

State of North Dakota  
60<sup>th</sup> Legislative Assembly  
Joint Appropriation Committees

January 4, 2007

HR Management Services Division  
Office of Management & Budget

# Average Classified Employee

	Years of Age	Years of Service	Annual Salary	Actual Increase	Appropriated	Compa-Ratio	
January-93	42.0	9.5	22,189				
January-94	42.0	11.0	22,812	2.8%	\$60/mo		
January-96	46.0	11.4	25,476	11.7%	5.0%		
January-97	43.0	12.2	26,273	3.1%	3.0%		
January-98	43.8	12.1	27,034	2.9%	3.0%	0.98	
August-98	44.0	12.1	27,963	3.4%	3.0%	0.97	
November-99	44.2	12.2	28,860	3.2%	2.0%	0.96	*
August-00	44.4	12.3	29,993	3.9%	2.0%	0.97	**
August-01	44.8	12.5	31,467	4.9%	3.0%	0.96	*
December-02	45.4	12.6	32,262	2.5%	2.0%	0.96	
December-03	45.7	13.2	32,627	1.1%	0.0%	0.96	
December-04	45.9	13.2	32,604	0.0%	0.0%	0.96	
December-05	46.1	13.6	34,158	4.8%	4.0%	0.96	***
<b>December-06</b>	<b>46.2</b>	<b>13.4</b>	<b>35,640</b>	<b>4.3%</b>	<b>4.0</b>	<b>0.96</b>	

6,420 Classified Employees - Dec 2006

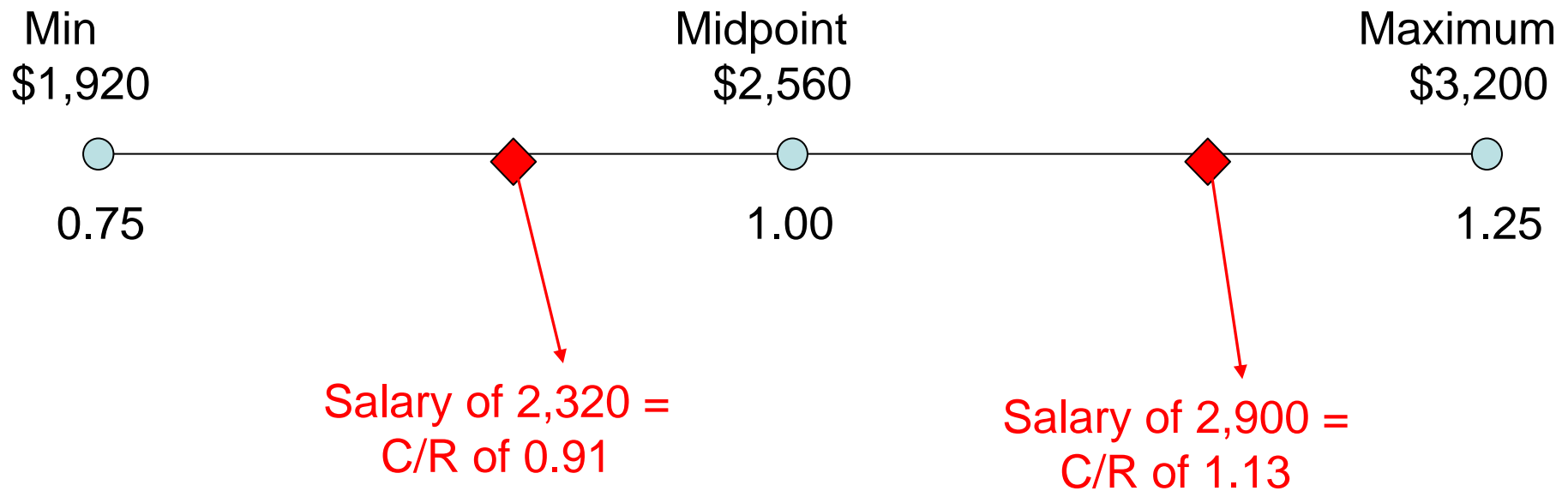
6,443 Classified Employees - Dec 2005

\* Included 1999 & 2001 Market/Equity Fund Increases (\$5.4 & \$5.0 mill respectively)

