

# MICROFILM DIVIDER

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



ROLL NUMBER

DESCRIPTION

2362

**2001 SENATE GOVERNMENT AND VETERANS AFFAIRS**

**SB 2362**

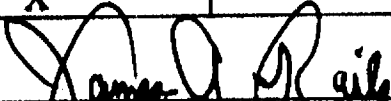
## 2001 SENATE STANDING COMMITTEE MINUTES

### BILL/RESOLUTION NO. SB 2362

Senate Government and Veterans Affairs Committee

☐ Conference Committee

Hearing Date February 8, 2001

Tape Number	Side A	Side B	Meter #
1	X		0.0-37.7
2		X	56.7-End
3	X		0.0-8.7
February 15, 2001 1		X	52.6-End
February 15, 2001 2	X		0.0-28.3
Committee Clerk Signature 			

Minutes: Chairman Krebsbach called the committee to order. The clerk called the roll.

Chairman Krebsbach opened the hearing on SB 2362 which relates to the definition of wages and salaries for the purposes of the public employees retirement system; and to provide an appropriation. Senator Elroy Lindaas, District 20, introduced the proposed legislation to the committee. This bill is here because of concerns raised by employees at the Grand Forks State Mill. Some of the workers live in the senator's district and brought it to his attention. The problem is not necessarily with wage levels, rather it has to do with their retirement accounts. He gave a document to the committee members which represents a cross section of the employees and their accounts. From this document you can see that a number of the employees overtime is nearly 50% of their total wages. This is a cross section however even though the names have been removed for purposes of confidentiality. It has been reported that the choice of whether or not to work over time has not been offered and is not an option. It is mandatory

overtime. In other words some of these folks work 7 days a week every week. No weekends off with family or leisure activities. This presents some serious morale problems naturally. He also offered some amendments that are necessary. When this bill was drafted the legislative council inadvertently left out some necessary language. As it appears this language is necessary to have a complete bill in its form. Chairman Krebsbach inquired that this was run through the interim committee, was it not? There is a report on it I believe. Senator Lindaas indicated that a form of it was run through the interim committee. However, it was changed from that original bill. The original bill stated all public employees and that focus was changed to the state mill and its employees because that is where the problem appears to be. There is a change in the bill from the original intent. Representative Ole Aarsvold, District 20, appeared before the committee as a sponsor and proponent for the passage of SB 2362. This concern came to him as a result of conversations he has been having with constituents who work at the state mill and elevator and it is his understanding that they are required to come to work early frequently and remain late frequently to carry out necessary responsibilities at the mill. The problem seems to be that there is no provision for special retirement contributions or ultimately retirement benefits for that additional labor that they are investing in their work. It seems that there is need for some more positions at the mill if in fact we are requiring people to work these long hours. Certainly we realize that management and the mill is realizing a significant savings by making this overtime a necessary component of their work arrangement. I would hope that the committee would look favorably at SB 2363 and provide a well earned benefit to those folks who work there and contribute significant amounts of overtime to the mills production. Larry Yarbrow, employee at the mill, appeared before the committee. He appeared on his own behalf and presented testimony. He indicated that he supports SB 2362. He has been employed at the mill

