

MICROFILM DIVIDER

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



ROLL NUMBER

DESCRIPTION

1093

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10/2/03
Date

2003 HOUSE GOVERNMENT AND VETERANS AFFAIRS

HB 1093

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Date

10/2/03

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1093

House Government and Veterans Affairs Committee

☐ Conference Committee

Hearing Date 1-10-03

Tape Number	Side A	Side B	Meter #
1	x		4.3-30.7
1		x	0-30.7
2	x		0-30.7
3	x		0-2.5
Committee Clerk Signature <i>Joey Lewis</i>			

Minutes: Chairman M. Klein opened the hearing on HB 1093, a bill for an Act to amend and reenact sections 54-06-30 and 54-06-31 of the North Dakota Century Code, relating to state employee bonus programs for performance and recruitment and retention programs; to provide an effective date; and to declare an emergency.

13 members present and Representative Tieman was absent.

Ken Prudy, Compensation Manager appeared in support of HB 1093 (SEE ATTACHED TESTIMONY).

Bob Evans, Human Resources Director, North Dakota Department of Transportation appeared in support of HB 1093 (SEE ATTACHED TESTIMONY).

Linda Houfek, Human Resources Director for the ND Department of Corrections and Rehabilitation appeared in support of HB 1093 (SEE ATTACHED TESTIMONY).

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10/2/03
Date

Page 2

House Government and Veterans Affairs Committee

Bill/Resolution Number 1093

Hearing Date 1-10-03

Renae Gall, with the Office of the Attorney General: appeared in support of HB 1093, they utilize the program for performance bonus.

Ardy Pfaff, Human Resource Director, Information Technology Department: appeared in support of HB 1093, they use the recruiting bonus to try to bring people back to the state of North Dakota.

Gayle Ciaverella, Resource Director, Bank of North Dakota: appeared in support of HB 1093, they have not used the recruitment program, but have used the bonus program.

Chris Runge, Executive Director, North Dakota Public Employees Association: appeared in non-support of HB 1093, a bonus plan should not be used as substitute for a good solid pay plan.

Representative Klemin: Proposed an amendment to HB 1093, would like to see pilot program continue for another 2 years, and remove overstrikes on line 7 and line 17 and eliminating Sec. 3

Representative Kasper: Seconded the motion to amend HB 1093.

VOTE 2 YES 11 NO 1 ABSENT Amendment to HB 1093 failed.

Representative Grande: made a do pass motion on HB 1093

Representative Sitte: second to motion on HB 1093.

NO discussion

VOTE 13 yes 0 no 1 absent, HB 1093 passed

Representative Sitte: will carry bill onto the floor

Roll Call Vote #: 1

Date 1-10-03

2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1093

House GOVERNMENT and VETERANS AFFAIRS Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken to amend

Motion Made By Representative Klemm Seconded By Representative Kasper

Representatives	Yes	No	Representatives	Yes	No
M. M. Klein-Chairman		X	B. Amerman		X
B. B. Grande- Vice Chairman		X	L. Potter		X
W. R. Devlin		X	C. Williams		X
C. B. Haas		X	L. Winrich		X
J. Kasper	X				
L. R. Klemm	X				
L. Meier		X			
M. Sitte		X			
W. W. Tieman		A			
R. H. Wikenheiser		X			

Total (Yes) 2 No 11

Absent 1 Representative Tieman

Floor Assignment 0

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

Operator's Signature Talista Rickford

Date 10/2/03

Roll Call Vote #: 2

Date 1-10-03

2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1093

House GOVERNMENT and VETERANS AFFAIRS Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken D. P.

