



State of North Dakota
Department of Trust
Lands
Compensation and
Benefits Study Results

March 12, 2025

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Executive Summary

CBIZ Compensation Consulting (“CBIZ”) was engaged by the State of North Dakota Department of Trust Lands (the “DTL”) to conduct a comprehensive compensation study for its employees, including a review of current compensation practices, and an update of the compensation plan.

To assist the DTL in implementing a compensation system that considers both market and internal factors, CBIZ matched the DTL’s positions to positions in the market, developed a new salary structure, and calculated the cost of implementing the recommendations. In addition to evaluating base salaries, CBIZ assessed total cash compensation and competitive benefit levels.

The remainder of this report will explain the methodology and expand on this summary to clearly document the comprehensive approach taken to analyze the DTL’s current compensation practices and develop its new compensation plan.

Objective and Scope of the Study

The objective of the compensation study is to provide the DTL with a plan that:

- Enhances the ability to attract, retain, and motivate qualified individuals;
- Establishes structures that are flexible to meet changing needs;
- Is well-aligned with broader goals and strategies; and

The scope of the study included:

- A competitive market analysis of base salary, total cash compensation, and benefits;
- Creation of a job architecture framework;
- Development of a salary structure;
- Reconciliation of actual compensation with market-competitive compensation;
- Calculation of plan implementation costs;
- Analysis of market-competitive benefits levels;
- Development of an annual incentive plan;
- Total compensation analysis; and
- Overall recommendations.

Methodology

Definitions

Base Salary: the annual fixed rate that an individual is paid for performing a job.

Bonus/Annual Incentive: the actual direct compensation paid under a bonus, commission, profit-sharing, or other short-term cash compensation plan that provides awards based on established criteria or management discretion, such as the overall performance of the organization or achievement of individual goals.

Total Cash Compensation: the sum of base salary and annual incentive compensation payments from variable pay programs.

Employee Benefits: non-cash compensation provided to an employee. Some benefits are measured as a fixed cost per employee (e.g., medical, dental and vision insurance), while others are more accurately quantified as a variable cost tied to compensation (e.g., retirement and PTO).

Total Compensation: the sum of total cash compensation and employee benefits.

Job Architecture: A foundational, systematic approach to consistently organizing and classifying jobs with similar responsibilities and level of responsibility across an organization's hierarchy.

Career Stream: Broad career level categories to be able to compare across the job families and functions more easily where there are peers within other disciplines that should be considered for various things such as pay equity or career paths.

Career Level: Consistent definitions across the organization on select compensable factors which describe the level of scope, impact, problem solving, complexity, collaboration, and management along with the typical profile of education and experience required or preferred to be fully competent in a position.

Data Points:

- 25th percentile: the value in an array that falls at the first quarter of the sampled data (75% of the values in the sample are greater than the 25th percentile value).
- 50th percentile: the value in an array that falls in the middle or median of the sampled data (half of the values in the sample fall above this value and half fall below it). This is the data point of reference for the proposed pay grade assignments.
- 75th percentile: the value in an array that falls at the third quarter of the sampled data (25% of the values in the sample are greater than the 75th percentile value).

Compa-ratio: the employee's current salary divided by a market comparison point, which is usually the market 50th percentile. An employee whose salary equals the 50th percentile of the market has a compa-ratio of 100%. A compa-ratio of less than 100% indicates that the employee's salary is less than the 50th percentile of the market, and a compa-ratio greater than 100% indicates that the employee's salary is greater than the 50th percentile of the market.

Range Penetration: the employee's current salary minus the salary grade minimum salary divided by the difference of the salary grade maximum and minimum. An employee whose range penetration equals 50% is paid at the midpoint of the salary grade range, 0% is equal to the salary grade minimum and 100% is equal to the salary grade maximum.

Market Pricing

Compensation Philosophy

According to a recent WorldatWork survey of market pricing practices, most organizations (approximately 85%) utilize a compensation philosophy that strives to compensate employees at the median of the competitive labor market. Median pay is the point at which half of the employers pay more and half pay less.

Based on CBIZ's discussions with the DTL, it intends to be competitive with its level of pay, which generally corresponds to setting the pay structure at the market median.

The labor market influences described below were considered for the jobs included in the scope of the study.

Labor Market Influence

The three most important labor market characteristics are the size of an organization, geographic scope, and industries from which the DTL recruits talent. Because surveys focus on different market characteristics (e.g., some focus on size, others focus on geography or industry), CBIZ determined each characteristic as it relates to each position before conducting the market analysis, as follows:

Size of Organization

A key factor to be considered in determining market-competitive compensation, particularly for senior management positions, is the size of an organization. While compensation for many positions is based primarily upon location, industry, job tasks, and responsibilities, compensation for upper-level positions is also significantly affected by the size of the organization. CBIZ considered size factors such as assets under management of \$9.05 billion.

Geographic Influence

Many jobs in an organization are recruited locally. Professional jobs may be recruited statewide or regionally. Because individuals who work in senior management positions often relocate solely to accept a new job, national searches are commonly conducted for these positions. In contrast, lower-paid salaried employees seldom relocate primarily based on a job. To accurately reflect this marketplace characteristic, the survey data must be comprised of participants who reflect the geographic scope of the position in question. Too narrow or broad a market area scope either does not consider all necessary factors or introduces irrelevant factors.

However, when considering senior management positions, it is most reasonable to geographically adjust the data to the higher of the local or national market. This is because organizations in locations that have greater comparative salaries will provide higher salaries to employees. In addition, the higher (local) rates would be required to compensate an employee moving from an area with a lower cost of living. Conversely, although executives are often recruited on a national basis, in practical application executives rarely are open to reductions in pay, even if they are moving to a lower-cost area.

