosann Pudwill, Sheila Reich
8/19/2009	325	DICKINSON ROTARY CLUB - Kari Shea
8/19/2009	325	ROTARY CLUB - Andrea Meyer
8/19/2009	325	NATIONAL ASSN OF DISABILITY EXAMINERS- Amanda Jensen
8/19/2009	325	UND - Chris Montgomery
8/19/2009	325	UND - Cheryl Thomas
8/19/2009	325	ALTRU HEALTH SYSTEM - Bev Snyder

8/20/2009	325	Lutheran Social Services - Jenna Nomeland, Fowzia Adde, Newzad Brifki, Tia Thomas, Hank Louis, David Ideele, Pete Sisil, Linda Jaeger
8/20/2009	325	Lutheran Social Services - Linda Jaeger
8/20/2009	325	KORNER LIONS CLUB OF WILLISTON - Roni Gravgaard
8/21/2009	325	ADDICTION TRTMNT PROVIDERS COALITION,ND
8/21/2009	325	UNIVERSITY OF NORTH DAKOTA - Doug Rumpza
8/24/2009	325	COMMUNITY FACILITIES,ND ASSN OF
8/25/2009	325	UND - Julie Hoffman, Delores Friedt, Tara Muhlhauser, Tracy Miller, Rhonda Stevens, Diana Weber, Wendy Lamontagne, Deb Petry, Paulette Westrum, Dean Sturn, Linda Schell, Christi Osborn, Marilyn Rudolf, Fern Olson, Dennis Meier, Kyann Schneider, Deb Anderson, Melody Peterson, Neil Larson, Susi Crawford, Lisa Giese, Kristen Hansen, Veronica Fernow, Wanda Luer, Paul Emerson, Diana Read, Eileen Lindbo, Marlys Baker
8/25/2009	325	UND - Non State Employees
8/25/2009	325	UNIVERSITY OF NORTH DAKOTA (Wendy Lamontagne)
8/25/2009	325	SUMMIT PROFESS- Vickie Jones/Linette Hjelden
8/25/2009	325	MONEK,MARTIN D
8/25/2009	325	SPRENGER,JOLEEN K
8/25/2009	325	UNIVERSITY OF NORTH DAKOTA - Joyce Schulz, Barbara Morovits
8/26/2009	325	NATL ASSN OF DISABILITY EXAMINERS - Sandy Heck, Kari Kramer
8/27/2009	325	Society of Certified Public Accountants - Rhonda Obrigewitch, Lawrence Hopkins, Helen Brand

Report on State Employee Service Awards, Employer-Paid Tuition,
and Employer-Paid Professional Organization Membership and Service Club Dues
July 1, 2009 through June 30, 2011
(HB 1029, 2009 Legislative Session)

Agency Number	Agency Name	State Employee Service Awards ($ amount)	Employer-Paid Costs of Training or Educational Courses, Including Tuition and Fees ($ amount)	Employer-Paid Professional Organization Membership & Service Club Dues for Individuals ($ amount)
101	Governor	$ -	$ -	$ 760.00
108	Secretary of State	$ 1,400.00	$ 675.00	$ 9,650.00
110	OMB	$ 10,601.88	$ 62,091.24	$ 10,105.83
112	ITD	$ 21,980.00	$ 605,874.31	$ 100,903.49
112.1	Distance Education	$ 1,800.00	$ 449.00	$ 4,445.00
117	Auditor	$ 2,777.00	$ 30,054.64	$ 8,749.00
120	Treasurer	$ 175.00	$ 714.12	$ 4,400.00
125	Attorney General	$ 14,021.65	$ 192,072.54	$ 18,665.00
127	Tax	$ 12,175.00	$ 55,096.60	$ 2,400.00
140	Administrative Hearings	$ 1,107.50	$ -	$ -
188	Legal Counsel for Indigents	$ 625.00	$ 22,795.08	$ 20,552.75
190	RIO	$ 1,075.00	$ 1,488.00	$ 10,325.00
192	PERS	$ 1,750.00	$ 2,775.00	$ 16,475.00
201	DPI	$ 5,750.00	$ 13,512.31	$ 9,243.50
226	Trust Land	$ 825.00	$ 25,335.18	$ 9,280.00
250	State Library	$ 1,903.05	$ 8,444.67	$ 180.00
252	School for the Deaf	$ 2,800.00	$ 10,200.00	$ 145.00
253	School for the Blind	$ 620.31	$ 6,847.00	$ -
270	Career & Tech Educ	$ 700.00	$ 878.00	$ 15,592.00
301	Health	$ 20,225.00	$ 114,235.46	$ 24,501.25
305	Tobacco	$ -	$ 294.00	$ 240.00
313	Veterans Home	$ 3,100.00	$ 2,282.42	$ 1,844.00
316	Indian Affairs		$ 3,521.07	$ 288.85
321	Veterans Affairs	$ -	$ 23,243.66	$ 1,720.00
325	DHS	$133,489.15	$611,858.96	$316,082.42
360	Protection & Advocacy	$ 1,050.00	$ 1,875.00	$ 2,660.00

