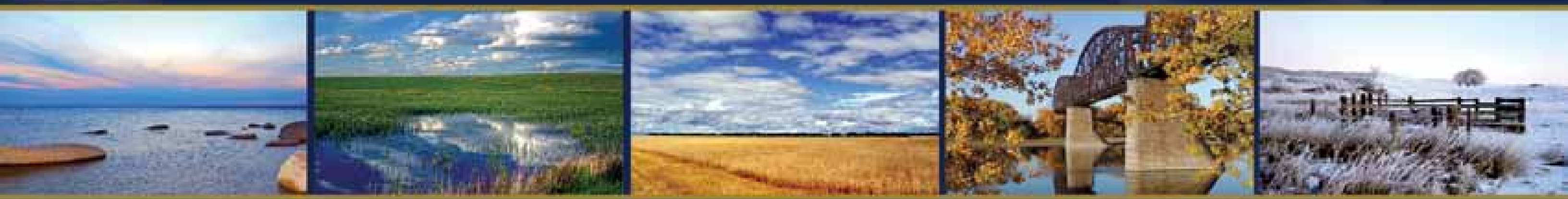
Fall 2012

The Standard



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Fiscal Management

New Revenue Forecast

OMB has been working for several months to finalize the state's new revenue forecast. This forecast is referred to as the Preliminary Forecast because it gives us a preliminary look at the 2013-15 biennium. It also includes a revised forecast for the last fiscal year of the current biennium. The original Legislative Forecast for the current biennium, finalized in April 2011, estimated that general fund tax revenues, excluding transfers, would be $2.839 billion. The Preliminary Forecast, using actual revenues for fiscal year 2012 and new estimates for fiscal year 2013, provides for 2011-13 revenues of $4.229 billion, an increase of $1.391 billion, or nearly 50%. Through August 2012, actual revenues are 41% higher than originally estimated, resulting in a variance of over $840 million.

For the 2013-15 biennium, growth is expected to continue, but at a slightly lower pace. Revenues are estimated to total $4.921 billion during that biennium, an increase of $691 million from the newest 2011-13 forecast, or about 16%. However, compared to the Legislative Forecast used when the budget was developed for the 2011-13 biennium, the Preliminary Forecast for 2013-15 provides for revenues to be nearly 75% higher.

These numbers may cause you to wonder how the forecast could be off by that much only half-way through the biennium. It is important to remember that although the forecast was not considered final until the legislature adjourned in April 2011, work on the Legislative Forecast actually began two years ago and, like our newest Preliminary Forecast, it encompassed a period three years in the future. It is also important to note that North Dakota is experiencing growth that is unprecedented. Economic growth, and the resulting state revenues, is occurring at a pace never imagined by those involved in the revenue forecasting process. The economic forecasting process involves input from a wide range of stakeholders: OMB, the Tax Department, the Advisory Council on Revenue Forecasting, the Legislative Assembly, and economic forecasting consultants at Moody's Analytics.

Fiscal

State Purchasing Card Program

The P-card program had another successful year in 2012. Based on our contract year with JPMorgan from February 2011 to January 2012, our total purchasing card spend was $74.2 million with a total of 174,619 transactions. We increased our total spend by $30.5 million and total transactions by 40,050 compared to the prior contract year. The total rebate received was $921,485. The rebate for state government agencies totaled $356,311, which went into the General Fund.

Currently, there are 72 state government agencies, 11 colleges/universities, 24 school districts and 6 counties participating in the program with a total of 3,910 cardholders.

Fall Sunset, Berthold, Mike Ryan

Fall Colors along the Red River, Grand Forks, Dave Bruner

OMB rolls out Cognos Monthly Reports

In July 2012, state agencies started running monthly reports utilizing the Cognos business intelligence (BI) tool. This new BI tool is populated nightly from the PeopleSoft accounting software and uses this information to build reporting cubes (i.e., data linked by common attributes) for more efficient data access. The main benefits of the BI tool are the customized scheduling of reports by agencies while relieving the processing of these reports away from the PeopleSoft application. Agencies can generate these reports in a variety of different formats including Excel and PDF. In all, agencies can run over twenty different monthly reports in over one hundred different variations by utilizing scheduling and prompting.

Other advantages of the Cognos BI tool besides the generation of professional looking reports include ad-hoc analysis and the ability to centralize accounting information within a single point of focus. Within the upcoming year, agencies will be introduced to Analysis Studio. Analysis Studio will allow agencies to create accounting analysis using the various Cognos cubes in an Excel like format by dragging and dropping certain accounting attributes such as funds or accounts. A number of cubes currently exist for analysis including General Ledger, Accounts Payable, Projects, and Accounts Receivable. In the future, agencies will also be able to create dashboards that will allow various selected reports to be viewable on a single screen. These reports can originate from Analysis Studio or include any of the monthly reports. In addition, agencies can also place charts, graphs, scorecards, and notifications within a dashboard. Dashboards will provide an efficient and powerful means to assist agencies in managing their budgets, projects, or expenditures by keeping them better informed.