Motion Made By Representative Grande Seconded By Representative Sitte

Representatives	Yes	No	Representatives	Yes	No
M. M. Klein-Chairman	X		B. Amerman	X	
B. B. Grande- Vice Chairman	X		L. Potter	X	
W. R. Devlin	X		C. Williams	X	
C. B. Haas	X		L. Winrich	X	
J. Kasper	X				
L. R. Klemin	X				
L. Meier	X				
M. Sitte	X				
W. W. Tieman	A				
R. H. Wikenheiser	X				

Total (Yes) 13 No 0

Absent 1 Representative Tieman

Floor Assignment Representative Sitte

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

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10/2/03
Date

REPORT OF STANDING COMMITTEE (410)
January 13, 2003 9:06 a.m.

Module No: HR-05-0460
Carrier: Sitte
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE
HB 1093: Government and Veterans Affairs Committee (Rep. M. Klein, Chairman)
recommends **DO PASS** (13 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING).
HB 1093 was placed on the Eleventh order on the calendar.

(2) DESK, (3) COMM

Page No. 1

HR-05-0460

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Yolanda Rickford

Date

10/2/03

2003 SENATE POLITICAL SUBDIVISIONS

HB 1093

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Salvatore Rickford
Operator's Signature

10/2/03
Date

2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1093

Senate Political Subdivisions Committee

☐ Conference Committee

Hearing Date March 7, 2003

Tape Number	Side A	Side B	Meter #
1		X	1153 - End
		X	0 - 2192
Committee Clerk Signature <i>Shirley Long</i>			

Minutes:

CHAIRMAN COOK called the committee to order. All members (6) in attendance.

CHAIRMAN COOK opened the hearing on HB 1093 relating to state employee bonus programs for performance and recruitment and retention programs.

Ken Purdy, Compensation Manager, State Central Personal Division, appeared in support of HB 1093. (See attached testimony)

SENATOR GARY LEE asked what the cost has been to the state for these bonus's.

Ken Purdy, replied through October, 2002 the cost has been about \$248,000. These would all be cash bonus's. They would not cover moving expenses. They are self funded by the turn over issue. There has not been any issues with internal conflict.

SENATOR COOK asked if the bill is not required to use only for hard to fill positions.

Ken answered it was on page 2 , line 18 of the bill.

Further discussion Tape 1, Side B, Meter # 2502 - 2720.

Page 2

Senate Political Subdivisions Committee

Bill/Resolution Number HB 1093

Hearing Date March 07, 2003

Bob Evans, Human Resource Director, ND Department of Transportation, appeared on behalf of the department and specifically Tom Freier, Deputy Director (See attached testimony) This has been a good tool in helping with the recruitment of our hard to fill positions. Mr Evans passed out a handout (See attached)

Discussion: Tape 2, Side A, Meter # 0 - 780.

Linda Houfek, Human Resource Director, ND Department of Corrections and Rehabilitation, appeared in support of HB 1093. (See attached testimony)

No testimony in opposition to HB 1093.

CHAIRMAN COOK closed the Hearing on HB 1093.

SENATOR JUDY LEE moved a **DO PASS** on HB 1093.

SENATOR GARY LEE seconded the motion.

Discussion: Tape 2, Side A, Meter # 2134 - 1885

Roll Call Vote: Yes 5 No 1 Absent 0

Carrier: **SENATOR GARY LEE**

Date: 3-7-03
Roll Call Vote #: 1

2003 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1093

Senate Political Subdivisions Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken Do Pass

Motion Made By Senator Judy Lee Seconded By Senator Gary Lee

Senators	Yes	No	Senators	Yes	No
Senator Dwight Cook, Chairman	X				
Senator John O. Syverson, V C	X				
Senator Gary A. Lee	X				
Senator Judy Lee	X				
Senator Linda Christenson	X				
Senator Michael Polovitz		X			

Total (Yes) 5 No 1

Absent 0

Floor Assignment Senator Gary Lee

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

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Operator's Signature Yolanda Rickford

Date 10/2/03

REPORT OF STANDING COMMITTEE (410)
March 7, 2003 12:13 p.m.