since June of 1973. As a state employee we do have good benefits. That is why he has stayed at the mill and indicated that is why many others have stayed as well. Overtime call outs are mandatory. The decreasing amount of personnel has increased the amount of overtime that must be worked. For the fiscal year of 2000 he made over \$16,000 in overtime. He pays taxes on his gross income. He feels that he should get retirement on that income. When the current law was put in place he is certain no one knew the impact this would have on the hourly workers. He feels now is the time for a change and only the legislature can do this. A Do Pass on this bill is not unreasonable. Jeff Stoa, Buxton, ND was the next person to testify before the committee. A copy of Mr. Stoa's testimony is attached. Senator T. Mathern indicated he wondered what the consequence was for not working. What would actually happen to an employee who would say I won't work over 40 hours? What is the consequence to you? Mr. Stoa indicated that you don't really have any choice. If you are posted to work, you do work unless there is somebody else who isn't working. Senator t. Mathern, Are you fired if you don't? Mr. Stoa, you'll be disciplined. Senator Dever indicated he wondered how regular the overtime was. Is it something that you know on Monday morning that you are going to work 60 hours a week? Mr. Stoa indicated that the overtime at the mill is, well the mill runs 7 days a week, 24 hours a day. A lot of days they have maintenance where they keep the people over for four hours for maintenance where they are working 12 hours a day. Covering for vacations they split the shifts up so we can cover for vacations. There are quite a few hours of overtime. It happens quite often where you think you are going to work an 8 hour day and as you are leaving you are told you need to stay for another 4 hours. Bryan Olson, East Grand Forks, ND appeared on his own behalf in support of SB 2362. A copy of his written testimony is attached. Dave Kemnitz, president of the North Dakota AFL-CIO. In support of the workers in the plant, he understands

that overtime is part of their budget. This is excessive. As he looks at the situation and he has worked on power plants and in service jobs in the electrical industry and it seems to him an unjust situation in that they are giving up their future security, it's diminished in their retirement years for the comfort of an adequate benefit level and security their and their families, for the bottom line of this particular plant. 8 to 10 hour days are usual 7 days a week. 12-16 hour days are not unusual. The only days off are vacation or sick leave. That is if someone covers for you. And they have to give that is go into overtime to cover you. Completely understaffed. As this committee looks at it we all see it as something that needs a spotlight on it. Senator C. Nelson inquired if there were any OSHA standards that are, when you see people earning more in overtime than they make in salary, aren't there some safety standards there that might being jeopardized. Mr. Kemnitz indicated that unfortunately no. The only thing that would come into play is when they are so fatigued that they become an injured worker. Then that comes into place. Then there is an inspection or some other thing. There is nothing in the federal standards acts or in OSHA or in workers comp, other than this committee looking at it, that would put a barrier or at least a stop there. Chris Runge Executive Director of NDPEA and Secretary-Treasurer of ND AFL-CIO, she appeared in strong support of SB 2363. Even though NDPEA does not represent the mill and elevator. Quite frankly she was shocked when she saw the amount of overtime that these folks work up there. This is a fair and just bill. Senator Kilzer inquired if the overtime would require a contribution of 4 % of the workers wages of the overtime and 4% match from the state for the retirement program. Chris Runge indicated that the state picks up the entire amount of the pension plan, the entire 9.12. It used to be 4.12 and 4 %. Back in the 80's in lieu of raises the state started picking up the entire 9.12%. Senator Kilzer indicated obviously when there is all this overtime it is more costly to the mill and

elevator. Is there a reason they can't find more workers, or are they limited some other way that they can't have more people on the payroll or what is the obstacle to relief from too much overtime? **Chris Runge** indicated that this is not a short term issue. This has been happening for years. There's something that needs to be taken a look at there. **Senator T. Mathern** inquired if this was an issue in other places in addition to the mill and elevator. **Chris Runge** indicated she knows of no other agency with this amount of required overtime. Appearing in opposition to the bill was **Ed Barchenger**, comptroller and financial manager of the North Dakota Mill. He appeared on behalf of Vance Taylor, President and General Manager of the North Dakota Mill and Elevator Association. A copy of his written testimony is attached. In his testimony he indicated that if the committee elected to pass this bill he was offering amendments to be considered by the committee. **Senator T. Mathern** inquired if Mr. Barchenger could explain the rationale of this management policy to have more overtime versus hiring staff. Is that your decision and if it is, why do you do that or are we limiting you because of FTE requirements? **Mr. Barchenger** indicated in the past year overtime hours are at 33% due to the expansion. A lot of that has to do with the expansion. As the mill is shut down in pieces it required additional people fill in and work longer on remaining equipment which is in use in order to fill customers requests. Once the expansion is completed there should be a significant reduction in the number of overtime hours. **Senator T. Mathern**, inquired but why do you do this? There are records here that indicate that this goes on not just this past year. Why don't you hire more staff? **Mr. Barchenger** indicated that would be a question that could be answered by the plant manager. This is something that goes beyond the knowledge of Mr. Barchenger. **Senator T. Mathern** then asked why in the last 2 and one half years more staff hasn't been hired? **Mr. Barchenger** indicated that with this expansion they were looking at a reduction

