Welcome to the

Human Resource Contacts Meeting

July 18, 2017  1 – 4 p.m.
Pioneer Room, State Capitol
Today’s Agenda

1:00 – 1:15 pm  Welcome & introductions – Becky Sicble, HRMS
1:15 – 1:45 pm  JDQ system update & enhancements – Sherry Kemmer, HRMS
1:45 – 2:30 pm  IT unification initiative – Dan Sipes & Shelly Miller, ITD
2:30 – 3:00 pm  PERS actuarial factor table update – Sparb Collins, PERS
3:00 – 3:30 pm  Compensation & recognition for employees – Leanne Schmidt, HRMS
3:30 – 4:00 pm  Most common wage & hour law claims – Marc Roehrich, DOLHR
4:00 pm        Adjourn
Introductions

Please stand and state your:

- Name
- Agency you work for

General Meeting Reminders

- Participants via telephone
- Informal meeting – Ask questions!
- Handouts available
- Sign roster
- Cell phones set to “silent”
- No formal break scheduled – move around or stand in the back if you need to
JDQ System Enhancements

1. Enhancements on the JDQ form
2. Enhancements on the Classification/Reclassification Request form
3. Enhancements System wide

Enhancements on the JDQ form

1. New Job Aids for the employee and manager

On the JDQ above the start of Section A and B you will now see ‘For assistance in completing this section, click ‘Help’. When you click the Help link it will open a Job Aid for that section.
Enhancements on the JDQ form

2. Added question for each Major Activity

On the JDQ you will now see an added question under each Major Activity, ‘Is this duty an Essential or Marginal function per the ADA?’ This question is required if there is anything filled in on the Major Activity. If you have a question on what this means, click the Help.

Enhancements on the JDQ form

3. Negative Character amounts

When copying and pasting from another document the system will now allow the character amount over what is allowed and will let you know with an error message at the top of the page so you can go back and edit the area. This will be most common in the Major Activity areas.
Enhancements to the JDQ Form

4. There are now 10 Major Activities that you can fill out instead of 12.
5. The Key Contacts have been streamlined. We have combined the Contact Title and Purpose of Contact into one text box and made the Frequency into radio button choices.

Enhancements on the JDQ Form

6. Changes under the Manager Section (Part B)
   ▶ In Section B question 4b we have increased the character limit to 1000 for your convenience.
   ▶ Changed wording of Questions 6 and 7 under Section B to indicate last review/change on JDQ to responsibilities
Enhancements on the Classification/Reclassification Request Form

1. New Job Aid for the Classification/Reclassification form

- At the top of the page we have added ‘For your assistance in completing this section, click ‘Help’. When you click the Help link it will open a Job Aid for that section.

Enhancements on the Classification/Reclassification Request Form

2. The proposed classification is now an open text field.

- The proposed classification is now an open text field in the first section of the document. When creating the document you will only search for the position or employee, you will no longer have to search for the proposed classification when creating the document.
Enhancements System Wide

1. Spell Check button gone
   - You will no longer see the ‘Spell Check’ button in any of the documents. Your browser will spell check automatically so this was not needed.

2. Confirmation message in Main Menu
   - When you submit/approve a document the system automatically takes you to the Main Menu page. You will now see a message confirming you submitted your part successfully.

Enhancements System Wide

3. No need to add classifications to your Job Classification Search table.
   - The table will show all classifications and update from PeopleSoft with any new classifications.
Enhancements System Wide

4. We have split the approval process for HR!

- There will now be an option for agencies that want to have the capability for some of their employees to be able to create and edit documents for all employees in the agency but not allow them to submit and complete the document. There is now the option for the HR Role to create and edit but when they submit it will go to the HR Admin for final approval. For any agency that had sent me different people for the HR Role I have added that to their template and the role to those people. If you don’t have any one in the HR Role but would like this option, email Sherry Kemmer, skemmer@nd.gov, with who you want in the HR Role and she will make the changes in the system.
IT Shared Services (Unified IT)

HRMS Contacts Meeting
Tuesday, July 18, 2017
ND State Capitol – Pioneer Room
The State of North Dakota’s IT service is at a nexus point

IT across the state needs to go through “deep change” in order to:

- Be relevant in the 21st century
- Position to support the Main Street Initiative and enable the “Smart State”
- Manage the vast amount of data produced across the state
- Enable citizens to engage with government effectively
- Enable innovation
- Run operations more cost effectively
- Protect against Cyber threats
- Attract and retain talent
- Leverage IT as a strategic spear for all sectors of government