Module No: SR-41-4219
Carrier: G. Lee
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE
HB 1093: Political Subdivisions Committee (Sen. Cook, Chairman) recommends **DO**
PASS (5 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). HB 1093 was placed on the
Fourteenth order on the calendar.

(2) DESK, (3) COMM

Page No. 1

SR-41-4219

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Yolanda Rickford
Operator's Signature

10/2/03
Date

2003 TESTIMONY

HB 1093

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Valista Rickford

Date

10/2/03

HOUSE GOVERNMENT AND VETERANS' AFFAIRS COMMITTEE

January 10, 2003

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

HB 1093

The N.D. Department of Transportation supports HB 1093, which provides for the continuation of tools, to help recruit, retain, and motivate department employees. The department supported both the recruitment and retention bonus program and the performance bonus program passed in the last session.

The department has moved forward to implement both of these strategies into our human resource management program. We have provided copies of our policies and forms in our handout.

Because of our difficulty in recruiting, the department did focus primarily on the implementation of the recruitment and bonus programs in technical, hard to fill classifications. We think this tool was particularly helpful in a very difficult recruiting market. The table below shows clearly an increase in our ability to fill vacancies, particularly in technical classifications, where recruitment has been the most challenging.

<u>DATE</u>	<u>AUTHORIZED STRENGTH</u>	<u>TOTAL VACANCIES</u>	<u>TECHNICAL VACANCIES</u>	<u>HIRED BUT NOT STARTED</u>
12-29-00	1040	49	30	1
6-31-01	1040	32	19	7
1-03-03	1041	24	17	3

The department has implemented the performance bonus program authorized under HB 1119. Individual bonus recommendations are currently being reviewed for action this month.

The programs in HB 1093 provide the NDDOT the flexibility to target scarce salary dollars to areas and people where the greatest benefit will result. This flexibility, added to our current efforts, has proven to be a great tool to help NDDOT recruit, retain, and motivate its workforce.

Agency: North Dakota Department of Transportation
Author: Human Resources Division
Contact Person: Robert Evans
Group: Personnel Policies
Category: Employment
Policy Number: III-9
Title: ☒ Performance Bonus
Original Date: 11/01/2002
Revised Date: 11/01/2002
Review By Date: 11/01/2003

PERFORMANCE BONUS

The 2001 Legislative Assembly enacted House Bill 1119 in order to help state agencies recruit and retain employees. State agencies may develop pilot programs to provide bonuses to recognize and reward regular state employees for meritorious performance. The law sets an expiration date of June 30, 2005.

This policy is developed with input from the department's Employee Representative Council.

Definition

A Performance Bonus is a lump-sum payment, which is not part of an employee's base salary, paid to recognize and reward meritorious performance above and beyond the call of duty where the employee has achieved unexpected positive results or achieved acceptable results in unusually complex and difficult circumstances.

Eligibility Requirements

Employees must have held a classified and funded position in state government for one year prior to the bonus being paid.

The employee must have completed their initial probationary period with the department.

The employee's overall performance evaluation must be satisfactory or higher.

The meritorious performance event will be of significant size and complexity relative to an individual's duties. Group activities may be recognized with individual awards based on individual contributions to the group achievement.

Limitations

An eligible employee is limited to one bonus payment per fiscal year; but not more than \$1,000 in

a blennium.

Bonus payments may be made to not more than 25 percent of the department's regular employees employed on July 1 beginning the fiscal year in which the bonus is paid.

Bonus payments may not be included in an employee's base salary.

Funds must come from the department's salary line item.

Implementation

Recommendations may come from a supervisor or co-worker. Recommendations must be reviewed by the supervisor prior to being submitted to the Office Director or District Engineer. Explanation for bonus payments must be complete and detailed.

Bonus payments may be awarded at any time subsequent to completion of meritorious service. The Office Director or District Engineer is encouraged to process the bonus as soon as possible after the meritorious event.