because they are automating most of the mill which will require less manpower. With the expansion completed they did not want to be in the position at that time to have to lay anyone off. Once the expansion is done they will have a better idea of how large the work force needs to be. Chairman Krebsbach inquired how many employees are at the mill at the present. Mr. Barchenger indicated they are budgeted for 121. They are in the process of hiring more at this time. Chairman Krebsbach asked how many of these 121 are subjected to the overtime. The majority of employees are. Senator Dever inquired what the typical number of overtime hours is at present. Chairman Krebsbach asked if the committee could obtain records for the past 5 years so that the committee could a better handle on the overtime hours situation. Senator Kilzer inquired when the remodeling will be completed. Mr. Barchenger indicated it should be complete by the end of June. Senator Kilzer inquired if that should reduce the amount of overtime significantly. Mr. Barchenger indicated that it should. Senator C. Nelson inquired about the impact of this bill and if it is simply a foot in the door or what is your perception of his bill. Sparb Collins, NDPERS, indicated the bill as originally considered by the benefits committee, a part of the question was what affect would this have on the PERS plan? With the payment of overtime, the concern that the retirement plan has is the way final average salary is determined. Final average salary is the highest 36 months out of the last 120 months. The issue on overtime from a retirement perspective is that if you have overtime and overtime somehow is occurring in certain months at a level that is 20 % higher then the regular salary and when this is calculated you are going to be picking up a higher final average salary than what you have been realistically paid. In this bill the overtime would be handled differently. Senator C. Nelson indicated that years ago there was a major discussion over what defined salary or wages. Do you see this as the way it is written as specific enough to prevent spiking. Sparb Collins indicated



yes because of the formula using the averaging effect. There was no further testimony in support of, in neutral position on, or in opposition to SB 2362. **Chairman Krebsbach** closed the hearing at this time. It was decided that the committee would wait on this bill because the chairman had requested some information from the mill regarding the past 5 years of overtime. **Chairman Krebsbach** noted that there were some proposed amendments which the committee could review at this time. **Senator Dever** inquired if the appropriations committee was aware that there is a fiscal note on SB 2362. The Chairman indicated because this is a retirement fund she didn't think it needed to go to appropriations. The committee clerk pointed out the fact that it was in the title of the bill; and to provide an appropriation, therefore this bill would need to go to appropriations. The committee discussed overtime and determination of pay. The standard of time and a half pay was reviewed. **Chairman Krebsbach, Senator Dever, Senator C. Nelson, Senator T. Mathern, and Senator Wardner** participated. (Tape 3, Side A, Meter #'s 0.0-1.4). The committee continued to discuss the amendments which had been proposed. It was decided to hold this bill because the committee needed to hear from the Employee Benefits Committee. The committee felt they need to wait until they receive some additional information before they will act on this bill. February 15, 2001, **Chairman Krebsbach** handed out information that was given to her by **Karlene Fine**, Executive Director of the Industrial Commission. This information was the five year average of overtime for employees at the State Mill and Elevator. This information was provided by **Ed Barchenger**, the controller/financial manager of the Mill and Elevator. At this time **Vance Taylor**, President and General Manager of the State Mill and Elevator appeared before the committee. He indicated that he would attempt to answer questions the committee might have concerning this bill. **Senator Kilzer** inquired if the 121 FTE's that are presently authorized are the same throughout the 5 year period. **Mr. Taylor** indicated the 121

