

2025 HOUSE GOVERNMENT AND VETERANS AFFAIRS

HB 1170

2025 HOUSE STANDING COMMITTEE MINUTES

GOVERNMENT VETERANS AFFAIRS COMMITTEE

PIONEER ROOM, STATE CAPITOL

HB 1170

1/17/2025

Relating to state employee annual leave.
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10:18 a.m. Chairman Schauer called the meeting to order.

Members present: Chairman Schauer, Representatives Bahl, Brown, Grindberg, Karls, McLeod, Schneider, Steiner, VanWinkle, Vetter, Wolff

Members absent: Vice Chairman Satrom, Christy, Rohr

Discussion Topics:

- Amendments relating to new hire leave
- Flexibility for hiring by the state
- Employee retention

10:18 a.m. Representative Motschenbacher, District 47, Introduced the bill and submitted testimony, #29716, #29720.

10:24 a.m. Molly Herrington, Chief People Officer and Director of Human Resource Management Services Division OMB, testified in favor and submitted testimony, #29573.

10:30 a.m. Josh Gallion, ND State Auditor, testified in favor.

10:35 a.m. Rachel Kriege, Administrative Division Director with the Insurance Department, testified in favor and submitted testimony, #29004.

10:39 a.m. Molly Herrington answered the committees questions.

10:39 a.m. Chairman Schauer closed the hearing.

10:39 a.m. Representative McLeod moved Do Pass.

10:39 a.m. Representative Bahl seconded the motion.

10:40 a.m. Representative McLeod withdrew motion.

10:41 a.m. Representative Vetter moved to adopt amendment LC# 25.0035.02001.

10:41 a.m. Representative Bahl seconded the motion.

Representatives	Vote
Representative Austen Schauer	Y
Representative Bernie Satrom	AB
Representative Landon Bahl	AB
Representative Collette Brown	Y
Representative Josh Christy	AB
Representative Karen Grindberg	Y
Representative Karen Karls	Y
Representative Carrie McLeod	Y
Representative Karen Rohr	Y
Representative Mary Schneider	Y
Representative Vicky Steiner	Y
Representative Lori VanWinkle	Y
Representative Steve Vetter	Y
Representative Christina Wolff	Y

10:42 a.m. Motion passed 11-0-3.

10:43 a.m. Representative McLeod moved a Do Pass as amended.

10:43 a.m. Representative Bahl seconded the motion.

Representatives	Vote
Representative Austen Schauer	Y
Representative Bernie Satrom	AB
Representative Landon Bahl	AB
Representative Collette Brown	Y
Representative Josh Christy	AB
Representative Karen Grindberg	Y
Representative Karen Karls	Y
Representative Carrie McLeod	Y
Representative Karen Rohr	Y
Representative Mary Schneider	Y
Representative Vicky Steiner	N
Representative Lori VanWinkle	N
Representative Steve Vetter	Y
Representative Christina Wolff	N

10:44 a.m. Motion passed 8-3-3.

Representative McLeod will carry the bill.

Additional written testimony:

Steven Kahl, Executive Secretary Public Service Commission, submitted neutral testimony, #29600.

10:45 a.m. Chairman Schauer closed the meeting.

Jackson Toman, Committee Clerk

Sixty-ninth
Legislative Assembly
of North Dakota

PROPOSED AMENDMENTS TO

HOUSE BILL NO. 1170

Introduced by

Representatives Motschenbacher, Bahl, Christy, Fisher, Dressler

Senators Cleary, Dwyer, Gerhardt

JMB 1-17-25
1 of 3

1 A BILL for an Act to amend and reenact section 54-06-14 of the North Dakota Century Code,
2 relating to state employee annual leave.

3 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

4 **SECTION 1. AMENDMENT.** Section 54-06-14 of the North Dakota Century Code is
5 amended and reenacted as follows:

6 **54-06-14. Annual leave and sick leave for state employees.**

- 7 1. a. Annual leave and sick leave must be provided for all ~~persons~~individuals in the
8 permanent employment of this state who are not employed under a written
9 contract of hire setting forth the terms and conditions of their employment, within
10 the limitations, terms, and provisions of this section.
- 11 b. A state agency, unit, or entity that employs an individual subject to this section
12 shall, upon hire, grant the individual forty hours of annual leave new hire leave to
13 use within the first year of employment. Any new hire leave remaining after
14 completion of the first year of employment is eliminated. New hire leave is not
15 earned paid time off and is not paid out upon separation of employment.
- 16 c. Annual leave for an employee entitled to it must be within a range of a minimum
17 of one working day per month of employment to a maximum of two working days
18 per month of employment, based on tenure of employment ~~or experience or both,~~
19 to be fixed by rules adopted by the employing unit. The rules may allow the
20 employing unit to negotiate may grant, at hire, annual leave within the parameters

JB 2 of 3

of one to two working days per month ~~based on experience or tenure of employment or both~~, which may exceed the amount based on tenure of employment, if the position being hired for was previously identified as a hard-to-fill occupation under subsection 5 of section 54-06-31 and the agency has satisfied the requirements under subsection 1 of section 54-06-31. Sick leave for an employee entitled to it must be within a range of a minimum of one working day per month of employment to a maximum of one and one-half working days per month of employment, based on tenure of employment, to be fixed by rules adopted by the employing unit.

d. Annual leave must be compensated for on the basis of full pay for the number of working days' leave credited to the employee. Sick leave must be compensated for on the basis of full pay for absence due to illness on working days during tenure of employment. An employee with at least ten continuous years of state employment is entitled to a lump sum payment equal to one-tenth of the pay attributed to the employee's unused sick leave accrued under this section. An employee's years of state employment must be deemed continuous if, under the official personnel policy of an agency, unit, or entity, the employee's work is terminated because of a reduction in force and the employee is reinstated in any agency, unit, or entity within two years, or if the employee is placed on voluntary leave status without pay and the leave lasts no longer than two years for education purposes, or one year for any other voluntary leave without pay. The pay attributed to the accumulated, unused sick leave must be computed on the basis of the employee's salary or wage at the time the employee leaves the employ of the state and at the rate of one hour of pay for each hour of unused sick leave. The agency, unit, or entity that last employed the employee shall make the lump sum payment from funds appropriated by the legislative assembly to that agency, unit, or entity for salaries and wages. ~~Any~~

2. A state agency, unit, or entity ~~which~~that employs ~~persons~~an individual subject to this section shall formulate and adopt rules governing the granting of annual leave and sick leave which will effectuate the purpose of this section and best suit the factors of employment of that employing unit. Each employing unit shall file with the office of

- 1 management and budget a copy of the rules adopted, including any amendments or
- 2 additions to the rules.