Stay the same and Fall behind

Reach for World Class

Do small changes and hope for the best

Reach for World Class

Our current IT environment has a foundation in which to use as a jumping board to the next levels that our state needs to grow and thrive

To reach for World Class we need a **UNIFIED IT Approach**
To Reach for World Class IT, we need to have Unified IT

Progress has been made

Over the years, IT systems have moved closer together – moving steadily towards consolidation

An opportunity exists today

We now have an opportunity to make the additional steps towards unification of IT Services

Unified IT:
- Sets the stage for significant strategic change
- Saves $$ through efficient operations
- Saves $$ through economies of scale
- Minimizes Cyber risks
- Gives the State of North Dakota the capability to build technology platforms that are major differentiators
Unified IT across the state enables our technology teams to reach for World Class Operations

How do we get to Unified IT across state government?
Moving to Unified IT

Principled, Defined, data driven methodology

1. It is the #1 priority of the IT leadership to positively impact day to day operations of the cabinets and agencies while migrating to Unified IT – service agreements will be in place

2. Workforce Transition Process will use data to ascertain where staff can be unified and what process to work through. This takes into account:
   - The many hats that staff wear
   - Staff that are “partly IT”
   - Operational needs of the work units

3. This process will take time, and will NOT be a flip of the light switch. We will not sacrifice operations to speed things up

4. Communicate Assignments to Staff

5. Survey Staff

6. Legacy Managers Validate Data

7. New Managers Align Staff
Workforce Transition Approach - Key Elements and Benefits

1. High-Level Change Impact Analysis
   - Key Impact data collection step
   - Impact category and change management activity assignment
   - Action plan development, including workforce transition activities
   - Provides a summary of the expected changes
   - Determines the type of change and the support opportunities available

2. Role Mapping
   - Role Mapping input data collection
   - Role Mapping activities
   - Role Mapping results and validation
   - Clearly defined scope of audience
   - Assignment of new roles, responsibilities, processes, and technologies to current state jobs
   - Responsibility map
   - Input into workforce transition materials and activities

3. Detailed Change Impact Assessment
   - Change Impact level determination for each role identified
   - Assignment of Start/Continue/Stop activities
   - Detailed understanding of impact levels to roles and employee groups
   - Concise, detailed explanation of specific changes to a role

4. Workforce Transition Activities
   - Development and support of Workforce Transition Guides
   - Development and use of teaming/responsibility workshops
   - Effective, structured materials to support transition
   - Responsibilities defined for critical convergence transition/collaboration points
   - Expanded breadth to engage end users

A dedicated team will be assembled to deliver this work
- Finance
- HR
- Communications
- WFT Analysts

This team will be directly working with the CIO, IT leadership, and customer leaders
Unified IT across the state enables our technology teams as a first step towards World Class IT Operations

*IT will also undergo “Deep Change” across the board...

**Operational Assessment**
Third party, data driven assessment to determine specifically where we can improve across the board

**Financial Remodel**
The current cost structure of IT is not sustainable and will be rebuilt to ensure the best cost per unit of Service

**Service Management**
Service models will be refocused on the customer to ensure faster responses and better uptimes

**Strategic Pivots**
- Directly supporting Main Street Initiative
- Unification and strategic changes will change the structure of the organization

**Unified Data Platform**
**Cloud First**
**Mobile First**
**LEAN / Quality management**
**Internet of Things**
**Artificial Intelligence**
**Deep Data Analytics**
**Knowledge Management**
**Workforce Management**
**Public Ready Tools**
**Programming Redesign**

**Cyber Security**
**Unified Data Platform**
**Cloud First**
**Mobile First**
**LEAN / Quality management**
**Internet of Things**
**Artificial Intelligence**
**Deep Data Analytics**
**Knowledge Management**
**Workforce Management**
**Public Ready Tools**
**Programming Redesign**
Leveraging IT to its maximum potential increases the reach, flexibility, and capabilities of every part of state government – ultimately we serve the people of North Dakota better and improve lives of our citizens.
QUESTIONS?
HRMS MEETING

• Optional retirement
• Return assumption
  Member retirement accounts
  Purchases

OPTIONAL RETIREMENTS
Background on Normal Retirement and Optional Retirement Forms

- Upon retirement, members receive monthly annuity payments under the normal form of payment, but have the option to elect to receive the payments in various “optional forms”
- The normal form annuity is based upon their years of service, final average pay, and the specifics of the plan in which they participate