includes all the union and nonunion hourly and salaried people in the office. Right now they are at that or close to that 120. What's included on those sheets is union hourly and nonunion hourly. 99% of the overtime would be worked by this group of employees. Probably a small amount would be worked by some of the salaried people. Senator Kilzer inquired if it looks like every person is working an extra day basically, I mean like eight hours. Instead of having 80 employees wouldn't it be right to have about another 20% increase to nearly 100 full time equivalents. Mr. Taylor indicated it could be figured that way but it really couldn't work. Our mill runs the same as all the other flour mills in the country. It's a 24/7 operation. They have an 8 hour shift Monday through Friday. The mill runs on Saturday then that's another 8 hours. If it runs on Sunday that's also another 8 hours, so to add people over time those people would only work one or two days a week, just on the weekends and they wouldn't have enough income to support themselves and they wouldn't remain. The other way overtime happens is covering for people on off shifts. Say you are working first shift in the mill and the second shift employee that has that job calls in sick. It may be close to the end of your shift. Because the mill doesn't shut down it's required for us to service our customers to ask that person to stay over 4 hours and then the person on third shift will be asked to come in four hours early. We do have some extra people that are in utility classification and for vacations and other times when people are required to be off those people do fill in. It just wouldn't really work to add a few people to fill in and offset all that overtime. The only real way to do that would be to go to a four shift operation and that's been tried and done by some of the mills in the country where instead of operating on 3 eight hour shifts you move to four 12 hour shifts where a person might work 4 twelve hour shifts, Monday, Tuesday, Wednesday, Thursday, and then be off for 3 days on the weekend. Under that type of program one of the 4 shifts is always working 3 twelve hour shifts. We would have to go

out and hire a substantial number of people to make that happen. It has been tried before and in the instances that he has experienced it has failed because of the income being substantially lower versus working the overtime. The max. they would get would be 44 hours a week. Some weeks they would only work 32 hours at straight time and they see their income dip and it doesn't go very long before they are asking to go back to the three shift operation. Following this presentation questions were offered by Senators T. Mathern, C. Nelson, Kilzer, Wardner, and Dever. Responses were offered by Mr. Taylor to each inquiry. (Tape 2, Side A, Meter #'s 3.2 to 28.3.). Senator Wardner at this made a motion for a Do Not Pass on SB 2362, seconded by Senator Kilzer. Discussion continued with comments being offered by Senators Kilzer and C. Nelson. Chairman Krebsbach offered some comments. She indicated that there were some proposed amendments which had been brought before the committee. Some were offered by Senator Lindaas and others were offered by The State Mill and Elevator. The motion and second were withdrawn at this time. A motion to adopt amendments with L. C. Number 10088.0401 was made by Senator T. Mathern, 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 T. Mathern, seconded by Senator C. Nelson. Roll Call Vote indicated 2 Yeas, 4 Nays, and 0 Absent or Not Voting. The motion fails. A motion for Do Not Pass as Amended was made by Senator Wardner, seconded by Senator Kilzer. Roll Call Vote indicated 4 Yeas, 2 Nays, and 0 Absent or Not Voting. Senator Wardner will carry the bill.

**FISCAL NOTE**  
 Requested by Legislative Council  
 01/25/2001

Bill/Resolution No.: SB 2362

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
Revenues						
Expenditures				\$137,300		\$130,000
Appropriations				\$137,300		\$130,000

**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

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

For PERS the only effect of this proposed bill will be to establish the administrative system to collect and average overtime contributions for the State Mill and Elevator (\$7,300). For the State Mill & Elevator the additional contribution payments on the overtime would run about \$65,000 per year.

This fiscal note assumes that the provisions of this bill apply only to the State Mill & Elevator.

**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.*

The expenditure of \$7,300 is for ITD to modify the PERS administrative system to recognize and average overtime contributions. The expenditure of \$130,000 is for the State Mill & Elevator to make contributions to the retirement plan on the overtime payments.