**REPORT OF STANDING COMMITTEE
HB 1170**

Government and Veterans Affairs Committee (Rep. Schauer, Chairman) recommends **AMENDMENTS (25.0035.02001)** and when so amended, recommends **DO PASS** (8 YEAS, 3 NAYS, 3 ABSENT AND NOT VOTING). HB 1170 was placed on the Sixth order on the calendar.

Good morning, Chairman Schauer and committee members. For the record, Mike Motschenbacher from District 47 representing Northwest Bismarck.

Today I present to you HB 1170. The purpose behind the bill is simply to give state agencies a little more leeway and negotiating power when hiring new employees.

As someone who has worked and managed two businesses in the private sector for 34 years, I had the ability to negotiate whatever I wanted when hiring new employees including wages, benefits, and vacation time. Although I had the same struggles finding and hiring employees that everyone else did, our state agencies do not have the same negotiating ability that we do in the private sector. Many of the standards are set by us, the legislature. This bill is an attempt to relax some of those standards, especially in the field of paid leave.

In front of you, you have two sheets. The one that is printed front and back is the language that is currently drafted. The two pager that you have are suggested edits. These edits come from further conversations that I've had with state agencies on the proper and best way to address the issue.

With legislative council being bogged down currently and with the short timeline I had to get this edited draft in front of you, we drafted the amendments ourselves and would ask the committee to approve this bill with these amendments.

A quick review of the bill. I'm going to be going off the edited version if you want to follow along.

On page 1 line 7, it changes the word "persons" to "individuals". The reason behind this is that under definition, the word "persons" could actually represent a group or organization, so we changed it to accurately represent that we mean the individual employee.

Page 1 section b is added language which changes verbiage to "new hire leave" rather than "annual leave". The reasoning behind this change is because annual leave is required to be paid out in full, even if the employee would quit within the first weeks or couple months of them being hired.

Page 1 section c is the necessary language that would give the hiring agency the ability to grant this leave. You will notice on line 20 it says "may grant" which simply allows them to do so but does not require it.

Mr. Chairman and members of the committee, with this brief description, I would gladly answer any questions you may have but there are people behind me that are going to testify in favor of this bill that would be able to answer your questions with better clarity, but I'll be glad to attempt to answer any questions you may have.

Thank you.

Sixty-ninth
Legislative Assembly
of North Dakota

PROPOSED AMENDMENTS TO

HOUSE BILL NO. 1170

Introduced by

Representatives Motschenbacher, Bahl, Christy, Fisher, Dressler

Senators Cleary, Dwyer, Gerhardt

1 A BILL for an Act to amend and reenact section 54-06-14 of the North Dakota Century Code,
2 relating to state employee annual leave.

3 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

4 **SECTION 1. AMENDMENT.** Section 54-06-14 of the North Dakota Century Code is
5 amended and reenacted as follows:

6 **54-06-14. Annual leave and sick leave for state employees.**

7 1. a. Annual leave and sick leave must be provided for all ~~persons~~individuals in the
8 permanent employment of this state who are not employed under a written
9 contract of hire setting forth the terms and conditions of their employment, within
10 the limitations, terms, and provisions of this section.

11 b. A state agency, unit, or entity that employs an individual subject to this section
12 shall, upon hire, grant the individual forty hours of ~~annual leave~~new hire leave to
13 be used within the first year of employment. Any new hire leave remaining after
14 completion of the first year of employment is eliminated. New hire leave is not
15 earned paid time off and is not paid out upon separation of employment.

16 c. Annual leave for an employee entitled to it must be within a range of a minimum
17 of one working day per month of employment to a maximum of two working days
18 per month of employment, based on tenure of employment ~~or experience or both,~~
19 to be fixed by rules adopted by the employing unit. ~~The rules may allow the~~
20 employing unit to negotiate may grant, at hire of a previously identified hard-to-fill
21 occupation as defined by section 54-06-31(5), annual leave within the parameters
22 of one to two working days per month ~~based on experience or tenure of~~
23 employment or both upon meeting the requirements of section 54-06-31(1). Sick
24 leave for an employee entitled to it must be within a range of a minimum of one

1 working day per month of employment to a maximum of one and one-half working
2 days per month of employment, based on tenure of employment, to be fixed by
3 rules adopted by the employing unit.

4 d. Annual leave must be compensated for on the basis of full pay for the number of
5 working days' leave credited to the employee. Sick leave must be compensated
6 for on the basis of full pay for absence due to illness on working days during
7 tenure of employment. An employee with at least ten continuous years of state
8 employment is entitled to a lump sum payment equal to one-tenth of the pay
9 attributed to the employee's unused sick leave accrued under this section. An
10 employee's years of state employment must be deemed continuous if, under the
11 official personnel policy of an agency, unit, or entity, the employee's work is
12 terminated because of a reduction in force and the employee is reinstated in any
13 agency, unit, or entity within two years, or if the employee is placed on voluntary
14 leave status without pay and the leave lasts no longer than two years for
15 education purposes, or one year for any other voluntary leave without pay. The
16 pay attributed to the accumulated, unused sick leave must be computed on the
17 basis of the employee's salary or wage at the time the employee leaves the
18 employ of the state and at the rate of one hour of pay for each hour of unused
19 sick leave. The agency, unit, or entity that last employed the employee shall
20 make the lump sum payment from funds appropriated by the legislative assembly
21 to that agency, unit, or entity for salaries and wages. ~~Any~~

22 2. A state agency, unit, or entity ~~which that~~ employs ~~persons~~ an individual subject to this
23 section shall formulate and adopt rules governing the granting of annual leave and
24 sick leave which will effectuate the purpose of this section and best suit the factors of
25 employment of that employing unit. Each employing unit shall file with the office of
26 management and budget a copy of the rules adopted, including any amendments or
27 additions to the rules.