\*\* Included authorization for agencies to "self-fund" additional 1.0%

\*\*\* 2005 Leg approp equity sal inc's of \$1.5 mill for DOCR & \$413,000 for Hwy Patrol

# Compa-Ratio = Salary / Midpoint



# Turnover

	2001	2002	2003	2004	2005	2006
# Employees	6,333	6,587	6,333	6,408	6,434	6,420
# Separations	571	509	535	480	593	682
<b>Turnover Rate</b>	<b>9.0%</b>	<b>7.7%</b>	<b>8.4%</b>	<b>7.5%</b>	<b>9.2%</b>	<b>10.6%</b>

*(Note: 2003 & later excludes inter-agency transfers)*

## Turnover Rate by Occupation

Occupation	2001	2002	2003	2004	2005	2006
Admin Support	9.1%	8.2%	9.7%	6.1%	7.2%	7.4%
Info Tech	7.8%	6.0%	6.0%	3.7%	7.6%	6.9%
Misc Admin	7.6%	7.6%	6.6%	6.3%	8.0%	11.6%
Education	9.6%	13.2%	9.3%	9.1%	5.6%	8.3%
Engineering	5.3%	3.6%	4.7%	6.6%	9.2%	7.5%
Medical/Health	9.1%	10.7%	13.6%	10.5%	12.7%	16.5%
Social Services	11.6%	9.9%	10.1%	9.7%	11.9%	14.5%
Public Safety	10.2%	7.3%	8.3%	8.0%	7.8%	10.2%
Natl Res/Agric	5.3%	2.5%	4.3%	6.3%	5.1%	5.6%
Custodial & Food Svc	12.4%	6.6%	20.7%	10.7%	17.4%	9.7%
Labor/Trades	6.5%	5.2%	6.0%	4.8%	7.4%	6.9%

# Turnover

Percent of Total Turnover By Reason

Reason	2001	2002	2003	2004	2005	2006
Involuntary	10.5%	9.4%	12.1%	9.8%	11.6%	14.5%
Retirement	14.4%	17.5%	22.2%	19.8%	19.9%	21.8%
Other Employment/Personal	66.9%	66.4%	44.7%	63.3%	64.1%	61.7%
Health or No Reason	8.2%	6.7%	20.9%	7.1%	4.4%	1.9%

Turnover Rate by Years of Service

Yrs	2003	2004	2005	2006
Less than 1	7.7%	22.3%	27.0%	24.4%
1 - 1.9	27.1%	4.7%	21.7%	15.9%
2 - 2.9	14.2%	14.3%	17.7%	16.7%
3 - 3.9	14.2%	8.8%	13.0%	11.2%
4 - 4.9	11.8%	10.6%	10.8%	13.5%
<b>Less than 5 yrs</b>	<b>14.6%</b>	<b>12.1%</b>	<b>13.1%</b>	<b>17.5%</b>
5 - 9.9	7.5%	5.3%	6.8%	8.8%
10 - 14.9	5.2%	4.6%	5.3%	9.3%
15 - 19.9	5.1%	5.1%	3.7%	5.7%
20 - 29.9	5.0%	3.8%	4.3%	6.4%
30 - 39.9	14.6%	8.6%	10.4%	11.5%
Over 40	26.0%	26.9%	20.4%	25.5%