**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.*

The requested appropriation authority is for PERS to pay ITD and the State Mill & Elevator to pay the additional contribution amount.

<b>Name:</b>	Sparb Collins	<b>Agency:</b>	Public Employees Retirement System
<b>Phone Number:</b>	328-3901	<b>Date Prepared:</b>	01/29/2001

PROPOSED AMENDMENTS TO SENATE BILL NO. 2362

Page 1, line 14, remove the overstrike over "overtime" and insert immediately thereafter "other than payments for overtime earned by employees of the North Dakota mill and elevator association" and remove the overstrike over the overstruck comma

Page 1, line 19, after "Overtime" insert "earned by employees of the North Dakota mill and elevator association"

Page 2, line 7, remove the overstrike over "overtime" and insert immediately thereafter "other than payments for overtime earned by employees of the North Dakota mill and elevator association" and remove the overstrike over the overstruck comma

Page 2, line 11, after "Overtime" insert "earned by employees of the North Dakota mill and elevator association"

Renumber accordingly

Date: 2/15/01  
Roll Call Vote #

**2001 SENATE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO. SB 2362**

**Senate GOVERNMENT AND VETERAN'S AFFAIRS Committee**

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

Legislative Council Amendment Number 10088.0401

Action Taken Adopt Amendments

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

[illegible]

Total (Yes) 6 No 0

**Absent** 0

### Floor Assignment

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

**Roll Call Vote #:**

**BILL/RESOLUTION NO.** SB 2362

## Committee

**Conference Committee**

**Legislative Council Amendment Number**

Action Taken Do Pass as Amended

By

[illegible]

Total (Yes) 0 No 4

**Absent** \_\_\_\_\_

**Floor Assignment**

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



Date: 2/15/01  
Roll Call Vote #: 3

**2001 SENATE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO. 58234**

**Senate GOVERNMENT AND VETERAN'S AFFAIRS Committee**

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

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

Action Taken Do Not Pass as Amended

Motion Made By Sen. Wardner Seconded By Sen. Kilzer

[illegible]

Total (Yes) 4 No 2

Absent 0

Floor Assignment Sen. Wardner

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

**REPORT OF STANDING COMMITTEE**

**SB 2362: Government and Veterans Affairs Committee (Sen. Krebsbach, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO NOT PASS** (4 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). SB 2362 was placed on the Sixth order on the calendar.

Page 1, line 14, remove the overstrike over "~~overtime~~" and insert immediately thereafter "other than payments for overtime earned by employees of the North Dakota mill and elevator association" and remove the overstrike over the overstruck comma

Page 1, line 19, after "Overtime" insert "earned by employees of the North Dakota mill and elevator association"

Page 2, line 7, remove the overstrike over "~~overtime~~" and insert immediately thereafter "other than payments for overtime earned by employees of the North Dakota mill and elevator association" and remove the overstrike over the overstruck comma

Page 2, line 11, after "Overtime" insert "earned by employees of the North Dakota mill and elevator association"

Renumber accordingly

2001 TESTIMONY

SB 2362

**REPORT OF THE LEGISLATIVE COUNCIL'S  
EMPLOYEE BENEFITS PROGRAMS COMMITTEE  
BILL NO. 88**

**Sponsor:** Senator Elroy N. Lindas

**Proposal:** Provides that payments for overtime earned by employees of the North Dakota Mill and Elevator Association must be included as wages and salaries for purposes of calculating benefits under the Public Employees Retirement System.

The committee amended this bill at the request of the sponsor to provide an appropriation of \$7,300 to the Retirement Board to administer its provisions.

**Actuarial Analysis:** The reported actuarial cost impact of the proposal is .18 percent of payroll for the main system and .19 percent of payroll for the National Guard retirement system. The proposal would not affect the benefits paid under the retiree health insurance credit fund, but spreading the cost over the larger payroll will reduce the actuarial contribution requirement by .02 percent (from 1.02 percent to 1.00 percent).