A bonus amount will be recommended by the Office Director or District Engineer based on the significance of the meritorious event. All bonus recommendations will be reviewed by the department Deputy Directors. The bonus amount may be increased or decreased in order to maintain consistency throughout the department.

Human Resources will prepare an annual summary of bonus payments for review by the Deputy Directors.

Duration

This policy is in effect until June 30, 2005.

PERFORMANCE BONUS RECOMMENDATION
North Dakota Department of Transportation, Human Resources
SPN 53573 (10-2002)

Recommendation

I recommend _____ for Performance Bonus because:
Employee Division/District

Signature

Date

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10/2/03
Date

Supervisor's Review/Comments:

Signature	Date

Office Director or District Engineer review/Comments:

Recommended Bonus Amount	
Signature	Date

Human Resources Division

The overall performance on the most recent performance appraisal is: (check one)
<input type="checkbox"/> Satisfactory (or above)
<input type="checkbox"/> Not Satisfactory

Deputy Director Action

<input type="checkbox"/> Approved	
<input type="checkbox"/> Disapproved	
Approved Amount \$	Effective Date
Signature	Date

Route all recommendations, whether approved or disapproved, to HRD.

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10/2/03
Date

Performance Bonus Worksheet

Name: _____

CRITERIA	POINTS AWARDED	COMMENTS
1. IMPACT		
- Scope		
- - Section		
- - Division/District		
- - Department		
- - Public		
- Unexpected Result		
- Innovative		
<i>Subtotal (Maximum 5 points)</i>		
2. DIFFICULTY / COMPLEXITY		
- Challenges		
- Short Time-Frame		
- Shortage of Resources		
<i>Subtotal (Maximum 5 points)</i>		
3. ABOVE and BEYOND		
- Not Previously Accomplished		
- Not Normal Duties		
- Excellence		
<i>Subtotal (Maximum 5 points)</i>		
4. REFLECTS POSITIVELY on NDDOT		
- Attitude		
- Improved Customer Service		
- Positive Customer Relations		
- Dollar Savings		
- Positive Press		
<i>Subtotal (Maximum 5 points)</i>		
TOTAL (Maximum 20 points)		

DEPUTY INITIALS: _____

DATE: _____

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10/2/03
Date

Agency: North Dakota Department of Transportation
Author: Human Resources Division
Contact Person: Pat Frohlich
Group: Personnel Policies
Category: Employment
Policy Number: III-7
Title: ☒ Recruitment and Retention Bonus
Original Date: 05/01/2001
Revised Date: 10/07/2002
Review By Date: 10/07/2003

RECRUITMENT AND RETENTION BONUS

The 2001 Legislative Assembly enacted House Bill 1120 to address state agencies' difficulty in recruiting and retaining employees. State agencies may develop pilot programs to provide bonuses to recruit or retain classified state employees in hard-to-fill occupations.

Definitions

Recruitment Bonus - a lump-sum payment, which is not part of an employee's base salary, paid to recruit a new employee into a hard-to-fill classified position. A recruitment bonus may be a sign-on or hiring bonus paid to a new employee or a referral bonus paid to an employee to recruit a new employee. A recruitment bonus is subject to state and federal taxes.

Retention Bonus - a lump-sum payment, which is not a part of an employee's base salary, paid to retain an employee in a hard-to-fill classified position. A retention bonus is subject to state and federal taxes.

Eligible Positions

A recruitment bonus must be used only in extraordinary circumstances where there is a need to fill a position and usual recruitment methods are demonstrated to be unsatisfactory.

A retention bonus must be used only in situations where it is necessary to meet a critical deadline or complete a critical project and where recruitment has been difficult or the risk of losing an incumbent with rare skills is high. A retention bonus should be pro-active to retain staff with critical skills and not for counter-offers.