Management
and Budget

Testimony in Support of
House Bill No. 1170
House Government and Veterans Affairs
January 17, 2025

TESTIMONY OF

Molly Herrington, Chief People Officer, Human Resource Management Services

Good morning, Chairman Schauer and committee members. My name is Molly Herrington, Chief People Officer and Director of Human Resource Management Services (HRMS) Division of the Office of Management and Budget (OMB). OMB supports HB 1170, as introduced with Representative Motschenbacher's proposed amendments.

HB 1170 is a bill with the potential to enhance our recruitment tools for the state by offering new hires limited leave as they work on accruing their standard sick and annual leave. This legislation addresses recruitment challenges, particularly in hard-to-fill positions related to their access to leave.

The bill, with proposed amendments, would grant new employees 40 hours of new hire leave upon hire to be used within the first year of employment. This is a positive step toward ensuring that workers are able to manage their personal health and well-being early in their employment. This initiative supports employee engagement and productivity, which ultimately benefits the entire organization. By allowing employees to utilize this time within their first year, the bill provides a valuable safety net during the critical early stages of employment.

Additionally, the ability to offer modified accrual of leave for hard-to-fill positions as defined by Section 54-06-31(5) further strengthens the bill. It provides agencies with a valuable tool to attract and retain talent in crucial sectors where workforce shortages are most prevalent.

In conclusion, I believe this legislation will help create a more uniform and supportive work environment across state agencies. It will enhance employee retention, foster job satisfaction, and address the ongoing challenges in recruitment. I strongly encourage the committee to support this bill, which will ultimately benefit both the state and its employees.

Thank you for your consideration. Chairman Schauer and committee members, this concludes my testimony. I would be happy to answer any questions.



NORTH DAKOTA
Insurance Department

TESTIMONY

Rachel Kriege, Administrative Division Director

House Government and Veterans Affairs

January 17, 2025

Good Morning Chairman Schauer and members of the Government and Veterans Affairs Committee. For the record, my name is Rachel Kriege and I serve as the Administrative Division Director for the Insurance Department, which part of my role is also Human Resources. I stand before you today in support of House Bill 1170.

HB 1170 would allow agencies the flexibility to grant new employees a predetermined amount of time off upon hire, providing immediate benefits that can significantly enhance recruitment.

Currently, new hires in state employment start with no leave balance. This system can be a deterrent for potential employees, especially those who may be transitioning from the private sector, where paid time off is often part of the overall compensation package from day one. By offering some leave, upon hire, we can better compete for top talent and reduce barriers for those considering state employment. This small adjustment would help align state employment with industry standards and make our positions more attractive to skilled candidates.

In competitive job markets, especially in specialized fields such as Insurance, candidates often weigh the benefits of a position, including paid time off, alongside other factors such as salary and work-life balance. Offering a leave package at the start provides new employees with the immediate flexibility to manage personal needs, ensuring they feel supported from day one.

In conclusion, the introduction of time off for a new hire offers a practical and valuable tool for recruitment and, providing flexibility to employers while supporting employees in maintaining a healthy work-life balance.

Chairman Schauer and members of the committee, that concludes my testimony and I am happy to answer any questions you may have.

House Bill 1170

Before: House Government and Veteran Affairs
The Honorable Austen Schauer, Chair

Date: January 17, 2025

TESTIMONY

Thank you for the opportunity to provide comments on HB 1170. The Public Service Commission has carefully reviewed the proposed legislation and appreciates the opportunity to share our perspective.

Like other agencies, the Commission faces challenges in recruiting talented employees. In particular, we have encountered situations where potential hires, other than those employed by the state, raise concerns about or attempt to negotiate leave policies. This has been particularly pointed when recruiting individuals who are already well-established in their careers.

We recognize that HB 1170 involves numerous considerations and concerns with its implementation. However, the Commission believes the legislation holds potential benefits if applied thoughtfully and effectively. We appreciate the committee's efforts to address these challenges and explore possible solutions.

Thank you again for considering our input on HB 1170. Please feel free to reach out to the Commission if we can provide additional information or assistance.

2025 SENATE STATE AND LOCAL GOVERNMENT

HB 1170

2025 SENATE STANDING COMMITTEE MINUTES

State and Local Government Committee Room JW216, State Capitol

HB 1170
3/14/2025

Relating to state employee annual leave.
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10:01 a.m. Chair Roers called the hearing to order.

Members Present: Chairman Roers; Vice Chair Castaneda; Senators: Barta, Braunberger, Lee and Walen.

Discussion Topics:

- Negotiating Power
- Change "Person" to "Individual"
- Change "annual leave" to "new hire leave"
- Effective date
- Allow for flexibility
- Combine sick and vacation time/PTO

10:01 a.m. Representative Motschenbacher, District #47, introduced the bill and submitted testimony #41398.

10:09 a.m. Molly Herrington, Chief People Officer Director of Human Resource Management Services Office of Management and Budget, testified in favor and submitted testimony #41361.

10:19 a.m. Jill Kringstad, Commissioner Public Service Commission, testified in favor and submitted testimony #41478.

10:23 a.m. Shelly Miller, Chief of Staff North Dakota Information Technology, testified in favor and submitted testimony #41256.

10:28 a.m. Noah Korger, Legislative Intern ND State Auditor's Office, testified in favor and submitted testimony #41384.

10:33 a.m. Senator Barta moved Amendment LC #25.0035.03001.

10:33 a.m. Senator Braunberger seconded the motion.

Senators	Vote
Senator Kristin Roers	Y
Senator Jose L. Castaneda	Y
Senator Jeff Barta	Y
Senator Ryan Braunberger	Y
Senator Judy Lee	Y
Senator Chuck Walen	Y

Motion Passed 6-0-0

10:34 a.m. Senator Braunberger moved Do Pass as amended.

10:34 a.m. Senator Barta seconded the motion.