CBIZ primarily utilized data specific to Bismarck, North Dakota, which is expected to be the primary market for recruiting employees under the scope of the analysis.

Industry Influence

Industry is the final key consideration for matching jobs to the market. Some jobs only exist within a certain industry and are most accurately priced to that industry exclusively. Conversely, some jobs are found in all industries, and the true market for these jobs usually considers this broader market. For example, most clerical and trade jobs can be found in any organization. For this reason, CBIZ focused on a mix of government and state comparisons, the oil and gas industry and the broader labor market, as appropriate.

Salary Surveys

The first step in ascertaining the competitiveness of compensation was to determine what competitors pay for jobs comparable to those at the DTL. CBIZ used its proprietary survey database that aggregates data from hundreds of valid and reliable published salary surveys and includes specific data based on geographic area, size of organization, years of experience, and industry. CBIZ used a database that compiles multiple salary sources because:

- They provide a richer and more complete view of the market.
- Survey sources may focus on different market characteristics to define market peers.
- They allow the DTL to define peers and peer relationships more closely than is possible using any single survey source.
- Multiple sources allow for statistical validation of the collected data.

Aging Data

Survey data must be adjusted to account for market pay movement between the time of publication and when the data are to be used. For example, a survey may have been conducted to report salaries effective as of October 1, 2024. To market-price the jobs at the DTL as of July 1, 2025, CBIZ had to age the survey data nine months. In addition, different surveys have different publication dates, and they must be aged to a common point in time. Put simply, aging the data provides up-to-date salary data and allows for an "apples to apples" comparison of survey data.

All salary data were aged to reflect estimated market pay as of January 1, 2026. Data were aged using a factor of 3.2%, which reflects the 12-month increase in compensation average as reported by the Bureau of Labor Statistics *Employment Cost Index* and forecasted increases from the *WorldatWork 2024-2025 Salary Budget Survey*.

Job Matching

CBIZ reviewed the content of each job description provided and searched the salary survey job descriptions to find the best possible match. When a valid match was found, the corresponding salary survey market data were recorded. CBIZ recorded the 25th, 50th, and 75th percentiles for both base salary and total cash compensation.

Compensation Study Results

Job Architecture

Exhibit JA 1 is the Career Level Guide, which is a framework comprised of career streams and career levels. For each career level, the guide provides an overview and definitions for job components such as complexity, collaboration, leadership, and typical education and experience.

Market Analysis

Exhibit 1 displays the composite market data. The analysis is a comprehensive review of the included positions compared to the market base salary and market total cash compensation. The 25th, 50th, and 75th percentiles are reported. This exhibit provides a summary look at how the DTL's positions compare to the labor market. A detailed employee analysis with associated implementation costs is provided later in this report.

Market data were also compared graphically to the DTL's current average compensation by position. Exhibit 2A reveals the trendline for actual base salaries compared to market 50th percentile base salary. Exhibit 2B provides the trendline for actual total cash compensation compared to market 50th percentile total cash compensation. Exhibit 2C provides the trendline for actual average benefits compared to market average benefits. Exhibit 2D provides the trendline for actual total compensation compared to market 50th percentile total compensation.

Salary Structure Development

A critical element of the compensation plan is the salary structure. The salary structure is a compensation framework comprised of multiple grades, each of which has an associated salary range. The salary structure groups jobs with similar market values and/or internal equity into the same grade. The salary structure ensures that each employee receives a salary that is reasonable given their assigned grade and corresponding salary range.

CBIZ developed a unique salary structure for the DTL, which will provide a system for slotting all jobs and allow for future growth. The structure is provided in Exhibit 3. Exhibit 4A provides a list of positions sorted by grade. Exhibit 4B provides the comparison from current pay grade to proposed pay grade. This exhibit also will serve as your feedback worksheet. See the [Client Feedback Instructions](#) section of this report for more information. Exhibit 4C provides a job matrix view by Division. Exhibit 4D provides a job matrix view by Career Level.

In the proposed salary structure, the salary grade midpoint is designed to approximate the market median for each job. CBIZ slotted each position into a grade in the structure based on the grade midpoint that most closely corresponds to the market 50th percentile identified in Exhibit 1. The final grade classification can consider other factors based on the culture of the DTL. As such, the CBIZ solicits and encourages internal equity feedback.

SAMPLE			
Job Title:	Job XYZ		
Market Median:	\$35,455		
Salary Grade	Minimum	Midpoint	Maximum
1	\$24,778	\$30,972	\$37,166
2	\$27,398	\$35,618	\$43,837
3	\$31,508	\$40,960	\$50,413

Salary Analysis

Exhibit 5 provides a graphical depiction of employee range penetration at the 50th percentile.

Exhibits 6 compares the market data and corresponding salary ranges to actual base pay at the DTL. This spreadsheet is set up to where you can filter on any of the columns and the summary at the top will automatically update. This exhibit document the cost of implementing the compensation plan.

Compression Analysis

Compression exists when inexperienced employees within a grade are paid an identical or similar rate as those with greater tenure. The primary driver leading to pay compression is existing employees not significantly advancing throughout the salary range. Compression is a pay administration problem for two reasons. First, it restricts an organization from onboarding qualified staff as doing so could create a pay equity problem. Second, it means that experienced staff may be at risk for voluntary exit due to pay.