Identification of eligible positions or occupations will consider the following factors:

- explanation of recent efforts to fill a position or a substantially similar

position—number of qualified applicants, recruitment methods utilized, why job offer was declined, etc.;

- turnover—history, number of existing vacancies, frequency, length of vacancy;
- labor market data factors—information indicating the availability in the labor market of the skills/professions being recruited, current market rate of pay for occupation, unemployment rate, etc.;
- special qualifications—education, experience, skills, or licensure/certification required for profession which make it more difficult to fill the job; and
- budget availability—amount of money available for hire rate and bonus.

Positions and/or occupations will be eligible for a recruitment or retention bonus if they meet the following guidelines:

- continuous vacancies;
- few or no qualified applicants for posted positions; and
- history of offers for employment being rejected.

Examples of these positions include, but may not be limited to: Transportation Engineers, Engineering Technicians, Data Processing Coordinators, Programmer Analysts, Fleet and Equipment Technicians, Auditors, Realty Officers, Equipment Operator IIIs, Attorneys, Telecommunications Technicians, and Telecommunications Analysts.

Recruitment bonuses for in-house postings must be approved by the director or a deputy prior to the position being posted.

Service Agreement

Before receiving a recruitment or retention bonus, the employee must sign a written agreement to complete two years of full-time employment with the department. If an employee does not complete two years of full-time employment, the employee must repay the portion of the bonus attributable to the incomplete period. For example, if an employee completes only one year of full-time employment, the employee would be responsible to repay 50 percent of the recruitment bonus. An employee will only receive credit for complete months of service.

Bonus Payment Amounts

The amount or type of bonus will generally be established prior to recruitment. The amount of a recruitment bonus payment may not exceed two months salary. The amount may vary depending on the location and difficulty in recruiting.

A bonus may be paid in full to the employee in the first possible pay period or in increments; for example: one-half paid at the time of hire, and the second half paid at the end of the specified period of employment. The distribution of the bonus will be

listed on the service agreement.

To be eligible, the employee must meet the minimum qualifications of the posted position.

Payout and Payback Procedures

No repayment of a bonus is required if an employee is involuntarily separated.

If an employee voluntarily resigns employment, the employee must repay the portion of the bonus attributable to the incomplete period. Recruitment bonus payments still owed to the department will be billed to the employee or former employee. The rate of interest established for the amount owed will be 8 percent. Repayment may be made consistent with the terms of a promissory note.

Bonus Pay for Retention

In positions of critical need, where recruitment has been difficult or the risk of losing an incumbent is high, division directors/district engineers may submit a written recommendation to the Human Resources Division to pay a retention bonus to a current employee.

A retention bonus payment amount may not exceed one- and one-half month's salary of the incumbent.

The employee receiving a retention bonus is required to sign an agreement outlining:

- terms of receipt; and
- conditions of repayment if the employee fails to meet length of employment requirement.

Reports

The Human Resources Division will provide a report to Central Personnel that includes the following information:

- amounts paid;
- employee classifications and position numbers; and
- employees who terminated after receiving a recruitment or retention bonus, including the number of months employed and any required payback.

Duration

This policy affects individuals who start employment after March 14, 2001, and is effective through June 30, 2003.

FILE COPY

North Dakota Department of Transportation
RECRUITMENT BONUS AGREEMENT

THIS AGREEMENT is between the state of North Dakota, acting by and through its Director of Transportation, hereinafter referred to as NDDOT, whose address is 608 East Boulevard Avenue, Bismarck, North Dakota 58505-0700, and _____, hereinafter referred to as the Employee, whose address is _____.

1. NDDOT agrees to pay the Employee a recruitment bonus of \$_____ as additional compensation in consideration for Employee's accepting employment as a _____ and agreeing to continue employment with NDDOT for a period of two years beginning on _____, 20____. One half of the amount, \$_____, will be paid in the Employees' first payroll check, the second half, \$_____, will be paid after the completion of one full year.
2. Employee understands the bonus is compensation for employment, subject to required deductions for state and federal income tax withholding, FICA, and other purposes, which will reduce the net amount of the bonus received by the Employee.
3. If the Employee voluntarily resigns employment prior to _____, 20____, Employee agrees to repay the portion of the bonus attributable to the incomplete period. If the bonus is not repaid immediately upon termination, it shall accrue interest at the rate of 8 percent, per annum, from the date of termination until paid in full.
4. This agreement is not an employment contract and does not alter other terms and conditions of employment.