Senators	Vote
Senator Kristin Roers	Y
Senator Jose L. Castaneda	Y
Senator Jeff Barta	Y
Senator Ryan Braunberger	Y
Senator Judy Lee	Y
Senator Chuck Walen	AB

Motion Passed 5-0-1

Senator Braunberger will carry the bill.

Additional written testimony:

Rachel Kriege, Administrative Division Director ND Insurance Department, submitted testimony in favor #41360.

10:35 a.m. Chair Roers closed the hearing.

Susan Helbling, Committee Clerk

March 4, 2025

CO
3/14/25
1 of 3

Sixty-ninth
Legislative Assembly
of North Dakota

PROPOSED AMENDMENTS TO FIRST ENGROSSMENT

ENGROSSED HOUSE BILL NO. 1170

Introduced by

Representatives Motschenbacher, Bahl, Christy, Fisher, Dressler

Senators Cleary, Dwyer, Gerhardt

- 1 A BILL for an Act to amend and reenact section 54-06-14 of the North Dakota Century Code,
2 relating to state employee annual leave; and to provide an effective date.

3 BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

- 4 **SECTION 1. AMENDMENT.** Section 54-06-14 of the North Dakota Century Code is
5 amended and reenacted as follows:

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8 permanent employment of this state who are not employed under a written
9 contract of hire setting forth the terms and conditions of their employment, within
10 the limitations, terms, and provisions of this section.
- 11 b. A state agency, unit, or entity that employs an individual subject to this section
12 shall, upon hire, grant the individual forty hours of new hire leave to use within
13 the first year of employment. Any new hire leave remaining after completion of
14 the first year of employment is eliminated. New hire leave is not earned paid time
15 off and is not paid out upon separation of employment.
- 16 c. Annual leave for an employee entitled to it must be within a range of a minimum
17 of one working day per month of employment to a maximum of two working days
18 per month of employment, based on tenure of employment, to be fixed by rules
19 adopted by the employing unit. The employing unit may grant, at hire, annual
20 leave within the parameters of one to two working days per month, which may

1 exceed the amount based on tenure of employment, if the position being hired for
2 was previously identified as a hard-to-fill occupation under subsection 5 of
3 section 54-06-31 and the agency has satisfied the requirements under
4 subsection 1 of section 54-06-31. Sick leave for an employee entitled to it must
5 be within a range of a minimum of one working day per month of employment to
6 a maximum of one and one-half working days per month of employment, based
7 on tenure of employment, to be fixed by rules adopted by the employing unit.

8 d. Annual leave must be compensated for on the basis of full pay for the number of
9 working days' leave credited to the employee. Sick leave must be compensated
10 for on the basis of full pay for absence due to illness on working days during
11 tenure of employment. An employee with at least ten continuous years of state
12 employment is entitled to a lump sum payment equal to one-tenth of the pay
13 attributed to the employee's unused sick leave accrued under this section. An
14 employee's years of state employment must be deemed continuous if, under the
15 official personnel policy of an agency, unit, or entity, the employee's work is
16 terminated because of a reduction in force and the employee is reinstated in any
17 agency, unit, or entity within two years, or if the employee is placed on voluntary
18 leave status without pay and the leave lasts no longer than two years for
19 education purposes, or one year for any other voluntary leave without pay. The
20 pay attributed to the accumulated, unused sick leave must be computed on the
21 basis of the employee's salary or wage at the time the employee leaves the
22 employ of the state and at the rate of one hour of pay for each hour of unused
23 sick leave. The agency, unit, or entity that last employed the employee shall
24 make the lump sum payment from funds appropriated by the legislative assembly
25 to that agency, unit, or entity for salaries and wages. ~~Any~~

26 2. A state agency, unit, or entity which that employs persons an individual subject to this
27 section shall formulate and adopt rules governing the granting of annual leave and
28 sick leave which will effectuate the purpose of this section and best suit the factors of
29 employment of that employing unit. Each employing unit shall file with the office of
30 management and budget a copy of the rules adopted, including any amendments or
31 additions to the rules.

3043

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SECTION 2. EFFECTIVE DATE. This Act becomes effective on May 1, 2026.

**REPORT OF STANDING COMMITTEE
ENGROSSED HB 1170**

State and Local Government Committee (Sen. Roers, Chairman) recommends **AMENDMENTS** ([25.0035.03001](#)) and when so amended, recommends **DO PASS** (5 YEAS, 0 NAYS, 1 ABSENT OR EXCUSED AND NOT VOTING). HB 1170 was placed on the Sixth order on the calendar. This bill does not affect workforce development.

Chairman Roers and members of the committee, my name is Shelly Miller, NDIT Chief of Staff, and I'm here to testify in support of HB 1170.

NDIT, like many other agencies, continuously recruits new talent. Looking back at 2024, we had 78 total hires, 50 of which were external candidates. The majority of the roles we recruit require experience as very few (except the apprentice or intern roles) target new graduates or those attending college. Thus, we are often looking for mid to late career individuals who have worked for a number of years in the technology field. While new employees have differing needs based on where they are in life, mid to late career individuals typically have a nice vacation/PTO plan at a their current employer. Under the current leave accrual plan, they are required to start with an eight hour/month accrual rate. This results in a mid to late career employee who typically has 5-6 weeks of leave per year, starting with no leave and accruing 8 hours a month incrementally throughout the year, twelve days in total. Thus, any vacations or major life events often end up with the employee needing to take leave without pay.

Due to the fact that the majority of mid to late career individuals often accrue annual/vacation leave faster than our starting accrual rate, making the move to state employment requires them to leave a bank of hours as well as take a decrease in leave accrual. These individuals expect to be able to negotiate leave terms at time of offer as often happens in the private sector. In the current state, there is no work around for negotiation, and we are simply not competitive.

In 2024, 9/50 (18%) external new hires (hires not from within any state agency) needed to utilize LWOP for either health or personal reasons within their first year of employment. In addition to a financial burden to the employee and a hit against new employee morale, it is also an administrative burden to the state to process this payroll change. Further, it impacts their leave accrual as well as impacts some benefits such as 457 deferred comp, and retirement contributions. The following use cases over 2024 illustrate our point.