# Turnover

## Turnover Rate by Agency

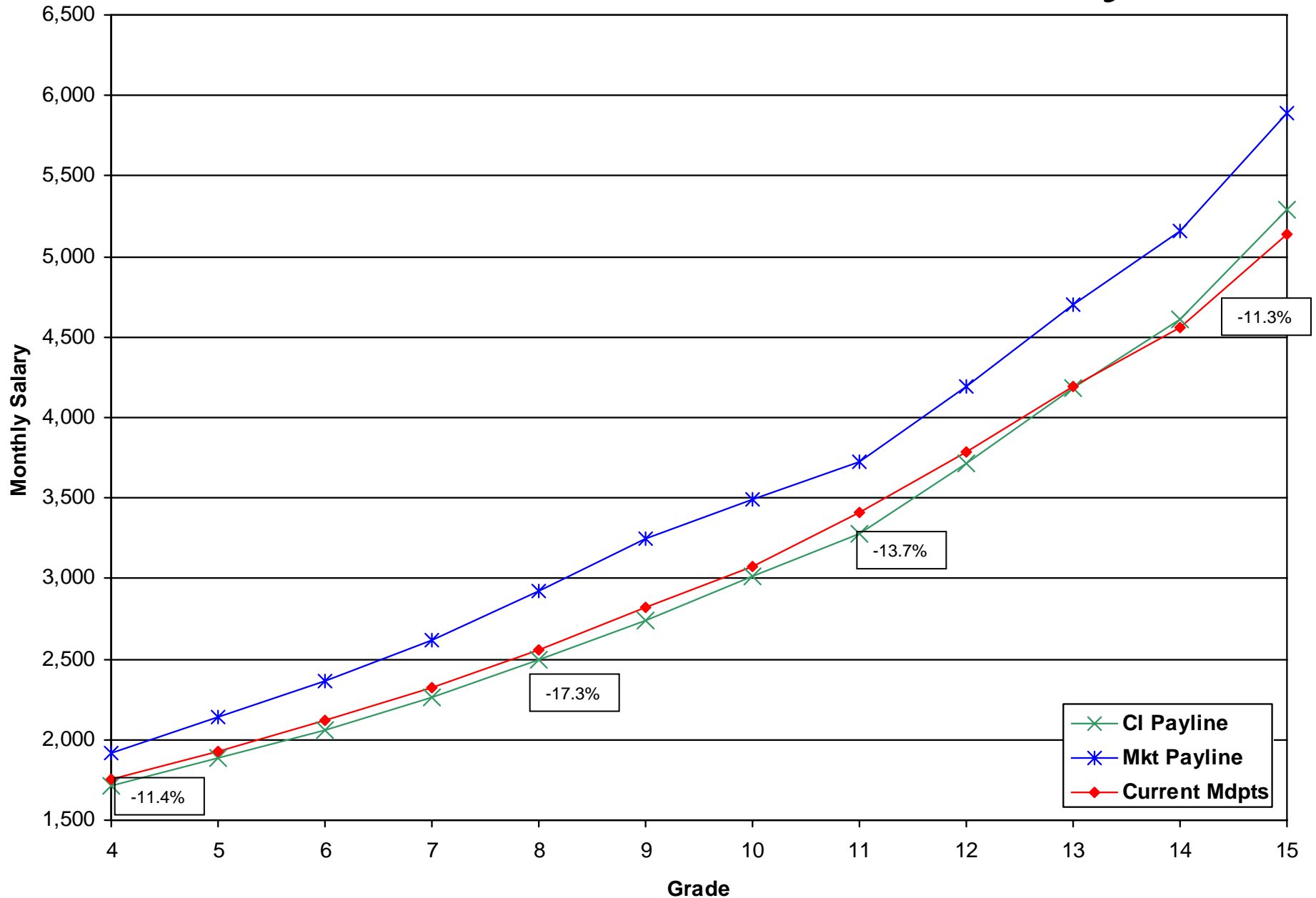
*Agencies with more than 25 employees*

Agency	2005	2006
OMB	6.0%	10.3%
ITD	7.5%	5.9%
St Auditor	10.4%	11.8%
Attorney General	7.3%	5.7%
Tax Dept	5.7%	6.6%
NDPERS	7.1%	6.9%
DPI	2.2%	5.4%
St Library	10.3%	17.2%
Sch for the Deaf	16.7%	20.0%
Health Dept	10.2%	8.9%
Vets Home	25.8%	17.7%
DHS	11.7%	14.0%
Job Service	11.2%	20.9%
Insurance Dept	10.8%	13.5%

