

Testimony to the Employee Benefits Programs Committee
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Good afternoon, Chairman Grande and members of the Employee Benefits Programs Committee. I am Laurie Sterioti Hammeren, Director of Human Resource Management Services. I appreciate the invitation to discuss with you the statutorily authorized benefits for State workers. I have prepared a handout for your review. In addition, I would like to share with you some comments about HRMS' role regarding technical support to agencies and the complexities of our decentralized system.

HRMS must give consideration to a vast array of Federal and State requirements when it comes to employment issues. An example of Federal Law is the Fair Labor Standards act that provides for overtime payments for non-exempt workers, or the Family Medical Leave Act which provides for 12 weeks of uncompensated leave for eligible employees for certain illness or family medical conditions. State law provides other directives such as the bonus programs to recruit or retain workers.

HRMS' role is to establish general policies and rules that are binding on the agencies affected. We do this through the promulgation of administrative rules. However, our administrative rules apply to the employees in the classified service. Agencies such as Commerce and WSI are not part of the classified service. The University System, Legislative Branch, and Judicial Branch are also not part of the classified service. While these agencies are not subject to the HRMS administrative rules, they are subject to federal regulations and North Dakota statutes unless specifically exempted. We are a very decentralized human resource system. To add more complexity is to understand that we also have agencies headed by elected officials who by the very nature of their election to office brings with them independence to operate.

To summarize then, agencies may be subject to federal law, state law, and administrative rules. Through administrative rules, HRMS attempts to bring uniformity to the classified service, but because of unique circumstances sometimes differences may occur, and exceptions are appropriately allowed. There are provisions in administrative rules for some exceptions.

Staffing is a key issue for all agencies. State agencies must use both traditional and nontraditional methods and benefits to recruit and retain employees. Attracting and retaining top employees is clearly an issue in North Dakota state government. We lose nearly 25% of workers in the first year of employment. The Manager's Intelligence Report published by Ragan Publishing states that there are three key issues imperative to maintaining a retention strategy:

1. **Provide competitive compensation** - The report noted that financial compensation, benefits and professional growth, and earning potential were employees' three main concerns. Their suggestion was to know the prevailing wages in your industry and beat or match them whenever possible. You set us on a positive course with the equity and performance compensation tools authorized this last session.

2. **Take advantage of flexibility's popularity** - Employees rated control of their time and flexible work arrangements only slightly less important than compensation. Flexible hours, telecommuting, and job sharing are increasingly popular among employees. The report went on to say it seems to be true that once workers are assured of a workable income, they look next for ways to improve their quality of life. As a result, providing flexible arrangements continues to be one way to differentiate yourself from your competitors.

In preparation for a report to this committee in 2006, HRMS did a mini survey of state agencies in which we identified that the majority of agencies do use compensatory time, flex time, and tuition assistance. To a lesser degree, agencies are also providing Casual Days, Bring Your Baby to Work programs, recruitment and retention bonuses, and various other methods such as internships, recognition programs, and telecommuting to show sensitivity to workers and to provide flexibility and quality work environments.

3. **Increase support for employees** - Half of the employee respondents rated their relationships with managers and supervisors and the availability of training as important to employment decisions. These soft skills are also areas where our organizations can stand out, they said.

State government overall and HRMS specifically make available to agencies and employees an array of training opportunities on a variety of topics. Required training is often necessary to assist in keeping employees current with technology or to prepare them for job enrichment and career enhancement opportunities. On-going training is fairly standard with most organizations both in the private and public sectors.

In addition agencies report that they offer tuition assistance to employees, and support employee professional development through conferences, workshops, mentoring programs, and internships. Some agencies have partnered with North Dakota schools to develop needed curricula and programs through which they can "grow their own" talent by encouraging employees to return to school, supporting their efforts to do so, and getting a commitment by the employee to the agency upon completion of the degree or training. These efforts have eased the burden to staff hard to fill positions in certain geographic areas or occupations. It is also a mechanism to assure a smoother transition in succession planning as the "baby boomers" move toward retirement, which is yet another staffing concern.

We are appreciative of legislative support of the various bonus programs, benefits, and other flexibilities that help support recruitment and retention efforts and promote state government as a good place to work. Without these tools, staffing critical positions in state government would be impossible. We would ask that you recognize that the benefits outlined here today, particularly in my handout, are not unique to state government and are really standard benefits offered by most employers of any size.

This concludes my formal comments. I will stand for any questions you may have.