Real Life Examples:

TBP Candidate- Turned down offer due to slower accruing AL - works for judicial branch. Would be losing about a week of AL every year, was an established career individual.

TBP Candidate #2- Countered on both salary and PTO. He almost declined until we discussed the ability to flex 4 10's and take LWOP as needed, was not pleased we could not negotiate PTO. He lost a full week of annual leave time between old job and NDIT, came from private sector, established career individual.

Internal Services Business Coordinator Candidate- Was coming from the AG's office. She declined offer due to receiving a better offer of pay and PTO from another, private sector org, established career individual.

Cybersecurity Engineer- Became ill shortly after hire and ended up having to utilize LWOP, as he had very little leave accrued and no access to FMLA.

Application Developer- Father was in a serious car accident shortly after he was hired. Was placed on LWOP, as he had no sick leave or FMLA available.

Product Owner- Had a prebooked vacation planned at time of offer, requested 7 days off, and will have to take LWOP. Extensive work experience in a very technical role, was not pleased the time would be without pay, but ultimately accepted.

Sr. Infrastructure Technician- Incredibly hard role to fill, with a very niche skill set and location. Offer was initially declined. Offered a sign on bonus in part due to individual needing multiple days of leave before any would be accrued.

The ability to offer a 40 hour leave bank would help significantly in our recruitment efforts. It would positively impact new employee morale, remove the negative impact to specific benefits and lessen the administrative costs of processing leave without pay. I urge a do pass on HB 1170 and would stand for any questions.



TESTIMONY

Rachel Kriege, Administrative Division Director

Senate State and Local Government

March 14, 2025

Good Morning Madam Chair and members of the State and Local Government Committee. For the record, my name is Rachel Kriege and I serve as the Administrative Division Director for the Insurance Department, which part of my role is also Human Resources. We are in support of House Bill 1170.

HB 1170 would allow agencies the flexibility to grant new employees a predetermined amount of time off upon hire, providing immediate benefits that can significantly enhance recruitment.

Currently, new hires in state employment start with no leave balance. This system can be a deterrent for potential employees, especially those who may be transitioning from the private sector, where paid time off is often part of the overall compensation package from day one. By offering some leave, upon hire, we can better compete for top talent and reduce barriers for those considering state employment. This small adjustment would help align state employment with industry standards and make our positions more attractive to skilled candidates.

In competitive job markets, particularly within specialized fields such as insurance, candidates frequently evaluate the overall benefits of a position—paid time off being a key consideration—alongside other factors like salary and work-life balance. A recent example occurred in early February within the Insurance Department, where we extended a competitive salary offer to a highly qualified candidate. After discussing the benefits package, the candidate ultimately declined the offer. The primary reason for this decision was the absence of paid leave at the start of employment. Given the candidate's specific personal circumstances, starting with a zero-leave balance raised concerns, as they needed immediate time off availability for unforeseen personal matters.

Offering a leave package from the outset provides new hires with essential flexibility to manage personal needs, thereby fostering a supportive work environment from day one and enhancing employee satisfaction and retention.

Madam Chair and members of the committee, that concludes my testimony and urge a do pass recommendation.



Management
and Budget

Testimony in Support of
House Bill No. 1170
Senate State and Local Government
March 14, 2025

TESTIMONY OF

Molly Herrington, Chief People Officer, Human Resource Management Services

Good morning, Chairman Roers and committee members. My name is Molly Herrington, Chief People Officer and Director of Human Resource Management Services (HRMS) Division of the Office of Management and Budget (OMB). OMB supports HB 1170.

HB 1170 is a bill with the potential to enhance our recruitment tools for the state by offering new hires limited leave as they work on accruing their standard annual and sick leave. This legislation addresses recruitment challenges, particularly in hard-to-fill positions related to their access to leave.

This bill would help address recruiting challenges in the following two ways:

- Grants new employees 40 hours of new hire leave upon hire to be used within the first year of employment. This is a positive step toward ensuring that workers can manage their personal health and well-being early in their employment. This initiative supports employee engagement and productivity, which ultimately benefits the entire organization. By allowing employees to utilize this time within their first year, the bill provides a safety net during the critical early stages of employment. This leave expires after the first year of employment.
- Gives agencies the ability to offer modified accrual of leave for hard-to-fill positions as defined by Section 54-06-31(5). This would provide agencies with a valuable tool to attract and retain talent in crucial sectors where workforce shortages are most prevalent.

The two recruiting tools discussed in this bill are fairly standard practice in the private sector. We've researched multiple North Dakota employers and have found that several of them offer something similar to new hire leave and they have the option to negotiate starting leave accrual upon hire. The federal government also allows for flexibility to provide "service credit" for the purpose of determining annual leave accrual rates for new employees qualifying non-federal service or a retired member of active-duty uniformed service.

For your reference, I've also included the state's benefit summary. In that document you will find current leave accrual schedules for both annual leave and sick leave. Please note, the total team member count includes Higher Education.

In conclusion, I believe this legislation will help create a more uniform and supportive work environment across state agencies. It will enhance employee retention, foster job satisfaction,

and address the ongoing challenges in recruitment. I strongly encourage the committee to support this bill, which will ultimately benefit both the state and its employees.

Thank you for your consideration. Chairman Roers and committee members, this concludes my testimony. I would stand for any questions.



NORTH
Dakota Be Legendary.

TEAM ND

Benefits & Extras

Team ND

There are over
18,000
members of
Team ND

There are over
70
individual
state agencies

There are over
100
Team ND
career openings

- Team ND is comprised of two primary position types:
- Classified employees are covered under ND’s classified state employees (civil service) and are subject to Administrative Rules adopted by the Human Resource Management Services (HRMS) division of the Office of Management and Budget (OMB). The rules guide equitable pay, open competitive selection, and protection from arbitrary personnel actions and are designed to provide consistent employment conditions. There are about 7,400 state employees in positions classified by HRMS. Newly hired or reinstated employees in classified positions must serve a probationary period of at least six months prior to obtaining “regular” status.
 - Unclassified employees do not have employment rights under HRMS. The terms and conditions of employment are at-will and vary by agency, category of employee, or by individual employee. There are about 2,200 employees in appointed, elected, temporary or otherwise designated as “unclassified” positions.