Agency	2005	2006
Mineral Resources	10.6%	6.0%
PSC	0.0%	14.3%
Bank of ND	6.7%	8.8%
Highway Patrol	9.3%	10.1%
Homeland Security	0.0%	9.6%
DOCR	8.3%	10.5%
Adj Gen/Natl Guard	5.2%	10.6%
Ag Dept	1.9%	10.5%
Historical Society	5.3%	3.6%
Game & Fish	2.0%	2.7%
Parks & Rec	15.6%	8.7%
Water Comm	7.9%	5.1%
DOT	7.0%	5.9%

*Turnover data excludes inter-agency transfers*

# 2006 Classified & Market Paylines



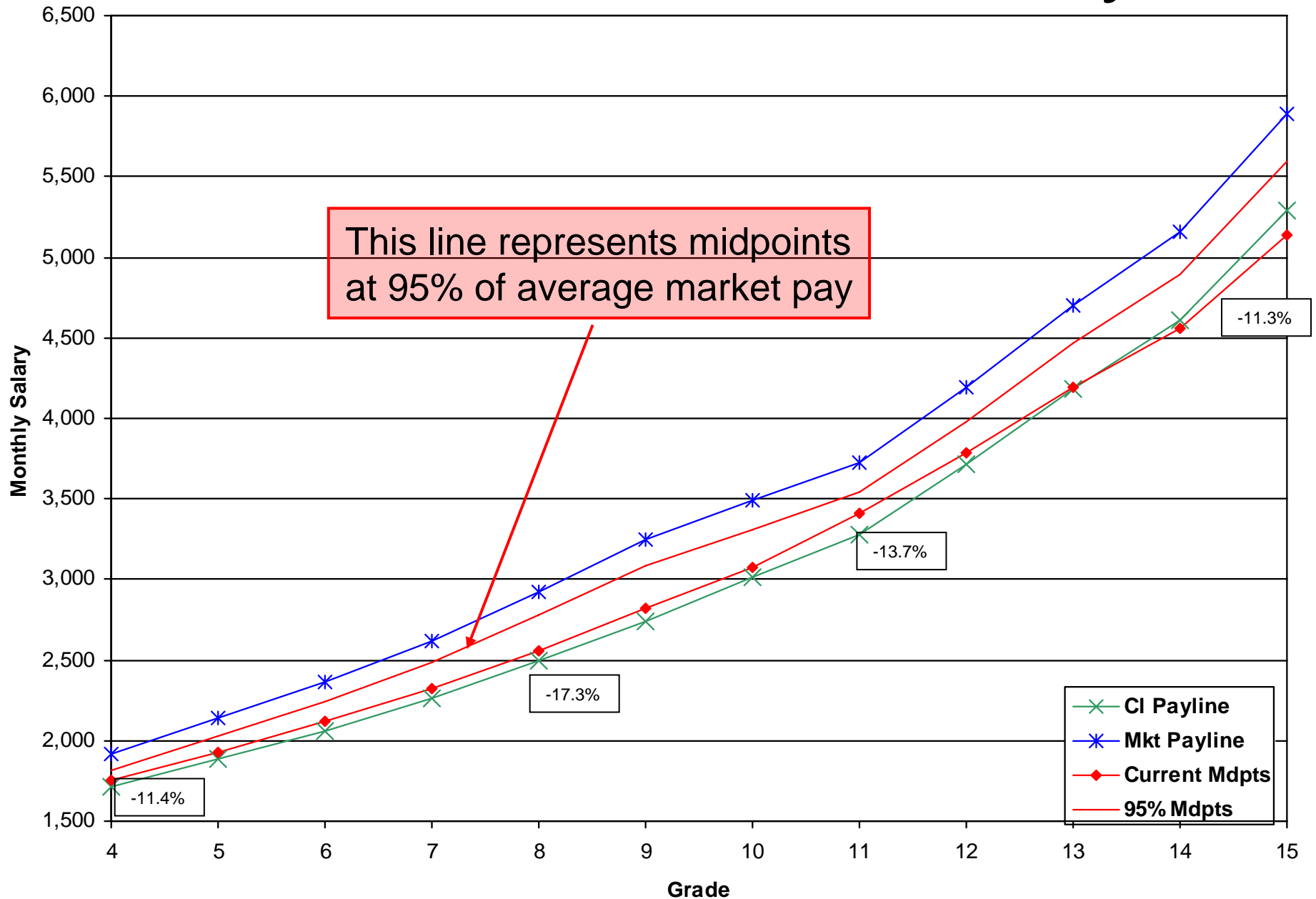
# Benefit Value Comparison CSCA 2006

Average Salary = \$40,035 per hour = \$19.25												
State	Vacation Hours 5-9 yrs	Sick Hours	Holiday Hours	Full Family Health Insurance Employer Cost	Dental Insurance	Vision Insurance	Life Insurance	Retirement	Social Security	Total Benefit Value	% of Salary	Salary + Benefit Value
Colorado	120	80	80	\$567.42	\$18.88			10.90%				
per hour	\$1.11	\$0.74	\$0.74	\$3.27	\$0.11		\$0.04	\$2.10		\$8.11	42.14%	\$27.36
Iowa	120	144	88	\$973.00	\$24.55		\$0.23	5.75%	6.20%			
per hour	\$1.11	\$1.33	\$0.81	\$5.61	\$0.14		\$0.01	\$1.11	\$1.19	\$11.33	58.84%	\$30.57
Kansas	120	96	80	\$604.30	\$23.94			5.77%	6.20%			
per hour	\$1.11	\$0.89	\$0.74	\$3.49	\$0.14			\$1.11	\$1.19	\$8.67	45.03%	\$27.92
Minnesota	130	104	88	\$608.00	\$20.02			4.00%	6.20%			
per hour	\$1.21	\$0.96	\$0.81	\$3.51	\$0.12			\$0.77	\$1.19	\$8.57	44.52%	\$27.82
Missouri	120	120	96	\$702.00			\$0.33	12.78%	6.20%			
per hour	\$1.11	\$1.11	\$0.89	\$4.05			\$0.06	\$2.46	\$1.19	\$10.87	56.47%	\$30.12
Montana	120	96	84	\$506.00	\$28.60		\$0.15	6.90%	6.20%			
per hour	\$1.11	\$0.89	\$0.78	\$2.92	\$0.17		\$0.01	\$1.33	\$1.19	\$8.39	43.61%	\$27.64