DB Retirement Benefit Formula

- Final Average Salary (FAS)
  - The average of your highest 36 salaries during the last 180 months worked

- Benefit Multiplier
  - 2.00%

- Years of Service (YOS)
  - One month of service for each contribution

\[
\text{FAS} \times 2.00\% \times \text{YOS} = \text{Single Life}
\]
Background on Option Factors

- Upon retirement, members receive monthly annuity payments under the normal form of payment, but have the option to elect to receive the payments in various “optional forms”
- The normal form annuity is based upon their years of service, final average pay, and the specifics of the plan in which they participate
- For PERS, the normal form of payment is an annuity payable for the lifetime of the retiree
- Members have the option to elect an “Actuarially Equivalent” reduced lifetime annuity in exchange for potential additional benefits after the member’s death

“an actuarial equivalent benefit”
Actuarially Equivalent Pension

- The pension benefit amount is recalculated such that the present values of the following are equal:
  - Formula amount payable in the normal form
  - Recalculated amount(s) payable during the lifetime of the retiree and the beneficiary or until a guaranteed level of benefits has been paid out

Retirement Benefit Options

- Single Life
- 50% Joint & Survivor
- 100% Joint & Survivor
- 10 Year Term Certain
- 20 Year Term Certain

Additional Benefit Options:
- Partial Lump Sum Option (PLSO)
- Graduated Benefit Option
Actuarial Benefit Option Factors

Retirement Benefits

• Each option is payable to the member for as long as member lives.

• Option selected determines if ongoing monthly benefit is available to your beneficiary in the event of your death.

Retirements by Type

<table>
<thead>
<tr>
<th>Type</th>
<th>Total</th>
<th>Last year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single live</td>
<td>6042</td>
<td>389</td>
</tr>
<tr>
<td>J &amp; S 100%</td>
<td>2592</td>
<td>223</td>
</tr>
<tr>
<td>J &amp; S 50%</td>
<td>1348</td>
<td>114</td>
</tr>
<tr>
<td>Grad Benefit</td>
<td>28</td>
<td>9</td>
</tr>
<tr>
<td>20 Term</td>
<td>66</td>
<td>12</td>
</tr>
<tr>
<td>10 Term</td>
<td>156</td>
<td>3</td>
</tr>
</tbody>
</table>
Example: Retirement Benefit Estimate

Year of RULE 85. Age at Retirement:
Female Member: 55.4167 years; Male Spouse: 54.4167 years

<table>
<thead>
<tr>
<th>Benefit Multiplier: 2.00%</th>
<th>Marital Status: Married</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age at Retirement: 55.4167</td>
<td>Retirement Date: December 01, 2039</td>
</tr>
<tr>
<td>Years of Service Credit: 29.5833</td>
<td>Account Balance: $26,610.78</td>
</tr>
<tr>
<td>Final Average Salary: $4,135.00</td>
<td></td>
</tr>
</tbody>
</table>

**RETIRED BENEFIT OPTIONS**

- Single Life Benefit: $2,446.54
- 50% Joint & Survivor Benefit: $2,335.47
- 100% Joint & Survivor Benefit: $2,233.94
- Ten (10) Year Term Certain Benefit: $2,410.58
- Twenty (20) Year Term Certain Benefit: $2,324.46

**RETIREE HEALTH INSURANCE BENEFIT OPTIONS**

- Standard Health Credit: $147.92
- Alternate 50% Joint & Survivor Health Credit: $141.20
- Alternate 100% Joint & Survivor Health Credit: $135.07

Disclaimer: This example may not be interpreted as a personal calculation

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Graduated Benefit Option

- Must be at or past normal retirement
- Choice between a 1% or 2% annual increase
- Monthly benefit is actuarially reduced
- May still choose an alternate benefit option
  - Joint & Survivor
  - Term Certain
- Once in a lifetime election
  - Made at initial application for retirement benefits
  - Will be applied to any subsequent retirement
EXAMPLE: 2% GRADUATED BENEFIT OPTION

Year of RULE 85. Age at Retirement:
Female Member: 55.4167 years; Male Spouse: 54.4167 years

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<td>Account Balance:</td>
<td>$26,610.78</td>
</tr>
<tr>
<td>Final Average Salary:</td>
<td>$4,135.00</td>
<td>No Graduated Benefit</td>
<td>Graduated Benefit</td>
</tr>
</tbody>
</table>

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History of PERS Factors

- Factors have been in place a long time
- A common practice among retirement plans is to update the factors periodically to keep them consistent with operation of the plan
- Completed Experience Study with changes to underlying assumptions
  - Mortality
OTHER CHANGES

Actuarial Investment Return Assumption

Lowered from the current 8.00% to 7.75%*

Based on:
- Actuarial recommendation – Gabriel Roeder Smith & Co. (GRS)
- Other public sector plans
- NDPERS historical returns

*No effective date has been determined.