Exhibits 7A and 7B provide an interactive tool that will allow the DTL to model different scenarios to identify and alleviate compression. These exhibits are set up to compare employees to a target salary range placement based on time in job and performance. If an employee is below the target salary range placement based upon the modeling inputs in Exhibit 7A, an increase is recommended in Exhibit 7B to close or eliminate the pay gap. Exhibit 7C is the graphical depiction of employee range penetration post implementation of compression pay adjustments.

The following definitions pertain to the inputs within Exhibit 10A - Compression Model:

Planning Date: The planning date is used to calculate an employee's time within the job. This date should be set to six months after the date on which the compression adjustments will be given to align with the organization's lead/lag philosophy. Alternatively, the date may be set to reflect the effective date of the compression increases.

Performance Score Requirement: This represents the minimum level of performance that must be achieved in order to be eligible for a compression adjustment.

Goal Range Penetration: This is the ideal salary range placement based on evaluation of time in job and performance, measured by range penetration. The goal range penetration salary allows for progression through the range of pay to alleviate pay compression, allow room to hire new employees without creating compression, and better align employee pay with the market.

Range Penetration Points: The points are used to calculate the Goal Range Penetration for each employee. This value represents the amount of incremental progression through the range for each year of experience within the job.

Target Range Penetration Cutoff: The point within the range at which employees will no longer be eligible for compression increases. For example, if the range penetration cutoff is 75%, then employees with a range penetration ratio of 75% or higher will not be eligible for a compression adjustment.

Minimum Increase: This value is the minimum compression adjustment increase given within the model. If an employee is set to receive a compression increase less than the minimum increase, then the model will increase the compression adjustment up to the minimum increase value.

Incentive Recommendations

Exhibit 8A provides threshold, target, and maximum level incentive recommendations for each proposed career level, as well as the how the overall incentive amounts are determined as a percent of organizational and divisional goals. Exhibit 8B outlines the incentive metrics for each division. Exhibit 8C detail incentive payouts by employee based on achievement of the various incentive metrics. This exhibit is set up to be an interactive tool that will allow for changing metrics achievement to evaluate financial impact of the incentive plan.

Benefits Analysis

Exhibit 9A outlines the results of the benefits analysis assessing the market-competitive benefit levels. CBIZ determined the market competitive benefits value based on a combination of fixed dollar values and percentages of base salary.

For some benefits, namely medical and medically related benefits, it is most accurate to utilize a fixed cost per employee as the cost incurred by the organization typically does not depend on the position held by the employee. For example, healthcare benefits provided to an executive and a secretary would be expected to cost the employer the same amount. Other benefits, including paid time off and retirement and savings, are most accurately represented as a percent of the incumbent's base salary.

Exhibit 9B outlines the results of the paid-time off analysis assessing the market-competitive levels for vacation time, sick days, and holidays.

Total Compensation Analysis

Exhibit 10 combines the results of the base salary, incentive, total cash compensation, and benefits analyses to compare the employees pre-implementation and post-implementation compensation to the market.

Summary of Findings

- The DTL's average base salary compa-ratio is 92.5% at the 50th percentile. This indicates that on average base pay is approximately 7.5% below the published survey data market median, which is approximated by the salary range midpoints.
- As presented in Exhibit 6, the initial cost to implement the new structures would be approximately \$115,608. This is the cost to bring all employees to the minimum of their respective proposed ranges and represents 3.8% of payroll.
 - In the analysis, no employees are above the maximum of the ranges.
 - Among the 32 employees included in the scope of the analysis, there are 10 below their respective salary grade minimums.
 - There are many reasons that an individual employee's pay may be above or below market median pay levels. New employees or poor performers should be paid below the market, while experienced employees with excellent performance should be paid well above the market.
- The DTL's average overall current total cash compensation compa-ratio (actual total cash compensation divided by market competitive levels) is 89.3%. The DTL's average overall post-implementation total cash compensation compa-ratio, with salary changes and the adoption of the incentive plan, (actual total cash compensation divided by market competitive levels) is 105.7%.
- On average, the DTL's current benefits compa-ratio (actual benefits divided by market competitive levels) is 88.8%. On average, the DTL's post-implementation benefits compa-ratio, with salary changes and the adoption of the incentive plan, is 93.2%.
 - The DTL's medical and medically related benefits are \$19,717 per employee compared to \$15,041 in the market.
 - Paid time off benefits and retirement and savings benefits are approximately 26.4% of base salary at the DTL compared to 34.4% in the market.
- As presented in Exhibit 7B, the initial cost to implement the compression adjustments would be approximately \$221,770. This cost represents 7.2% of payroll.
- The DTL's average overall current total compensation compa-ratio (actual total compensation divided by market competitive levels) is 89.1%. The DTL's average overall post-implementation total compensation compa-ratio, with salary changes and the adoption of the incentive plan, (actual total compensation divided by market competitive levels) is 101.8%.

Recommendations

- Explore the adoption of a new salary structure separate from the Human Resources Management Services structure.
- Increase the compensation of all employees to the minimum of their respective proposed salary ranges. The range minimum represents the level at which entry-level pay can be considered market competitive.
- Temporarily freeze pay for employees above the maximum of their respective proposed grade. The pay freeze should remain in place until the point at which the range maximum surpasses actual pay.
- Consider adopting the compression-based pay adjustments. This will help to ensure that employee compensation is commensurate with experience and performance. It will also allow for enhanced flexibility to onboard new employees without creating pay inequities.
- Implementation of the compensation plan should occur uniformly across all positions. While different implementation scenarios may recognize budget constraints, partial or sporadic implementation can result in pay equity issues.
- Consider implementing a merit matrix tool (or concept) to reward performance. The merit matrix is a tool that rewards employees based on performance while accelerating pay to market-competitive levels.
- Consider implementing the incentive plan target recommendations and design.
- Annually update structures and evaluate annual employee pay increases based on market pay trends. In order to reduce the administrative burden associated with both, CBIZ will provide annual recommendations for structure updates and salary increase budgets for five years after the study.
- Conduct a comprehensive market review every three to five years to ensure that the ranges remain market competitive.