Nebraska	120	96	96	\$1,142.00			\$0.14	7.49%	6.20%			
per hour	\$1.11	\$0.89	\$0.89	\$6.59			\$0.02	\$1.44	\$1.19	\$12.13	63.00%	\$31.37
Oklahoma	144	120	80	\$1,098.00			\$0.33	11.50%	6.20%			
per hour	\$1.33	\$1.11	\$0.74	\$6.33			\$0.04	\$2.21	\$1.19	\$12.96	67.34%	\$32.21
South Dakota	120	112	92	\$442.00			\$0.21	6.00%	6.20%			
per hour	\$1.11	\$1.04	\$0.85	\$2.55			\$0.03	\$1.15	\$1.19	\$7.93	41.18%	\$27.17
Wyoming	120	96	72	\$874.00	\$11.13		\$0.29	11.25%	6.20%			
per hour	\$1.11	\$0.89	\$0.67	\$5.04	\$0.06		\$0.08	\$2.17	\$1.19	\$11.21	58.26%	\$30.46
<b>10-State Average =</b>	<b>\$1.14</b>	<b>\$0.98</b>	<b>\$0.79</b>	<b>\$4.34</b>	<b>\$0.12</b>		<b>\$0.04</b>	<b>\$1.58</b>	<b>\$1.19</b>	<b>\$10.02</b>	<b>52.04%</b>	<b>\$29.26</b>
North Dakota	120	96	84	\$650.00			\$0.19	9.12%	6.20%			
per hour	\$1.11	\$0.89	\$0.78	\$3.75			\$0.00	\$1.76	\$1.19	\$9.48	49.23%	\$28.72

NOTE: - This analysis shows the value of benefits using a constant dollar amount. By using a "Relative Dollar Value", states can effectively compare the value of their benefits to other states.

- When variable rates or ranges were given for annual, sick, or holidays, an average was used. (5 years of service).
- This Value Analysis was calculated using the Average Salary from Table 35.
- When variable rates or ranges were given for life insurance, an average was used.
- Where there was a range reported for health, dental and vision insurance, the highest amount of state contribution was used for family coverage.