EXECUTED the date last below signed.

EMPLOYEE:

NAME (TYPE OR PRINT)

SIGNATURE

DATE

NORTH DAKOTA
DEPARTMENT OF TRANSPORTATION

DIRECTOR (TYPE OR PRINT)

SIGNATURE

DATE

APPROVED as to substance by:

HUMAN RESOURCES DIRECTOR (TYPE OR PRINT)

SIGNATURE

DATE

DOT 52888 (Div. 40)
L.D. Approved 5-11-01, 3-02
RM Consulted 5-11-01

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Date

**GOVERNMENT AND VETERANS AFFAIRS COMMITTEE
RECRUITMENT AND RETENTION BONUS PROGRAMS – HB 1093**

**JANUARY 10, 2003
Central Personnel Division
Ken Purdy, Compensation Manager**

I am pleased to be offering testimony on behalf of Central Personnel because our director, Laurie Sterioti Hammeren, is testifying on other bills being heard today at the same time.

House Bill 1093 removes the sunset provisions of the performance and the recruitment and retention pilot bonus programs, allowing the programs to continue beyond their original sunsets of 2005 and 2003, respectively.

As of October 2002, eight agencies had adopted policies for recruitment and retention bonuses:

- Department of Transportation
- Department of Human Services
- Department of Corrections and Rehabilitation
- Information Technology Department
- North Dakota Highway Patrol
- Bank of North Dakota
- Job Service North Dakota
- North Dakota State Water Commission

Six of the eight agencies have used their policies to date. Job Service and the Water Commission have not awarded recruitment and/or retention bonuses. The six agencies awarded 84 bonuses for hard-to-fill positions such as:

- Engineering Technician
- Transportation Engineer
- Transportation Project Manager
- Programmer Analyst
- Fleet and Equipment Technician
- Registered Nurse
- Addiction Counselor
- Highway Patrol Officer

Bonuses do not increase base salary and therefore do not require sustained funding. Recruitment bonuses include sign-on bonuses and referral bounties. The recruitment bonuses are proving to be a successful tool in attracting qualified

applicants in a very tight labor market, thus enhancing the State's recruitment efforts in hard-to-fill positions.

Retention bonuses provide another tool for managers to retain highly skilled employees who are in high demand in the marketplace. The retention bonuses also help reduce turnover costs while recognizing employees for their valuable skills and the work they perform for the State. We support removing the expiration dates of the bonus programs to allow recruitment, retention, and performance bonus programs to remain available for agency employment strategies.

HB 1093 also removes the term "classified" when referring to eligible state employees, thus allowing all State employees to be eligible to receive a bonus under these programs. Currently only classified employees are eligible to receive recruitment/retention or performance bonuses. Some agencies employ people in occupations that are not classified, but do find themselves competing to recruit and retain skilled professionals. Those agencies and occupations include:

- Attorneys in the Attorney General's office
- Sr. Loan Officers at the Bank of ND
- Teachers at state facilities including School for the Blind, School for the Deaf, and the Youth Correctional Center

We support the extension of programs to non-classified employees as the programs have proven to be a valuable tool in helping agencies carry out their strategic and operational business.

Central Personnel will continue to provide periodic reports to the legislative committee designated by the legislative council as currently required. We recommend a do pass on HB 1093.

Chairman Klein and members of the Committee, this concludes my formal testimony. I am available to answer any questions you may have.

**TESTIMONY OF LEE PETERSON
HOUSE GOVERNMENT AND VETERANS AFFAIRS COMMITTEE
JANUARY 10, 2003 9:00 A.M.
REGARDING HOUSE BILL 1093**

Mr. Chairman, members of the committee. My name is Lee Peterson. I am the Commissioner of the ND Department of Commerce.