State of North Dakota Department of Trust Lands Compensation Study Results

March 2025

Project Overview

- Developed job architecture to create a top-down framework for job standards**
- Identified market comparisons tied to industry, geography, and size**
- Completed market analysis and developed market competitive salary structures**
- Created annual incentive plan**
- Calculated plan implementation cost**

Summary of Recommendations

Adopt new pay structure aligned to market data competitive based on a blend of governmental and oil & gas comparisons.

- Market assessment indicates salary adjustments are needed to align with competitive pay

Adopt an incentive plan to achieve based on the following goals

- Recognize the team for financial results and growth of Common School Trust Fund overall and division contributions
- Align with other revenue generating state agencies
- Align with market incentive opportunities

Developed Job Architecture

Top-down exercise to define job expectations and requirements

Framework for job consistency

- Overview
- Complexity & Problem Solving
- Collaboration
- Leadership
- Typical Education & Experience

Title review for market comparison and internal consistency

Promote career path conversations, mapping, and movement



Labor Markets & Competitiveness



SIZE

- \$9 billion assets under management



GEOGRAPHY

- Bismarck, ND
- National



INDUSTRY

- Government/State comparisons
- Oil & gas
- Broader labor market



PLACEMENT

- 50th base salary

Market Analysis

Evaluate job documentation

Sources of compensation data

- Published survey data

Job matching

- Compare job descriptions to survey descriptions
- Match based on duties, scope, and qualifications

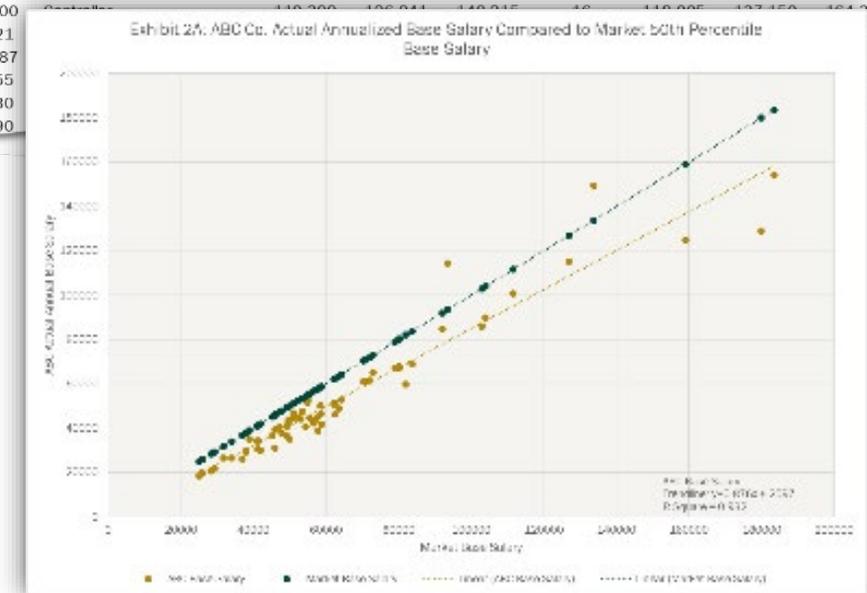
Age data

Summarize results

- Aggregate market percentiles
- Base salary
- Total cash compensation
- Benefits
- Total Compensation

ABC Co.
Preliminary Compensation Study Results
Exhibit 1 - Market Summary
Data Effective July 1, 2021

CBIZ Code	Annualized Average Base	Annualized Average Total Cash	Current Job Title	Market Base Salary			Proposed Pay Grade	Market Total Cash Compensation		
				25th	50th	75th		25th	50th	75th
100	30,042	30,042	Accounting Specialist	39,499	42,065	45,423	7	40,335	42,959	46,391
101	35,085	35,085	Administrative Assistant	36,586	38,948	42,098	6	37,107	39,506	42,704
181	43,629	43,629	Archives Librarian	52,686	56,267	61,394	9	53,673	57,346	62,589
107	46,863	46,863	Benefits Coordinator	47,725	51,029	55,389	8	48,734	52,114	56,570
187	40,842	40,842	Bibliographer	46,807	49,391	53,202	8	57,408	60,866	65,818
102	41,614	41,614	Communications Specialist	55,205	58,783	63,901	10	56,241	59,908	65,144
104	50,825	50,825	Content Managing Editor	59,230	62,242	66,608	10	61,471	64,633	69,197
105	115,200	135,200								
112	40,621	40,621								
115	149,287	159,287								
116	39,255	39,255								
165	42,330	42,330								
117	51,490	51,490								



Base Salary Compared to Market 50th Percentile Base Salary



Designed Pay Structure

Structures simplify ongoing compensation administration

Integrate market and internal equity

Consists of a series of grades, each with a minimum and maximum level of pay

- Range minimum establishes attractive entry level pay
- Range midpoint approximates the market 50th percentile
- Range maximum establishes top out pay
- Encourage employees to develop new skills, seek new roles