**Committee Report:** No recommendation due to its uncertain impact on political subdivisions.

# INTER-OFFICE MEMO

DATE \_\_\_\_\_

TOTAL UNITS FISCAL YEAR 2000	HOURS UNITS x 2000 hrs. FOR FISCAL YEAR 2000	APPROX. OT. 2000
40,583	27,809	12,774
31,284	24,294	6,990
28,515	24,918	3,597
26,989	24,918	2,071
41,570	25,792	15,773
38,058	24,294	13,764
40,020	24,585	15,435
47,986	24,502	23,484
36,509	24,294	12,215
42,847	25,792	17,055
50,247	25,792	24,455
27,025	24,918	2,107
35,479	17,596	17,883
40,428	25,792	14,636
50,140	29,016	21,125
37,401	24,502	12,899
41,438	31,075	10,363
46,186	29,785	16,401
36,113	21,652	14,461
25,178	21,652	3,526
31,444	27,040	4,404
53,216	29,016	24,200
54,989	29,016	25,973
47,218	31,075	16,143
40,871	17,596	23,275

BY \_\_\_\_\_



GREIF BROS. CONTAINERS

72 EMPLOYEES

JULY 8 74

GOODMORNING MADAM CHAIRWOMEN AND SENATORS  
OF THE GOVERNMENT AND VETERAN AFFAIRS  
COMMITTEE.

MY NAME IS JEFF STOA RRI Box 80 BURTAN, N.D.  
I'M HERE THIS MORNING ON THE BEHALF OF  
MYSELF IN FAVOR OF SB2362 WHICH  
DEALS WITH OVERTIME COUNTING TOWARDS THE  
N.DAK. PUBLIC EMPLOYEES RETIREMENT SYSTEM.  
N.DAKOTA RANKS VERY HIGH WHEN YOU TALK  
ABOUT RETIREMENTS, BUT, OVERTIME HAS NOT  
BEEN A PART OF THE SYSTEM, AND I BELIEVE  
IT SHOULD BE.

AS AN EMPLOYEE AT THE STATE MILL  
ELEVATOR IN GRAND FORKS FOR 27 YEARS,  
COME SUCH, ALL THOSE YEARS OF OVERTIME  
HAS NOT BEEN CREDITED TOWARDS MY  
RETIREMENT. OVERTIME IS NOT AN OPTION  
IT IS MANDATORY, THEREFORE I FEEL THE  
OVERTIME HOURS <sup>SHOULD</sup> BE COUNTED. ~~THAT~~

~~THE~~ EMPLOYEES COMMITTEE HAS DISCUSSED  
THIS ISSUE WITH THE N.D. MILL MANY  
TIME OVER THE YEARS, BUT WAS TOLD IN  
ORDER TO RECEIVE OVERTIME TOWARDS  
RETIREMENT, YOU HAVE TO GO THROUGH THE  
LEGISLATOR AND GET A BILL PASSED, VOTED  
ON AND BECOME A LAW.

MADAM CHAIRWOMAN

I WOULD LIKE TO THANK THIS COMMITTEE  
FOR THE OPPORTUNITY TO SPEAK IN  
FAVOR OF THIS BILL, ALSO I WOULD  
LIKE TO PUBLICLY THANK SENATOR  
JUDAS FOR HIS HELP AND KNOWLEDGE  
WITH HIS INTRODUCTION OF THIS BILL  
SB 2362, WITHOUT HIS HELP I  
PROBABLY WOULDN'T BE HERE TODAY  
ASKING FOR YOUR SUPPORT, MADAM  
CHAIRWOMAN AND COMMITTEE MEMBERS  
I WOULD ASK FOR YOUR SUPPORT AND A  
DO PASS VOTE ON SB 2362

Thank You



Missouri Room 9am

Madam Chairwoman and Members of  
the Committee

Jim Bryan Olson 627 13th St NW. E.C.F.