Impacts interest rate on:
- Member Retirement Accounts
- Service Purchase with Payment Plans
Interest Rate

**Member Retirement Account**

Under 71-02-01-01 (e), *the interest on a member account is one-half of one percent less than the actuarial interest assumption.*

<table>
<thead>
<tr>
<th></th>
<th>Previous</th>
<th>New</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actuarial Interest Assumption (Investment Return)</td>
<td>8.00%</td>
<td>7.75%</td>
</tr>
<tr>
<td>Minus one-half of one percent Administrative Code 71-02-01-01 (e)</td>
<td>.50%</td>
<td>.50%</td>
</tr>
<tr>
<td>NDPERS Interest Rate Payment on Retirement Accounts</td>
<td>7.50%</td>
<td>7.25%</td>
</tr>
</tbody>
</table>

This will lower the current interest rate of 7.50% to 7.25% on all member accounts.

Interest Rate

**Service Purchase with Payment Plans (Only)**

- Under 71-02-03-02.2, *if a purchase payment installment method is used, simple interest at the actuarial rate of return must accrue monthly on the unpaid balance.*

- This will lower the simple interest cost on all open active purchase accounts prospectively from 8.00% to 7.75%.
HR CONTACTS MEETING
COMPENSATION & RECOGNITION OPPORTUNITIES

July 18, 2017

Leanne Schmidt/Lynn Hart
Human Resource Management Services

Where we are for 2017-2019

• No legislative appropriation for general salary increases
• No adjustments to 2016-17 salary ranges planned
• Maintained fully funded employee health insurance plan
• No major retirement plan changes
Other Considerations

• Overall the State’s competitive position has improved in recent years
• North Dakota market is still relatively dynamic, even given decline in commodities and oil
• Staff recruitment and retention issues continue – the job market is very competitive, especially for certain agencies and occupations
• Agencies have reduced staff, but the work typically hasn’t decreased
• Staff are expected to do more and agencies want to ensure that is recognized

Tools available

ND Administrative Code 4-07-02 provides options for salary administration;
• probationary – up to 5%
• responsibility level or workload – up to 20% per biennium
• reclassification – up to 5% above new salary range minimum
• promotional – within new salary range & dependent upon magnitude of job change
• performance – up to 5% per 12 month period
• equity – up to 20% per biennium
• temporary – dependent upon magnitude of responsibility level change & not less than 30 days

Important to remember the salary increases are subject to availability of agency funds; need to carefully consider equity among staff and document rationale.
ND Century Code 54-06-30 and ND Administrative Code 4-07-10 provide agencies the opportunity to have an employee performance bonus program. Criteria include:

- agency written employee performance evaluation policy with at least three levels of performance criteria in place that has been communicated to all employees
- performance evaluation policy must be in place for at least a year prior to paying a bonus
- regular full or part-time employee that has held their position for a year can receive up to a $1,000 bonus per fiscal year
- bonuses may be paid to 25% of agency employees, exceptions due to special circumstances may be approved by HRMS Director

For classified employees during the period 7/1/2016 to 6/30/2017, seventeen agencies provided 229 performance bonuses to classified employees.

ND Century Code 54-06-31 and ND Administrative Code 4-07-10 provide agencies the opportunity to have an employee retention bonus program. Criteria include:

- agency written policy in place identifying eligible positions or occupations and provisions for providing and receiving bonuses;
- the agency filed a copy of the written policy with HRMS and
- agency reports to HRMS each bonus provided under this program.

For classified employees during the period 7/1/2016 to 6/30/2017, three agencies provided 70 retention bonuses to classified employees.

Like salary increases, bonuses are subject to availability of agency funds.
What have agencies done regarding increases?

For classified employees during the period 7/1/2016 to 6/30/17, agencies did take advantage of different types of salary increase options:

- equity increases 102 (21 agencies)
- reclassification 95 (12 agencies)
- responsibility/workload 159 (23 agencies)
- promotion 132 (16 agencies)
- Performance 226 (12 agencies)
- temporary 78 (14 agencies)
- probation completed 357 (32 agencies)

Employee Recognition

Providing employee recognition is always important. Since agencies don’t have all the money they’d like for salary administration, providing non-monetary rewards can motivate employees.