NOTE: Employees of the North Dakota University System are covered by and subject to the policies adopted by the State Board of Higher Education. There are about 9,100 employees in the University System.

EMPLOYEE BENEFITS

The state of North Dakota is proud to provide a comprehensive benefits package to all regular state team members. Many of the benefits are available at no cost, while some are available at a cost if team members wish to participate.

The primary benefit offerings are summarized here, along with the legal authority for each. Annual, sick, holiday and funeral leave is prorated for part-time team members.

ANNUAL LEAVE (NDAC 4-07-12)
Team members begin to accrue annual leave from the first day of hire. Annual leave must be earned before it can be taken. An employee can carry over a maximum of 240 hours of accrued annual leave beyond April 30 of each year.

Full-time employees
accrue annual leave
monthly based on the
following schedule:

Years of Service	Hours/Mo. of Leave	Days/Year of Leave
0-3	8	12
4-7	10	15
8-12	12	18
13-18	14	21
Over 18	16	24

Team ND

Accrue
12
days of sick
leave annually

A portion of accrued
sick leave may be used
to care for eligible
family members

Accrue
12
vacation days during
first year of service

Earn
\$250
per year through
wellness activities

SICK LEAVE (NDAC 4-07-13)

Full-time team members begin to earn eight hours of sick leave each month with no maximum accumulations from the first day of employment.

Sick leave must be earned before it can be taken. Team members may use accrued sick leave when ill or in need of medical care or to care for an eligible family member.

LEAVE SHARING PROGRAM (NDCC 54-06-14.4)

Team members may be eligible to give or receive donations of annual or sick leave in case of severe illness, injury, impairment, or physical or mental condition, if the team member has exhausted all available accrued leave. Additional information on donating and requesting leave in PeopleSoft, Employee Self-Service.

FUNERAL LEAVE (NDAC 4-07-14)

Funeral leave is an approved leave of absence with pay for up to 24 working hours to attend, or make arrangements for, a funeral as a result of a death in the team member's family or in the family of an employee's spouse.

MILITARY LEAVE (NDCC 37-01-25)

Team members who are members of the National Guard or Armed Forces Reserve subject to call to service by the U.S. president, or are volunteers for service when ordered by proper authority to active non-civilian employment, are entitled to a leave of absence from such civil service for the period of such active service without loss of status or efficiency rating.

FAMILY & MEDICAL LEAVE (NDCC 54-52.4)

Team members that qualify are eligible for family and medical leave under the state and federal Family and Medical Leave Acts (FMLA) if they have been employed with the state of North Dakota for at least 12 months and have worked at least 1,250 hours during the previous 12-months.

HOLIDAY PAY (NDCC 1-03-01, NDAC 4-07-07)

Regular and probationary team members receive 10 paid holidays per year. State offices close at noon on Christmas Eve day when it falls on Monday through Thursday. A holiday occurring on Saturday or Sunday is observed the preceding Friday or succeeding Monday (does not apply to Christmas Eve office closure).

EMPLOYEE ASSISTANCE PROGRAM

Provides short-term counseling services to assist employees and eligible dependents in dealing with alcoholism, drug abuse and personal problems. All information in this program is confidential.

TRAINING (NDAC 4-07-36)

All employees receive training provided by the state for a variety of training types, dependent on the employee's position.

PERFORMANCE BONUSES (NDCC 54-06-24§2)

The 2019 legislature approved an increase in the state employee performance bonus program, raising the maximum amount to \$1,500 per person, per year.

SERVICE AWARDS (NDAC 4-07-18)

Employees are eligible to receive service awards based on years of service, beginning at three years of full-time service.

State Holidays

New Year's Day
Martin Luther King Jr. Day
Presidents' Day
Good Friday
Memorial Day
Independence Day
Labor Day
Veterans' Day
Thanksgiving Day
Christmas Day

Team ND

Many state agencies also offer the following to their team members:

- Employee Recognition
- Career Development Opportunities
- Promotional Opportunities
- Flexible Scheduling
- Telecommuting
- Tuition Reimbursement
- Infant-at-Work
- Employee Wellness

RETIREMENT AWARDS (NDAC 4-07-18)

A retirement award is provided to an employee who has a minimum of 15 years of state service and who has not been previously recognized by the state.

STAFF DEVELOPMENT (NDAC 4-07-36)

All team members have the opportunity to receive state provided staff development, dependent on the employee's position. Leadership Everywhere courses are available to all team members at no cost.

GROUP BENEFIT PROGRAMS

All group benefit programs are administered by the North Dakota Public Employees Retirement System (NDPERS). Additional information about each of the benefit plans can be obtained from the NDPERS website. Benefit enrollments are done through the NDPERS Member Self Service website. Most group benefits are available to team members who are at least 18 years of age and work 20 hours per week for 20 or more weeks per year.

HEALTH INSURANCE

Team members may participate in a group health insurance program at a single or family level of coverage with the full premium paid for by the state if they work in a regularly funded position. Coverage for new team members begins the first of the month following the month employment began.

LIFE INSURANCE

Team members can participate in a group life insurance plan. The state pays for a basic insurance benefit per team member. Team members can buy additional insurance coverage for themselves and dependents through payroll deduction.

RETIREMENT

Team members are eligible to become members of the NDPERS retirement plan. Team members first enrolled on or prior to December 31, 2024, are in the Main Defined Benefit Retirement Plan. A total of 16.26% of salary is contributed towards the employee's retirement. The state contributes 13.26%, and the team member contributes the remaining 3%. Team members are vested after 36 months of employment.

New team members first enrolled after December 31, 2024, are enrolled in Tier 3 of the Defined Contribution Plan. The state contributes 9.26% toward the employee's retirement. A 3% employer match is available to team member contributing an additional 3% of gross salary into their retirement account. When the additional 3% contribution is elected, the total contribution is 15.26%. Team members are fully vested after 48 months of contributing employment.