Agency Number	Agency Name	State Employee Service Awards ($ amount)	Employer-Paid Costs of Training or Educational Courses, Including Tuition and Fees ($ amount)	Employer-Paid Professional Organization Membership & Service Club Dues for Individuals ($ amount)
380	Job Service	$ 27,246.51	$ 47,791.22	$ 5,140.00
401	Insurance	$ 1,727.00	$ 25,971.88	$ 10,109.00
405	Industrial Commission	$ 3,850.00	$ 12,446.48	$ -
406	Labor	$ 539.90	$ 2,751.30	$ 835.00
408	PSC	$ 2,700.00	$ 4,204.00	$ 2,371.00
412	Aeronautics	$ 400.00	$ -	$ 287.00
413	Finance	$ 900.00	$ 21,815.00	$ -
414	Securities	$ 1,050.00	$ 9,383.50	$ 896.00
471	BND	$ 10,373.50	$ 234,844.89	$ 8,244.00
472	Public Finance Authority		$ 2,210.00	$ 535.00
473	NDHFA	$ 12,759.40	$ 430.00	$ -
475	State Mill	$ 4,475.00	$ 17,423.55	$ 19,664.00
485	WSI	$ 13,325.00	$ 111,231.00	$ 23,946.50
504	Highway Patrol	$ 10,650.00	$ 6,141.27	$ -
520	Rough Rider Industries	$ 1,350.00	$ 14,144.87	$ -
530	DOCR	$ 16,979.98	$ 106,448.47	$ 56,662.30
540	Adjutant General	$ 8,525.68	$ 32,723.48	$ 6,939.00
601	Commerce	$ 3,650.00	$ 146,208.05	$ 19,044.90
602	Agriculture	$ 3,550.00	$ 40,203.25	$ 6,465.00
607	Milk Marketing	$ 800.00	$ -	$ -
611	Soybean	$ 150.00	$ 4,361.00	$ -
616	Seed	$ 1,350.00	$ 1,807.00	$ 1,785.00
665	State Fair	$ -	$ -	$ 909.00
670	Racing Commission	$ -	$ -	$ -
701	Historical Society	$ 7,011.12	$ 15,678.20	$ -
709	Council on the Arts	$ 200.00	$ 152.00	$ 338.00
720	Game & Fish	$ 9,775.00	$ 2,579.20	$ 122,847.00
750	Parks & Recreation	$ 2,300.00	$ 34,992.00	$ 13,550.00
770	Water Commission	$ 6,000.00	$ 5,232.00	$ 6,072.86
801	DOT	$ 75,125.00	$ 387,534.49	$ 28,207.00
	GRAND TOTALS	$ 466,713.63	$ 3,085,321.36	$ 924,055.65

August 1, 2011

Policy 209 - Professional Membership Dues

Payment by the state of dues to professional organizations is not a fringe benefit for state employees.

Wherever possible, a membership should be carried in the name of the state agency and not of an individual. The idea behind this approach is to promote transferability of the benefits of the membership.

To justify the expenditure of funds, association memberships should be related to an employee's job duties or should be beneficial to the state.

Attachment #1

Testimony HB 1309
Laurie Sterioti Hammeren, Director
OMB Human Resource Management Services
March 15, 2013

Good Morning Chairman Dever and members of the Committee. I am Laurie Sterioti Hammeren, Director, ND Human Resource Management Services. I am here to testify in support of HB 1309.

The Sixty-first Legislative Assembly passed HB No. 1029 in 2009 which created and enacted four new sections to Chapter 54-06 of the ND Century Code relating to state employee service awards, employer-paid tuition, and employer-paid professional organization membership and service club dues. It also required detailed biennial reporting by affected agencies.

After the 2009-2011 Biennium, I provided a detailed report of the agencies reporting to the Legislative Council and a summary to the Employee Benefits Programs Committee. A printed copy of the report is well over 500 pages.

Each agency provided the detail as to the individual expenditures and the public purpose. Agencies spent hundreds and hundreds of hours tracking and reporting the information.

Agency authority to provide employee service awards, employer-paid tuition, and employer-paid professional organization memberships and service club dues is provided in State Statute and further outlined in Administrative Rules. The State Auditor's Office looks at deviations to the Statute or Administrative Rules, and reports them in their audit findings.

Initially HB 1309 eliminated the reporting requirement of agencies. However the amended Bill before you provides that within sixty days after the close of each biennial period, agencies shall file with the Office of Management and Budget (OMB) a report indicating the total expenditures in each category. OMB will then submit a report summarizing this information to the legislative council.

I have attached a copy of the summary report that I prepared at the end of last biennium. This is an example of the report that would be produced in the future, eliminating the detailed report of over 500 pages. I would like to note, however, that the agencies will continue to have available the detailed information for accounting purposes, and for public record.

OMB supports HB 1309 as amended because it eliminates an elaborate unnecessary report that was neither efficient nor a productive use of staff time.

This concludes my testimony. I am happy to answer any questions.