Salary Structure

<i>Grade</i>	<i>Minimum</i>	<i>Midpoint</i>	<i>Maximum</i>	<i>Range Spread</i>	<i>Midpoint Differential</i>
1	\$47,422	\$53,350	\$59,278	25%	
2	\$51,030	\$58,685	\$66,340	30%	10.0%
3	\$56,133	\$64,554	\$72,974	30%	10.0%
4	\$61,747	\$71,009	\$80,271	30%	10.0%
5	\$67,922	\$78,110	\$88,298	30%	10.0%
6	\$74,714	\$85,921	\$97,128	30%	10.0%
7	\$82,185	\$94,513	\$106,841	30%	10.0%
8	\$90,404	\$103,964	\$117,525	30%	10.0%
9	\$97,033	\$116,440	\$135,846	40%	12.0%
10	\$108,677	\$130,413	\$152,148	40%	12.0%
11	\$119,980	\$149,974	\$179,969	50%	15.0%
12	\$137,976	\$172,471	\$206,965	50%	15.0%
13	\$186,268	\$232,835	\$279,402	50%	35.0%
14	\$232,835	\$291,044	\$349,253	50%	25.0%

Highlights

- Separate from state classification plan
- Narrower ranges offer market appropriate starting pay, bring down maximums
- More grades for flexibility

Classify Jobs

The midpoint of each job's assigned salary grade is designed to closely approximate the market 50th percentile

- Jobs are slotted into salary grades based on this relationship

If the market 50th percentile falls between two grade midpoints, the job is assigned to the grade with the nearest midpoint to ensure accurate alignment with market data

Grades will contain jobs of similar market value

Adjustments made for internal equity

Title: Job XYZ

Market Benchmark: \$35,455

Grade	Minimum	Midpoint	Maximum
1	\$24,778	\$30,972	\$37,166
2	\$27,398	\$35,618	\$43,838
3	\$31,508	\$40,960	\$50,412

Illustrative Structure

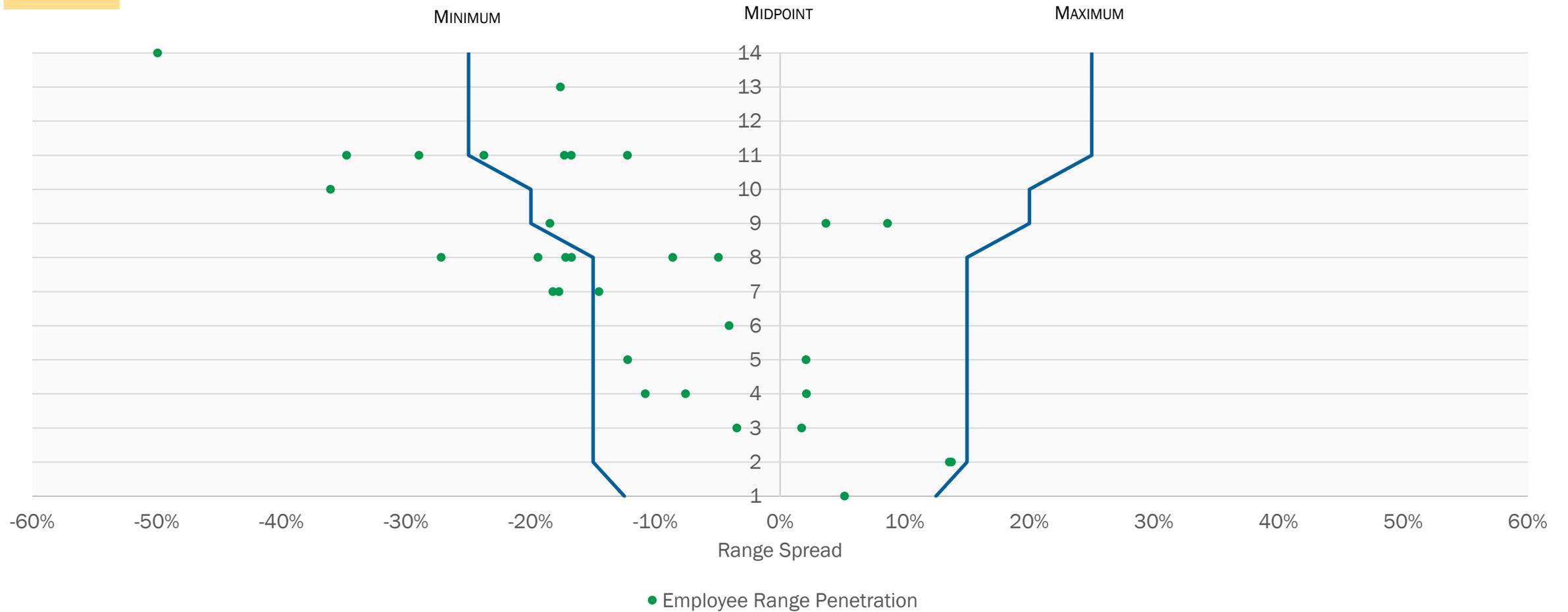
Classification List



Grade	Proposed Title	Minimum	Midpoint	Maximum
14	Chief Investment Officer	\$232,835	\$291,044	\$349,253
13	Land Commissioner	\$186,268	\$232,835	\$279,402
12		\$137,976	\$172,471	\$206,965
11	Chief Financial Officer Director of Administrative & IT Divisions General Counsel Minerals Division Director Revenue Compliance Division Director Surface Division Director	\$119,980	\$149,974	\$179,969
10	Unclaimed Property Division Director Senior Investment Officer Senior Investment Operations Officer	\$108,677	\$130,413	\$152,148
9	Investment Operations Officer Investments Officer Senior Minerals Management Officer	\$97,033	\$116,440	\$135,846
8	Minerals Management Officer Senior Accountant Senior Auditor Senior Surface Management Officer	\$90,404	\$103,964	\$117,525