I'm appearing on my own behalf as an employee  
of the M.D. Mill & Elevator. IN favor of Senate Bill  
2362.

I would like to touch on the overtime  
at the Mill and Elevator.

one might think all the overtime  
is due to the conversion going on at  
the mill. In fact the conversion is  
being done by outside contractors, and a  
very small amount is being done by Mill  
Employees.

I also would like to speak about the  
stress of all the overtime causes in my  
family and the sacrifices my wife and children  
make not having me around, helping in parenting.  
being involved in family ~~activities~~ <sup>or</sup> school activities.

I am hoping this committee will recommend passing this  
Bill, to give us a pension that is fair and just  
compared to the sacrifices were making to the M.D.  
Mill and Elevator.

At this time I would like to thank the  
Committee and the Sponsors of this Bill for their  
participation ~~in the legislation~~ and support on the Bill.





**Legislative Committee Hearing  
February 8, 2001  
Senate Bill No. 2362  
North Dakota Mill & Elevator Association**

**Chairman Krebsbach and Senators:**

**My name is Ed Barchenger and I am Controller/Financial Manager for the North Dakota State Mill. I am appearing today in behalf of Vance Taylor, President and General Manager of the North Dakota Mill and Elevator Association. I am appearing today in opposition to Senate Bill No. 2362.**

**Senate Bill No. 2362 amends Section 54-52-01 of the North Dakota Century Code and requires the inclusion of payments for overtime earned by employees of the State Mill for calculation of contributions to the Public Employees Retirement System. This bill does not affect any state agency other than the State Mill and Elevator.**

**The additional contributions required to provide this substantial improvement to the State Mill's Pension Plan are quite high. Depending on the number of overtime hours worked, the cost to the State Mill to fund the proposed additional contributions would be \$65,000 to \$85,000 per year. In future years, wage increases will cause a proportional increase in the cost of this proposed pension improvement.**

**To my knowledge no other state agency includes overtime wages earned in the calculation for pension contributions. What would be the cost to North Dakota if other agencies follow suit with this proposed change in future years?**

Employees who work a large percentage of the overtime at the North Dakota Mill are members of Local Union No. 135 of the American Federation of Grain Millers International (AFL-CIO). Our present five-year collective bargaining agreement expires on June 30, 2003. It is understood, and noted in the agreement, that "the State of North Dakota retains the right to amend or modify the plan without restriction or notice." The agreement was negotiated with substantial wage increases totaling 16.25%, over five years. These increases would not have been contemplated had the costs of the proposed pension plan improvement been taken into account.

Our primary concern is the increased costs to the State Mill associated with Senate Bill No. 2362. At a time when the State is asking for a \$6,000,000 transfer to the General Fund from the State Mill, the Mill will need to reduce costs rather than increase them. We respectfully request that you not approve this change to the North Dakota Century Code.

If it is your decision to approve this bill, I would request amendments that would give the North Dakota Mill the authority to offer this improved pension plan but not require the Mill to do so. This will allow us the option to discuss this improved pension plan in the next union contract negotiations. Attached are the proposed amendments for your consideration. (Exhibit A)

If it is your decision to pass this bill as is, I would request an amendment with an appropriation for the increased costs to the State Mill. Attached is a draft amendment for your consideration. (Exhibit B)

Thank you for your time. I will be happy to answer any questions you may have at this time.

**Exhibit A**

**Proposed Amendments to Senate Bill No. 2362**

**Page 1, line 10, replace "including" with "and may include at the request of the North Dakota mill and elevator association"**

**Page 1, line 19, replace "Overtime" with "Overtime, if included by the North Dakota mill and elevator association,"**

**Page 2, line 2, replace "including" with "and may include at the request of the North Dakota mill and elevator association"**

**Page 2, line 11, replace "Overtime" with "Overtime, if included by the North Dakota mill and elevator association,"**

**Renumber accordingly**

**Proposed Amendments to Senate Bill No. 2362**

**Page 2, after line 19 insert:**

**Section 4. APPROPRIATION.** There is appropriated out of the mill and elevator fund, not otherwise appropriated, the sum of \$170,000 to the mill and elevator association for the purpose of defraying the costs of implementing this Act, for the biennium beginning July 1, 2001, and ending June 30, 2003.