DEFERRED COMPENSATION

Team members may defer taxes on a portion of their income in a voluntary deferred compensation supplementary retirement plan. The amount of income deferred plus any earnings are subject to income tax only when the team member or beneficiary receive a distribution at the time of death, retirement, disability or termination of employment.

FLEXCOMP

Team members may pay for eligible insurance payments, medical expenses and dependent care expenses with pre-tax dollars through payroll deductions.

Team ND

"Working for the state of North Dakota is a rewarding experience because every employee can and does make a difference."

"After 25 years, I find there to be challenges every day that make it a joy to come to work."

"I like that what I am doing results in saving lives. It's more than just a job. It's a profession, which offers the opportunity for a satisfying life of service."

"I am proud that in a rural state like North Dakota, we can provide a level of service that is as good or better than larger states."

DENTAL & VISION INSURANCE

Team members can choose to participate in a group dental and/or group vision insurance plan for themselves and dependents. The coverage is effective the first of the month following the employment date.

POLICIES

POLITICAL ACTIVITY (NDCC 34-11.1)

Team members have the right to vote as they please without any attempt from their employer to influence their political decisions. No public employee can engage in political activities while on duty or in uniform. Some state team members whose principal employment is in an activity financed in whole or in part by federal funds are covered by the federal Hatch Act. State agencies and political subdivisions cannot restrict employees from speaking on their own behalf to any member or committee of the legislative assembly.

CONFLICT OF INTEREST

Team members should not hold a position or serve on a board that would conflict with their employment duties with the state. Any secondary employment should be discussed with their supervisor prior to accepting in order to avoid any possible conflict. State team members may not receive remuneration in any form from an individual, business, or corporation for services rendered while acting as an agent or employee of the state.

TECHNOLOGY & SECURITY

The state of North Dakota provides team members with the technology they need to do their jobs effectively. Team members should regularly review their agency's computer security policies, and note that agencies may monitor team member computer activity.

PERSONNEL RECORDS

North Dakota is an open records state. Most personnel files can be viewed by the public. Some information, such as social security numbers and medical information, is confidential and cannot be released to the public.

PAYROLL

State agencies pay their team members once per month - on the first working day of the month. The amount of payment is subject to various deductions or withholdings including state and federal income tax, FICA, Medicare and other voluntary deductions.

This is intended to provide a general overview of important aspects about employment with the State of North Dakota. Nothing in this represents a firm condition of employment, nor does it imply an employment contract between you and the State of North Dakota. Your employing agency's employee handbook and policies will provide specific information relative to your employment, the benefits you will receive, and their expectations of you as an employee.

ND HUMAN RESOURCE MANAGEMENT SERVICE
701.328.3290 • hrms@nd.gov • nd.gov/omb

ND PUBLIC EMPLOYEES RETIREMENT SYSTEM
701.328.3900 • ndpers-info@nd.gov • ndpers.nd.gov

N O R T H
Dakota
Be Legendary.



Office of the
State Auditor

HB1170

2025-2027 Legislative Session – House Government and Veterans Affairs

March 14, 2025

Noah Korger, Legislative Intern

Chairwoman Roers, Vice Chairman Castaneda, and members of the committee, thank you for the opportunity to speak in support of HB 1170, which seeks to provide leave for newly hired employees. I am Noah Korger, a legislative intern from the UND School of Law, representing the State Auditor's Office. Today, I am here to emphasize how this measure will not only improve the well-being of employees but also position our state as a leader in competitive workforce policies.

In today's job market, businesses are grappling with attracting and retaining talent. One of the most significant factors influencing candidates' employment decisions is the benefits package, especially policies that prioritize work-life balance. This bill, which ensures that employees have access to leave immediately upon starting a new job, represents a forward-thinking approach that aligns with the realities of the modern workforce.

Consider the situation of a newly hired employee, who accepts a role within one of our many state agencies. Two weeks after starting, she faces an unexpected family emergency requiring her attention. Without access to leave, she must choose between neglecting her job responsibilities or prioritizing her family, potentially jeopardizing her position during a critical probationary period. For her, and many others, this lack of support creates unnecessary stress and puts employers at risk of losing talented individuals who simply needed a lifeline during their transition. Other real-world examples we have experienced include the birth of children, weddings, and family vacations that are already planned within the first few months of employment.

In conclusion, passing this bill is not just about addressing an immediate workforce need—it's about making a long-term investment in our people. It's about telling the world that we value our workers, their families, and their contributions from the very first day.

I hope you vote in favor of HB1170 to build a stronger, more competitive, and compassionate workforce. That concludes my testimony, and I am available to answer any questions you may have.

Good morning, Madam Chair and committee members. For the record, Mike Motschenbacher from District 47 representing Northwest Bismarck.

Today I present to you HB 1170. The purpose behind the bill is simply to give state agencies a little more leeway and negotiating power when hiring new employees.

As someone who has worked and managed two businesses in the private sector for 34 years, I had the ability to negotiate whatever I wanted when hiring new employees including wages, benefits, and vacation time. Although I had the same struggles finding and hiring employees that everyone else did, our state agencies do not have the same negotiating ability that we do in the private sector. Many of the standards are set by us, the legislature. This bill is an attempt to relax some of those standards, especially in the field of paid leave.

In current law, any new hire does not receive any unearned paid leave during their first year of employment, rather they must accrue paid leave before they can use it. While they start accruing leave at the beginning of their employment, they have no bank to draw from in advance of the leave being earned.

I'll quickly go through what the bill does, and then there is one very minor amendment that I would ask the committee to consider.

On page 1 line 7, it changes the word "persons" to "individuals". The reason behind this is that under definition, the word "persons" could actually represent a group or organization, so we changed it to accurately represent that we mean the individual employee.

Page 1 section b is added language which changes verbiage to "new hire leave" rather than "annual leave". The reasoning behind this change is because annual leave is required to be paid out in full upon separation of employment regardless of length of time with the state. I did want to make sure we put some guidelines on this, so this language makes it clear that this is NOT annual leave, this is additional paid leave that can only be used during their first year of employment only. If they don't use the entire 40 hours during their first year of employment, the leave is removed from their balance and not paid out. This is simply a small morsel of an additional benefit that would provide a small incentive to new employees who as we know are extremely difficult to find right now. As you all know, during the 2023 legislative session, the legislature ended the defined benefit program for all new hires, which was a huge hiring tool for state agencies. I supported that bill, and certainly think in the long run that this will end up benefiting state employees, but this is just an attempt to give them a small tool that they can have in their toolbox to help attract employees.