Grade	Proposed Title	Minimum	Midpoint	Maximum
7	Surface Management Officer	\$82,185	\$94,513	\$106,841
6	Auditor Senior Systems Administrator Accountant	\$74,714	\$85,921	\$97,128
5	Administrative Officer Paralegal	\$67,922	\$78,110	\$88,298
4	Executive Assistant Unclaimed Property Lead Systems Administrator	\$61,747	\$71,009	\$80,271
3	Account Technician Unclaimed Property Claims Processor Unclaimed Property Holder Reporting	\$56,133	\$64,554	\$72,974
2	Accounting Assistant Administrative Assistant	\$51,030	\$58,685	\$66,340
1	Front Office Administrative Assistant	\$47,422	\$53,350	\$59,278

Employee Range Penetration



Financial Impact Analysis

Integration of structure with employee data

- Identify below min/above max of base pay ranges
- The average overall compa-ratio as compared to the market 50th percentile is 92.5%

Compression adjustments provide an increase between current salary and the calculated ideal range placement.

- The ideal range placement is modeled based on an employee's time in current role.
 - Employees move 5% through the range per year of service (i.e., move from minimum to maximum in 20 years)
 - Pay advancement is capped at 90% range penetration (i.e., ¾ through the pay range)

	BELOW SALARY RANGE MINIMUM	ABOVE SALARY RANGE MAXIMUM	COMPRESSION ADJUSTMENTS
NUMBER OF EMPLOYEES	10	0	24
TOTAL AMOUNT (\$)	\$115,608	\$0	\$221,770
TOTAL AMOUNT AS A % OF PAYROLL	3.8%	0.0%	7.2%

* Compa-ratio is calculated by dividing an employee's salary by the market base salary 50th percentile

Benefits/Total Compensation Analysis

Benefits	Average Market Data	DTL Actual Benefits	Compa-Ratios
	Fixed Cost Tied to Headcount		
Payments for Medical Related	\$15,041	\$19,717	131.1%
Medical Insurance Premiums	\$14,506	\$19,532	
Dental Insurance Premiums	\$369	\$0	
Vision Insurance Premiums	\$59	\$0	
Employer Contributions to HSA	\$106	\$185	
Total Fixed Cost	\$15,041	\$19,717	131.1%
	Variable Cost Tied to Payroll		
Payments for Time Not Worked	11.3%	14.1%	124.6%
Payments for Holidays	3.5%	3.8%	
Payments for Vacations	5.1%	5.7%	
Sick Leave Pay	2.7%	4.6%	
Retirement and Savings	23.1%	12.3%	53.1%
Total Variable Cost	34.4%	26.4%	76.7%
Benefits Formula	15,041 + 34.4% x Base Salary	19,717 + 26.4% x Base Salary	