# 2006 Classified & Market Paylines



# New Ranges July 1, 2007

## Midpoint = 95% of Average Market

- New Compa-Ratio = 0.90 (Current 0.96)
- Min = 75% of Midpoint
  - 571 Employees below new minimum
  - \$1.4 Mill (biennium) to meet new minimums
- Adjusted Compa-Ratio = 0.91

# Mkt/Eqty Fund Impact

- \$10 Mill Mkt/Eqty (Governor's Budget Proposal)
  - \$1.4 Mill to meet new minimums (C/R 0.91)

Prepared by: ND HR Management Services Div  
Office of Management & Budget

**SALARY INCREASE MODEL - 2007**  
Special Market/Equity Increase

**MARKET/EQUITY MODEL 2007**

Increase Information		General Information		RANGE COMPRESSION MATRIX						
Total # Ees:	6,420	# Employees:	6,420	Yrs Svc		8-title				
Ees Receiving Increases:	5,899	Avg Salary:	Current: \$2,986    New: \$3,033	From:	Up To:	1	2	3	4	5
Total Market/Equity Salary Increase:	\$ 7,231,032	Avg Compa-Ratio:	0.906    0.920	12	99	4.8%	3.6%	2.4%	1.2%	0.6%
Total Market/Equity Cost:	\$ 8,436,422	Yrs Svc (7/1/01):	13.1	7	12	3.6%	2.4%	1.2%	0.6%	0.0%
Total General Fund Cost:	\$ 3,997,897	Avg Increase %:	1.7%	0	7	2.4%	1.2%	0.6%	0.0%	0.0%
Total Special Fund Cost:	\$ 4,438,607									

Salary Increase:    # Employees rcvng:  
4.8%    172  
3.6%    695  
2.4%    1,923  
1.2%    1,549  
0.6%    1,560

**DRAFT \$8.5 Mill (Total \$10 Mill Fund)**

- Increases range from 0% to 4.8% based on Yrs of Svc & Range Position
- 5,899 of 6,420 Classified Employees receive share of Mkt/Eqty
- Average Increase is \$47; 1.7%
- Agency allocations range from 0 to 3.9% of classified salaries
- **Compa-Ratio increases from 0.91 to 0.92**

# General Increase Intent

- Based on Documented Performance & Equity
  - Not Across-the-Board
  - Performance reviews have been required since 1992
- Overall Appropriation of 4.0% Each Year
- Safety Net of \$75<sup>00</sup>/mo for Lowest Paid Employees
  - If Performance Meets All Standards
- **Compa-Ratio is 0.96** after General Increase Distribution

# Performance/Equity General Increase

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Prepared by: ND Human Resource Management Services				Percent Performance - Share Equity Matrix																																																																																																					
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- Based on random performance scores 0-3
- Overall 4% appropriation
- \$75 Min Increase if Performance Meets all Standards
- **Compa-Ratio is at 0.96** following General Increase

# Interim Study of Employee Compensation

## *Employee Benefits Programs Committee*

- Agency HR Managers Identified Main Priorities
  - Competitive Salary Ranges
    - Midpoints = 95% of Avg Market
  - Continue Full Family Health Premium
    - Critical Recruiting & Retention Factor
  - Allow Flexibility in Salary Increases
    - Based on performance and/or equity
  - Address Equity Issues Between Agencies

# When Will We Attain “Equity?”

- Equity is a moving target dependent on Employment Market Activity
- After July 1, 2007:
  - Salaries will average 96% of Midpoints
  - Midpoints will be at 95% of Avg Market
  - Market Data as of July 1, 2006

# To Attain “Equity:”

- Age Market Data 2-3% to July 1, 2007
- Our Midpoints should be adjusted to 100% of Market at the Start of Each Biennium
- Our Highly Experienced Workforce Should Average At Least Midpoint  
(*Compa-Ratio > 1.00*)

**Office of Management & Budget**  
Human Resource Management Services  
328-3290

Laurie Sterioti-Hammeren, Director  
328-4735

Ken Purdy, Compensation Manager  
328-4739