Page 1 section c allows for flexibility to modify leave accrual for hard-to-fill positions. Providing a tool for agencies to bring employees in the door for critical sectors experiencing staffing shortages. You will notice on line 19-20 it says "may grant" which simply allows an agency to make this modification but does not require it.

The amendment you have before you simply adds an effective date of May 1, 2026. The reasoning behind this is the state needs time to modify their computer systems and design leave accrual configurations to comply with this language. This may require some developer time across the varying systems in the agencies. May 1 of each year is also the new starting point for leave balance accruals within the state system.

Madam Chair and members of the committee, with this brief description, I would gladly try to answer any questions you may have but there are people behind me that are going to testify in favor of this bill that would be able to answer your questions with better clarity, but I'll be glad to attempt to answer any questions you may have.

Thank you.

Sixty-ninth
Legislative Assembly
of North Dakota

PROPOSED AMENDMENTS TO FIRST ENGROSSMENT

ENGROSSED HOUSE BILL NO. 1170

Introduced by

Representatives Motschenbacher, Bahl, Christy, Fisher, Dressler

Senators Cleary, Dwyer, Gerhardt

1 A BILL for an Act to amend and reenact section 54-06-14 of the North Dakota Century Code,
2 relating to state employee annual leave; and to provide an effective date.

3 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

4 **SECTION 1. AMENDMENT.** Section 54-06-14 of the North Dakota Century Code is
5 amended and reenacted as follows:

6 **54-06-14. Annual leave and sick leave for state employees.**

- 7 1. a. Annual leave and sick leave must be provided for all ~~persons~~individuals in the
8 permanent employment of this state who are not employed under a written
9 contract of hire setting forth the terms and conditions of their employment, within
10 the limitations, terms, and provisions of this section.
- 11 b. A state agency, unit, or entity that employs an individual subject to this section
12 shall, upon hire, grant the individual forty hours of new hire leave to use within
13 the first year of employment. Any new hire leave remaining after completion of
14 the first year of employment is eliminated. New hire leave is not earned paid time
15 off and is not paid out upon separation of employment.
- 16 c. Annual leave for an employee entitled to it must be within a range of a minimum
17 of one working day per month of employment to a maximum of two working days
18 per month of employment, based on tenure of employment, to be fixed by rules
19 adopted by the employing unit. The employing unit may grant, at hire, annual
20 leave within the parameters of one to two working days per month, which may

1 exceed the amount based on tenure of employment, if the position being hired for
2 was previously identified as a hard-to-fill occupation under subsection 5 of
3 section 54-06-31 and the agency has satisfied the requirements under
4 subsection 1 of section 54-06-31. Sick leave for an employee entitled to it must
5 be within a range of a minimum of one working day per month of employment to
6 a maximum of one and one-half working days per month of employment, based
7 on tenure of employment, to be fixed by rules adopted by the employing unit.

8 d. Annual leave must be compensated for on the basis of full pay for the number of
9 working days' leave credited to the employee. Sick leave must be compensated
10 for on the basis of full pay for absence due to illness on working days during
11 tenure of employment. An employee with at least ten continuous years of state
12 employment is entitled to a lump sum payment equal to one-tenth of the pay
13 attributed to the employee's unused sick leave accrued under this section. An
14 employee's years of state employment must be deemed continuous if, under the
15 official personnel policy of an agency, unit, or entity, the employee's work is
16 terminated because of a reduction in force and the employee is reinstated in any
17 agency, unit, or entity within two years, or if the employee is placed on voluntary
18 leave status without pay and the leave lasts no longer than two years for
19 education purposes, or one year for any other voluntary leave without pay. The
20 pay attributed to the accumulated, unused sick leave must be computed on the
21 basis of the employee's salary or wage at the time the employee leaves the
22 employ of the state and at the rate of one hour of pay for each hour of unused
23 sick leave. The agency, unit, or entity that last employed the employee shall
24 make the lump sum payment from funds appropriated by the legislative assembly
25 to that agency, unit, or entity for salaries and wages. Any

26 2. A state agency, unit, or entity ~~which~~that employs ~~persons~~an individual subject to this
27 section shall formulate and adopt rules governing the granting of annual leave and
28 sick leave which will effectuate the purpose of this section and best suit the factors of
29 employment of that employing unit. Each employing unit shall file with the office of
30 management and budget a copy of the rules adopted, including any amendments or
31 additions to the rules.

1

SECTION 2. EFFECTIVE DATE. This Act becomes effective on May 1, 2026.

House Bill 1170

Presented by: Jill Kringstad, Commissioner
Public Service Commission

Before: Senate State and Local Government
The Honorable Kristin Roers, Chair

Date: March 14, 2025

TESTIMONY

Good morning, Chair Roers and Committee Members, thank you for the opportunity to provide comments on HB 1170. For the record my name is Jill Kringstad and I am a Commissioner with the Public Service Commission. The Public Service Commission has carefully reviewed the proposed legislation as amended and appreciates the opportunity to share our perspective.

Like other agencies, the Commission faces challenges in recruiting talented employees. In particular, we have encountered situations where potential hires, other than those employed by the state, raise concerns about or attempt to negotiate leave policies. This has been particularly pointed when recruiting individuals who are already well-established in their careers

The Commission has lost several candidates for hard-to-fill positions, as defined by HRMS, requiring very specific skill sets or certifications due to annual leave not being negotiable upon hire. Specifically, candidates with significant private-sector experience who are earning significant leave in their current positions or already had previous family commitments turned down positions due

to the inability of the state to negotiate leave. The ability to negotiate leave terms would be another valuable recruitment tool.

The Commission believes the legislation holds potential benefits and will help reduce the disparity between the state and private industry.

Thank you again for considering our input on HB 1170. Please feel free to reach out to the Commission if we can provide additional information or assistance.