I have prepared this testimony in support of HB 1093. NDCC 54-06-30 and 54-06-31 allows for state employee bonus programs for performance, recruitment and retention for classified employees. These programs have been used very prudently and conservatively over the last few years. Central Personnel tells us that they feel the programs have been a success.

As the head of a State agency that is unclassified I think it would be very beneficial to open these programs up to state employees that are unclassified. One of the issues that State agencies face today is the loss of talented employees due to the lack of incentives offered in State government. As we all know, it is very expensive to recruit and train new employees. We need to make the effort to minimize employee turnover by rewarding those employee's that excel. The ability to provide a performance bonus would greatly increase our potential for retaining top-notch employees.

I understand that a recruitment bonus does not necessarily offer enough incentive for a prospective employee to accept a job offer if the salary is not competitive. However, when the salaries between two potential job offers are competitive, a recruitment bonus could perhaps be enough to sway the candidate in favor of accepting the State position.

By offering this bonus program to classified as well as unclassified employees there would be more latitude for agencies to reward, recruit, and retain employees. I am strongly in favor of HB 1093. Thank you for your time and consideration.

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Yalosta Rickford
Operator's Signature

10/2/03
Date



DEPARTMENT OF CORRECTIONS AND REHABILITATION

3303 East Main, PO Box 1898 • Bismarck, ND 58502-1898
(701) 328-6390 • FAX (701) 328-6651 • TDD 701-366-6888

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Testimony for the House Government and Veteran's Affairs Committee on HB 1093

Prepared by Linda Houfek, Human Resources Director for the ND Department of Corrections and Rehabilitation

I am Linda Houfek, the Human Resources Director for the ND Department of Corrections and Rehabilitation. Our Department includes the Prisons Division, the Field Services Division and the Division of Juvenile Services. We have facilities located in the Bismarck/Mandan area and in Jamestown and have regional offices in all of the major cities in the State.

In September 2001, the ND Department of Corrections on Rehabilitation implemented a Recruitment and Retention Bonus Policy. Our Department established that there are difficulties in recruiting for some of our positions. Currently the positions identified include: Registered Nurses, some counseling positions and positions in specific hard to recruit locations Statewide.

We have experienced difficulties in recruiting qualified registered nurses both at the North Dakota State Penitentiary and the James River Correctional Center and as a result we incorporated the recruitment bonus into the job announcements for these positions.

In 2002, we hired four Registered Nurse II and provided recruitment bonuses to the individuals hired for the positions. In our policy, an individual may receive an amount not to exceed one month's base salary. The first half of the bonus is payable upon starting the position and the second half of the bonus is to be paid at the completion of one full year with the Department. We believe that the use of the recruitment bonus played a role in assisting us to recruit and hire qualified nursing staff. We have also used the recruitment bonus to attract applicants for a Parole and Probation position where we needed someone with training and experience in Parole/Probation to meet the particular caseload needs in one of our regional offices.

We appreciate the assistance that this process has given us and ask you to extend the Recruitment and Retention Bonus Program.

*Same
testimony
given to
Senate*

Division of Juvenile Services - 701-328-6390
North Dakota Youth Correctional Center - 701-667-1400

State Penitentiary - 701-328-6100
Parole and Probation - 701-328-6190

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Yolanda Rickford
Operator's Signature

10/2/03
Date

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**SENATE POLITICAL SUBDIVISIONS COMMITTEE
RECRUITMENT AND RETENTION BONUS PROGRAMS – HB 1093**

**March 7, 2003
Central Personnel Division
Ken Purdy, Compensation Manager**

HB 1093 provides for continuation of a valuable compensation tool for agency management. The bill removes sunset provisions of the employee bonus programs for performance and recruiting/retention, allowing the programs to continue beyond their original sunsets of 2005 and 2003, respectively.