Report on State Employee Service Awards, Employer-Paid Tuition, and Employer-Paid Professional Organization Membership and Service Club Dues
July 1, 2009 through June 30, 2011
(HB 1029, 2009 Legislative Session)

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125	Attorney General	$ 14,021.65	$ 192,072.54	$ 18,665.00
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188	Legal Counsel for Indigents	$ 625.00	$ 22,795.08	$ 20,552.75
190	RIO	$ 1,075.00	$ 1,488.00	$ 10,325.00
192	PERS	$ 1,750.00	$ 2,775.00	$ 16,475.00
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253	School for the Blind	$ 620.31	$ 6,847.00	$ -
270	Career & Tech Educ	$ 700.00	$ 878.00	$ 15,592.00
301	Health	$ 20,225.00	$ 114,235.46	$ 24,501.25
305	Tobacco	$ -	$ 294.00	$ 240.00
313	Veterans Home	$ 3,100.00	$ 2,282.42	$ 1,844.00
316	Indian Affairs		$ 3,521.07	$ 288.85
321	Veterans Affairs	$ -	$ 23,243.66	$ 1,720.00
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360	Protection & Advocacy	$ 1,050.00	$ 1,875.00	$ 2,660.00
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Agency Number	Agency Name	State Employee Service Awards ($ amount)	Employer-Paid Costs of Training or Educational Courses, Including Tuition and Fees ($ amount)	Employer-Paid Professional Organization Membership & Service Club Dues for Individuals ($ amount)
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406	Labor	$ 539.90	$ 2,751.30	$ 835.00
408	PSC	$ 2,700.00	$ 4,204.00	$ 2,371.00
412	Aeronautics	$ 400.00	$ -	$ 287.00
413	Finance	$ 900.00	$ 21,815.00	$ -
414	Securities	$ 1,050.00	$ 9,383.50	$ 896.00
471	BND	$ 10,373.50	$ 234,844.89	$ 8,244.00
472	Public Finance Authority		$ 2,210.00	$ 535.00
473	NDHFA	$ 12,759.40	$ 430.00	$ -
475	State Mill	$ 4,475.00	$ 17,423.55	$ 19,664.00
485	WSI	$ 13,325.00	$ 111,231.00	$ 23,946.50
504	Highway Patrol	$ 10,650.00	$ 6,141.27	$ -
520	Rough Rider Industries	$ 1,350.00	$ 14,144.87	$ -
530	DOCR	$ 16,979.98	$ 106,448.47	$ 56,662.30
540	Adjutant General	$ 8,525.68	$ 32,723.48	$ 6,939.00
601	Commerce	$ 3,650.00	$ 146,208.05	$ 19,044.90
602	Agriculture	$ 3,550.00	$ 40,203.25	$ 6,465.00
607	Milk Marketing	$ 800.00	$ -	$ -
611	Soybean	$ 150.00	$ 4,361.00	$ -
616	Seed	$ 1,350.00	$ 1,807.00	$ 1,785.00
665	State Fair	$ -	$ -	$ 909.00
670	Racing Commission	$ -	$ -	$ -
701	Historical Society	$ 7,011.12	$ 15,678.20	$ -
709	Council on the Arts	$ 200.00	$ 152.00	$ 338.00
720	Game & Fish	$ 9,775.00	$ 2,579.20	$ 122,847.00
750	Parks & Recreation	$ 2,300.00	$ 34,992.00	$ 13,550.00
770	Water Commission	$ 6,000.00	$ 5,232.00	$ 6,072.86
801	DOT	$ 75,125.00	$ 387,534.49	$ 28,207.00
	GRAND TOTALS	$ 466,713.63	$ 3,085,321.36	$ 924,055.65

Attachment #2

Testimony
Engrossed House Bill 1309
Senate Government & Veterans Affairs
Senator Dever, Chairman
March 15, 2013

Chairman Dever, members of the Government and Veterans Affairs Committee, I am Marcie Wuitschick, Human Resource Director for the Department of Human Services (Department). I am here today to testify in support of Engrossed House Bill 1309.

Engrossed House Bill 1309 eliminates the reporting requirements established by 2009 House Bill 1029. Department of Human Services' staff spent approximately 400 hours compiling data and preparing the report in the required format for the 2009-2011 biennium. The State's accounting system (PeopleSoft) does not contain the detailed information necessary to meet the reporting requirements of 2009 House Bill 1029; therefore, compiling the data is a very time-consuming process. For example, PeopleSoft contains only payments made to vendors and does not contain detailed information about the payment, such as employee name, etc. Therefore, staff must manually record and compile this required reporting information in another system. Work has begun on the 2011-2013 report, and we anticipate that the required effort will be similar to the previous biennium.

All expenditures of the Department must meet the federal criteria of being necessary and reasonable, as well as follow established Administrative Rules and internal Department policy relative to the items reported. In addition, expenditures are subject to review by the State

Auditor's Office to determine compliance with federal requirements as well as State rules and Department policies.

The Department supports the passage of Engrossed House Bill 1309.

This concludes my testimony. I would be happy to answer any questions you might have.