Enhanced fringe formula

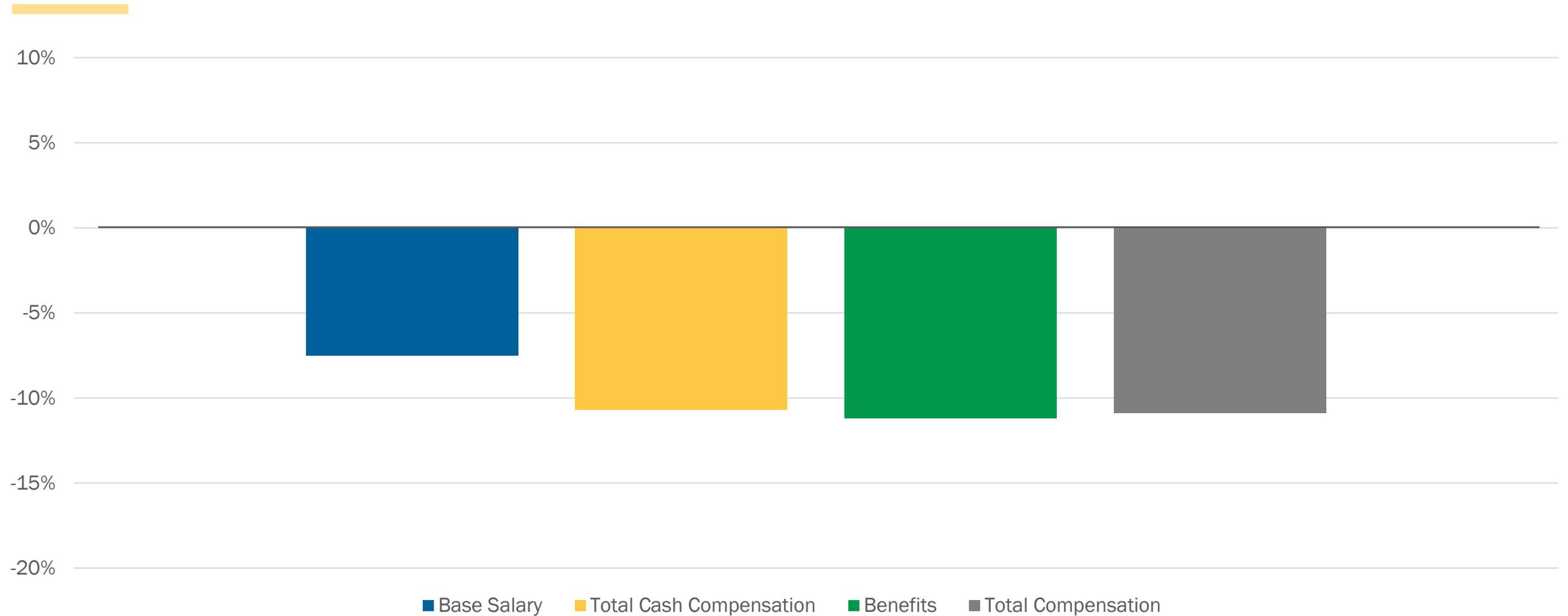
Fixed-cost benefits

- Medical/medically-related benefits (e.g., medical, dental, vision, STD, LTD, and life insurance),
- Compare data to the market and value the total as an average cost per employee

Variable-cost benefits

- Retirement and time-off benefits
- Compare plans and capture an employee cost as a percentage of salary

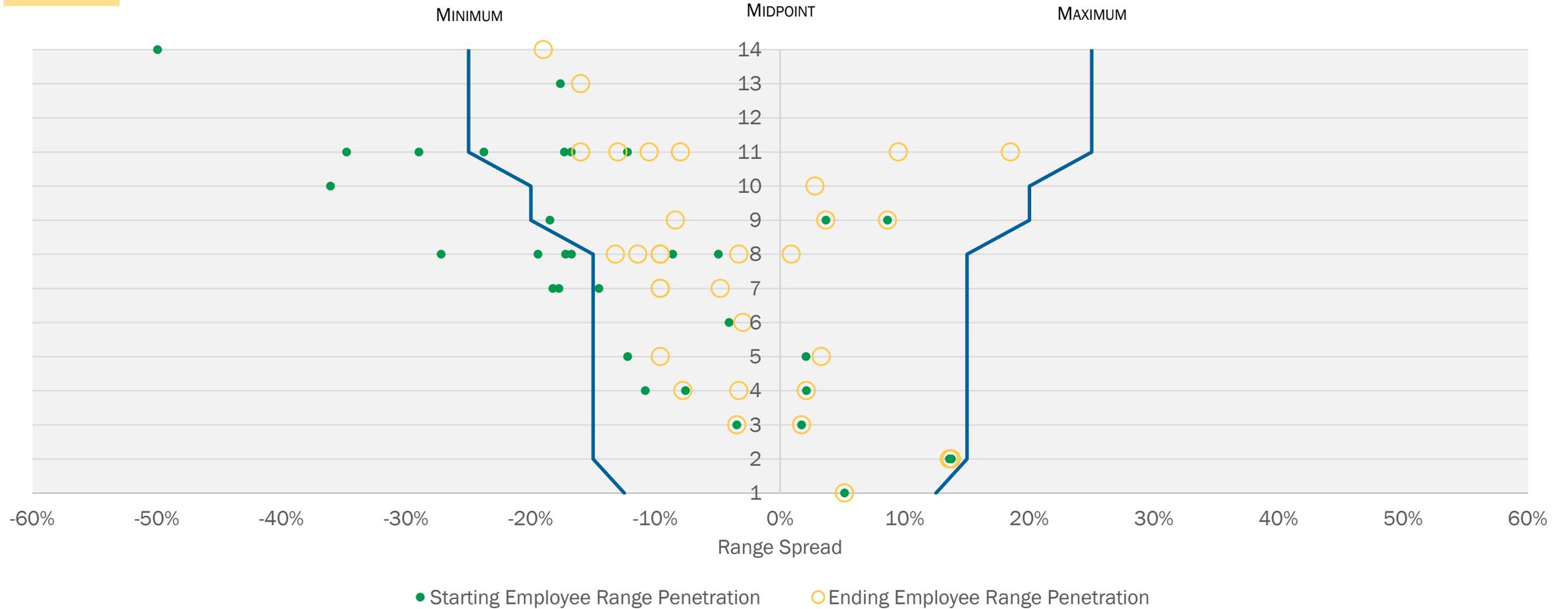
Total Compensation Analysis Position to Market



Salary Adjustment Considerations

Category	Rationale	Cost	% of Payroll
Increase to Minimum:	<ul style="list-style-type: none"> At risk of losing employees due to pay 	\$115,608	3.8%
Compression Increase:	<ul style="list-style-type: none"> Alleviate pay compression based on time in role and performance Improve overall pay position 	\$221,770	7.2%
Total Increases:		\$337,377	11.0%

Post Increase Range Placement



Incentive Plan Payout Percentages

Designed incentive plan based on level within the Department

- Threshold (50% of target)
- Target
- Maximum (200% of target)

Determined weighting of incentives on organizational and divisional goals

- Organizational goal – growth of the Common School Trust Fund
- Divisional goal – tailored to divisions with well defined metrics, quantifiable for success

Career Level	Recommended Bonus Payout (as % of Base Salary)			% Based On Goals	
	Threshold	Target	Maximum	Organization	Division
L3	17.5%	35.0%	70.0%	100%	0%
L2	0%	35.0%	70.0%	0%	100%
L1	10.0%	20.0%	40.0%	50%	50%
M4	7.5%	15.0%	30.0%	50%	50%
M3	7.5%	15.0%	30.0%	50%	50%
M2	7.5%	15.0%	30.0%	50%	50%
M1	5.0%	10.0%	20.0%	50%	50%
P4	5.0%	10.0%	20.0%	50%	50%
P3	5.0%	10.0%	20.0%	50%	50%
P2	2.5%	5.0%	10.0%	50%	50%
P1	2.5%	5.0%	10.0%	50%	50%
S3	1.3%	2.5%	5.0%	50%	50%
S2	1.3%	2.5%	5.0%	50%	50%
S1	1.3%	2.5%	5.0%	50%	50%