**Renumber accordingly**

Madam Chairwoman & Members of the Committee

My Name Is Larry Yarbrow I Reside At 1208  
Darwin Dr. Grand Forks.

I Am here on my own behalf IN FAVOR OF SB 2362

I have worked at the STATE Mill since June 1973. I  
feel ~~as~~ A state Employee we have a good benefit  
package which Is the Reason I have stayed  
there.

Overtime and Callouts Are Mandatory. With the  
decreasing amount of personnel the overtime Is  
steadily Increasing. For the Fiscal year of 2000, I  
made over \$16000 IN overtime. I pay taxes on  
my gross wages. I feel my overtime should go  
toward my retirement

When the current law was put into place I'm sure  
no one realized what Impact It would have on  
the hourly workers. I feel now Is the time for  
change. Only you can change this, and a do Pass  
in this Bill Is not unreasonable.



# INDUSTRIAL COMMISSION OF NORTH DAKOTA

John Hoeven  
Governor

Wayne Stenehjem  
Attorney General

Roger Johnson  
Commissioner of Agriculture

## MEMORANDUM

TO: The Honorable Karen K. Krebsbach, Chairman  
Senate Government and Veteran's Affairs Committee

FR: ~~Karlene Fine~~, Executive Director, Industrial Commission

DT: February 14, 2001

RE: State Mill Overtime Information

Attached is a summary of overtime hours worked at the State Mill for Fiscal Years 1997 – 2000. In addition the Mill staff has included the number of overtime hours worked thus far in Fiscal Year 2001 (through January 31, 2001).

The attached information shows the number of plant employees, the average of overtime hours worked per year and then the average overtime hours per week per employee. For example, in 1997 the average overtime per week for each employee was 8.31 hours. On average the plant employees worked a 48-hour week. I would point out that this is an average and there may be some employees who worked less and some who worked more.

Mr. Barchenger was asked about the number of employees at the State Mill. He indicated that the Mill was currently hiring additional personnel. I have checked with the Mill management and two employees were hired within the last two weeks. The Mill is attempting to hire two more employees before the end of the month. When the renovation and expansion project is complete there will be transferring of employees within the plant.

Mill management expects that when the renovation and expansion project is completed (by June 30, 2001) overtime hours at the plant should be reduced to approximately the 1998 level. There will always be overtime at the State Mill. The State Mill must respond to customer demands, maintain high quality and cleanliness standards and that often requires overtime hours.

Vance Taylor, the President and General Manager for the Mill will be in Bismarck this afternoon and tomorrow morning. (There is an Industrial Commission meeting tomorrow morning.) If you have some questions for him, please give me a call at 328-3722.

Karlene

## North Dakota Mill Overtime Report

<b>Fiscal Year</b>	<b>Overtime Hrs.</b>	<b>Plant Employees</b>	<b>Avg OT per Year</b>	<b>Avg OT per Week</b>
1997	35,847	83	431.89	8.31
1998	32,360	83	389.88	7.50
1999	33,822	80	422.78	8.13
2000	45,537	81	562.19	10.81
YTD 2001	31,190	83	375.78	12.28

1. Plant employees consists of all hourly union employees and electricians.
2. YTD 2001 is through January 31, 2001; 214 days or 30.6 weeks.
3. FY 1997 overtime is higher due to the work done during the flood and subsequent cleanup.
4. FY 2000 and FY 2001 overtime is higher due to the Upgrade and Expansion Project which started in the second quarter of FY 2000.