As of October 2002, eight agencies had adopted policies for recruitment and retention bonuses:

- Dept of Transportation
- Dept of Corrections & Rehab
- ND Highway Patrol
- Job Service ND
- Dept of Human Services
- Information Technology Dept
- Bank of North Dakota
- ND State Water Commission

Six of the eight agencies have used their policies to date. Job Service and the Water Commission have not awarded recruitment and/or retention bonuses. The six agencies awarded 84 bonuses for hard-to-fill positions such as:

- Engineering Technician
- Transportation Project Mgr
- Fleet & Equip Technician
- Addiction Counselor
- Transportation Engineer
- Programmer Analyst
- Registered Nurse
- Highway Patrol Officer

Recruitment bonuses include sign-on bonuses and referral bounties. The recruitment bonuses are proving to be a successful tool in attracting qualified applicants in a very tight labor market, thus enhancing the State's recruitment efforts in hard-to fill positions.

Bonuses do not increase base salary and therefore do not require sustained funding.

Retention bonuses provide another tool for managers to retain highly skilled employees who are in high demand in the marketplace. The retention bonuses also help reduce turnover costs while conveying to employees recognition of their valuable skills and the work they perform for the State.

We support removing the expiration dates of the bonus programs to allow recruitment, retention, and performance bonus programs to remain available in agency employment strategies.

HB 1093 also removes the term "classified" when referring to eligible state employees, thus allowing all State employees to be eligible to receive a bonus under these programs. Currently only classified employees are eligible to receive recruitment/retention or performance bonuses. Some agencies employ people in occupations that are not classified, but do find themselves competing to recruit and retain skilled professionals. Those agencies and occupations include:

- Attorneys in the Attorney General's office
- Sr Loan Officers at the Bank of ND
- Teachers at state facilities including School for the Blind, School for the Deaf, and the Youth Correctional Center
- Dept of Commerce
- Workers Compensation

We support the extension of programs to non-classified employees as the programs have proven to be a valuable tool in helping agencies carry out their strategic and operational business.

Central Personnel will continue to provide periodic reports to the legislative committee designated by the legislative council as currently required. We recommend a do pass on HB 1093.

SENATE POLITICAL SUBDIVISIONS COMMITTEE

March 7, 2003

North Dakota Department of Transportation
Tom Freler, Deputy Director

HB 1093

Bob Evans

The N.D. Department of Transportation supports HB 1093, which provides for the continuation of tools, similar to those of our counterparts in the private sector, to help recruit, retain and motivate department employees. The department strongly supported both the recruitment and retention bonus program and the performance bonus program passed in the last session.

The department has moved forward to implement both of these strategies into our human resource management program. We have provided copies of our policies and forms in our handout.

Because of our very difficult recruiting issues, the department focused primarily on the implementation of recruitment bonus program in order to attract employees in technical hard to fill classifications. We think this tool was particularly helpful in a very difficult recruiting market. To date, 49 bonuses have been paid to new employees hired into hard to fill positions. Five of those employees have since resigned and made a prorated payback of the bonus. Seven individuals who have accepted employment after graduating from college have been offered bonuses upon coming to work at the department.

The table below shows clearly an increase in our ability to fill vacancies, particularly in technical classifications, where recruitment has been the most challenging.

<u>DATE</u>	<u>AUTHORIZED STRENGTH</u>	<u>TOTAL VACANCIES</u>	<u>TECHNICAL VACANCIES</u>
12-29-00	1040	49	30
06-31-01	1040	32	19
01-03-03	1041	24	17
03-03-03	1041	24	20

*NOTE: We currently have seven people that have been hired but have not started yet.

The department has recently implemented the performance bonus program. To date, the department has made performance bonus payments to 21 employees. Individual bonus recommendations may be submitted at any time and are routinely screened by department executives. The department has worked with department employees to design and implement this program.