Incentive Plan Measures

Division	Metric	Measurement
Accounting	CS Trust Fund Growth	Rolling 3 Year Average % Growth
Administrative Services	CS Trust Fund Growth	Rolling 3 Year Average % Growth
Investments	Investments	Rolling 3 Year Average vs Benchmark (BPS)
Information Technology	CS Trust Fund Growth	Rolling 3 Year Average % Growth
Land Commissioner	CS Trust Fund Growth	Rolling 3 Year Average % Growth
Legal	CS Trust Fund Growth	Rolling 3 Year Average % Growth
Minerals	Minerals Revenue	Rolling 3 Year Average Royalty & Bonus Revenue
Revenue Compliance	CS Trust Fund Growth	Rolling 3 Year Average % Growth
Surface	Surface Revenue	Rolling 3 Year Average Rental Revenue
Unclaimed Property	Claims Paid/Holder Reports	Number of Claims and Holder reports processed

Incentive Payout Potential

Modeling assumes:

- All employees receive both increases to the minimum of their salary range and compression adjustments
- All employees achieve the same level of payout

PAYOUT LEVEL	PAYOUT AMOUNT	% OF PAYROLL	EST CS GROWTH	PAYOUT AS % OF CS GROWTH
THRESHOLD	\$196,904	5.8%	\$454,857,316	0.05%
TARGET	\$480,189	14.1%	\$594,813,413	0.08%
MAXIMUM	\$960,378	28.1%	\$734,769,510	0.13%

State Bonus Plan Comparisons

Retirement & Investment Office

- Eligibility tied to investment-related positions
- Max opportunity ranges from 25-100% of pay
 - Executive Director and Chief Investment Officer max at 100%.
- Metrics tied to fund performance and asset class/individual performance

North Dakota Mill

- Eligible to all full-time employees
- Part fixed based on goals achievement up to 4% of pay, part uncapped gain-sharing plan tied to profits with 1% payout for each million of profit
 - Recent payouts approaching 30%.
- Separate plan for the Executive Director, up to 30% of pay

Bank of North Dakota

- Still in final development, anticipated to be gainsharing with all employees receiving the same payout
- Payments stated to be paid over three years

Recommendations



Recommendations

01

Increase the compensation of all employees to the minimum of their respective proposed salary ranges

- Range minimum represents the level at which entry-level pay can be considered market-competitive
- Implementation of the compensation plan should occur uniformly across all positions to avoid pay equity issues

02

Consider adopting the compression-based pay adjustments

- Help ensure that employee compensation is commensurate with experience and performance
- Allow for enhanced flexibility to onboard new employees without creating pay inequities

03

Consider implementing the annual incentive plan

- Motivates and engages employees
- Aligns performance with Department goals
- Help attract and retained high-quality candidates

04

Compare to market every three to five years

- Adjust ranges annually
- Budget for market competitive increases annually

Annual Salary Planning

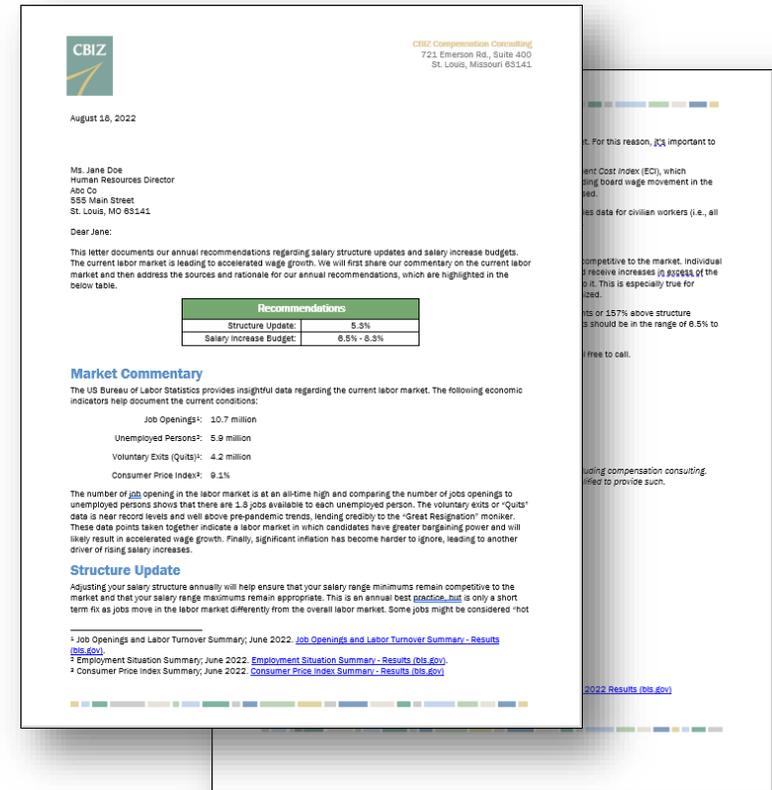
Budget for market competitive salary increases

Adjust structures annually to ensure:

- The new compensation system remains competitive for years to come
- Minimums stay competitive to the market
- Maximums stay appropriate

CBIZ will provide salary structure update factors for up to five years

CBIZ tracks data associated with cost of labor, not cost of living, changes





QUESTIONS?