People are motivated when:
- they are treated with respect
- they are told they’re doing right
- they clearly understand their job goals
- they feel their ideas are listened to
- they are empowered to solve problems
- they have opportunities to learn new things and
- they feel they are part of something

Need to know the employee and determine what types of recognition they comfortable with and want.
Agency Experience

• It is important to document the challenges and successes agencies experience related to recruiting and retaining staff.
• This information is important input for recommendations for salary administration planning for 2019-2021.

QUESTIONS?

HRMS
Lynn Hart, Classification & Compensation Manager
Leanne Schmidt, Senior HR Officer
HOT TOPICS

NORTH DAKOTA DEPARTMENT OF LABOR AND HUMAN RIGHTS

SESSION OVERVIEW

• Department Scope Overview
• Facts, Stats, & Hot Issues (and how to prevent them)
• Coming soon…! Statutory and process enhancements
• Q&A
DEPARTMENT SCOPE

Wage & Hour Division
- Minimum Wage & Overtime, Equal Pay, Child Labor, Labor Unions, Employment Agencies, Wage Collection, Independent Contractor Verification

Human Rights Division
- Discrimination in employment, housing, public services, public accommodations, and credit transactions.

Education & Awareness
- Broaden awareness of wage and hour issues and human rights protections through public education and outreach.

WAGE & HOUR DIVISION

Minimum Wage & Overtime, N.D.C.C. ch. 34-06
Equal Pay, N.D.C.C. ch. 34-06.1
Child Labor, N.D.C.C. ch. 34-07
Labor Union, N.D.C.C. ch. 34-12
Employment Agency, N.D.C.C. ch. 34-13
Wage Collection, N.D.C.C. ch. 34-14
HUMAN RIGHTS DIVISION

- Human Rights Act, N.D.C.C. ch. 14-02.4
- ND Housing Discrimination Act, N.D.C.C. ch. 14-02.5
- ND "Whistleblower" law, N.D.C.C. ch. 34-01-20
- ND Public Employee Relations Act, N.D.C.C. ch. 34-11.1-04.1

EDUCATION & AWARENESS

2015-2017 BIENNIAL

Presentations: 72
Booths: 6
WAGE AND HOUR – STATS AND FACTS

BIENNium-TO-DATE (7/1/15 – 5/31/17)

• Public contacts: 8,645
• Claims filed: 804
• Claims closed: 947
• Pending: 214
WAGE AND HOUR – HOT ISSUES

• Wages not paid
• Overtime not paid
• Vacation not paid
• Unauthorized deduction
• Travel Time

WHAT YOU CAN DO

• Wages not paid
  – ND requires payday at least once per 30 days
  – Changes in rate of pay
• Overtime
  – Required for hours over 40 in a workweek for non-exempt employees
  – Not always "time and a half"
• Vacation
  – Have a CLEAR policy
  – Know the significance of “earned and available for use”
• Unauthorized deduction
  – Must be authorized in writing by employee
• Travel Time
  – Numerous exceptions
THE AWARD FOR MOST PREVENTABLE GOES TO...

FINAL PAYCHECK

INVESTIGATOR’S ADVICE...

• KEEP great payroll records (accurate time cards, pay stubs showing detailed deductions)
• Know the difference between exempt/non-exempt and hourly/salary (not the same)
• Do not make final paycheck deductions without written authorization; do not withhold final paychecks for any reason
• Review your vacation/PTO policy against statute – is it legal?
• Update your travel policy and make sure your travelers know it before they travel
THE COMMISSIONER’S ADVICE...

- Know the law
- Have a great employee handbook
- Be consistent
- Train your managers and employees
- Document, document, document!
- Be nice

COMING SOON...

- Statutory floor / ceiling for wage claim = $125 / $15,000
- Definition of “Public Service” to exclude correctional facilities
- Improved wage claim form (online)
- Enhanced website
QUESTIONS?

THANK YOU
FROM THE NORTH DAKOTA DEPARTMENT OF LABOR AND HUMAN RIGHTS
FYI –
Our next HR Contacts meeting will focus on…

Employee Recruitment & Retention Strategies

We'll hear from YOU about what works, what doesn't, and what your recruitment and retention concerns are going forward.

Watch for an invite to a Sept 2017 HR Contacts meeting!
NOTE:

Please complete the survey we send to you as it provides valuable feedback to us, which we use to plan future meetings.