The roll out of the monthly reports is only the beginning, and the development though the Cognos application will always be evolving. Currently, new cubes are being planned for procurement card and payroll. Stay tuned.

HRMS
Classified State Employee Compensation Study Implementation Status

On July 1, 2012, Human Resource Management Services Division implemented a new classification system along with new pay grades and salary ranges. This system was developed by the Hay Group for the Legislative Study of Classified Employee Compensation. The study, initiated by the 2009 Legislature, included a comprehensive review of the state's job classification system along with thorough analysis of market compensation (pay and benefits).

The project included re-evaluation of all state job classifications (nearly 900) and establishment of a new pay grade structure and market-based salary ranges. The market-based analysis included a custom salary survey conducted by the Hay Group which focused on North Dakota employers.

HB 1031 from the 2011 Legislative Assembly adopted a State Compensation Philosophy and directed OMB (through HRMS) to implement the study recommendations. Now that the new classification system is in place, future compensation is to be provided based on the Compensation Philosophy Statement (NDCC 54-44.3-01.2). The compensation philosophy focuses on market policy point and performance. In addition, the compensation philosophy requires that funding for compensation adjustments be based on the dollar amounts determined necessary to provide competitive compensation and that compensation adjustments may not be provided as a statewide percentage increase attributable to all employees nor as part of a statewide pool of funds designated for addressing equity issues.

OMB will use the tools provided as part of the Hay Group Study to provide guidance to state agencies in distributing future compensation increases.

Talent Management

PeopleSoft Talent Management (TM) has been live for 5 months and 649 performance documents have been created for employees in various agencies. Our agency administrators did a great job creating performance review documents for 2012 annual employee evaluations! Many more agencies are getting ready for 2013 including the Dept. of Human Services, Workforce Safety, Dept. of Transportation, Dept. of Health, Attorney General, Bank of North Dakota and Job Service.

State agencies are now able to conduct their performance reviews online, create and maintain profiles, create and maintain career plans, and create a strategy for successions of key positions. Agencies have already used the ePerformance portion of TM to conduct probationary reviews and their annual performance reviews. Currently, agencies are gearing up for the next annual review cycle by using ePerformance to define and track personal and agency goals for 2013.

Managers and employees are beginning to see the benefits of having a current and complete profile. Profiles have helped managers better know the skills, abilities, and interests of their people, identify learning gaps, and alert them to soon-to-be expired licenses. Profiles have helped employees be aware of other job opportunities at the state, and identify a path to attain their career goals.

The most important next step with TM is that managers, supervisors, and employees who have not already created a profile for themself should do so at their earliest convenience.

Risk Management

Risk Management Contributions Decrease for 2013-15

Every two years, an independent actuary undertakes a review of the Risk Management Fund to determine necessary funding levels to meet current and future liability obligations of the State. The actuary utilizes a number of well accepted actuarial models to estimate future liability obligations. The analysis separately considers vehicle liability and general liability. Vehicle liability takes into account the number and type of vehicles used by the State. General liability primarily takes into account the number of full time equivalent employees. The actuarial modeling also considers and factors in the State's overall claims and loss history.

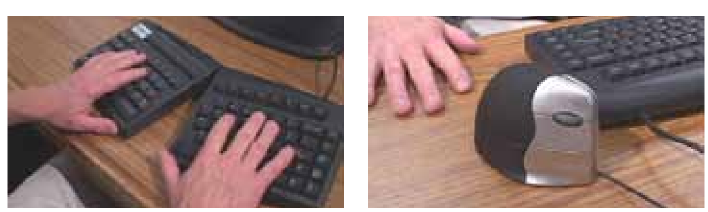
The most recent actuarial review was completed in May. The recommended funding level for the Risk Management Fund for the 2013-15 biennium is significantly lower than the current biennium. The recommended contribution level for the 2013-15 biennium is $1,875,000, down from $3,750,021 during the 2011-13 biennium. The primary reason for the decrease in recommended funding is lower than expected losses since the prior actuarial review in April 2010. The adoption and implementation of proactive loss control practices by individual state agencies has played an important role in having lower than expected losses. By proactively addressing safety and potential liability exposures, agencies greatly reduce the overall monetary cost of addressing risk in state operations.

Risk Management Encourages Adoption of Distracted Driving Policies

The dangers of distracted driving have received a lot of attention over the past several years. A number of tragic events have received national attention. The United States Transportation Secretary recently released a "Blueprint for Ending Distracted Driving" outlining a comprehensive strategy for addressing distracted driving including the use of cell phones. Consistent with these efforts, Risk Management is encouraging agencies to voluntarily adopt and implement distracted driving policies that restrict the use of handheld cell phones while driving on state business, except as strictly necessary to fulfill approved and designated critical agency functions or in life/safety emergency situations. Agencies that choose to adopt distracted driving policies that restrict the use of handheld cell phones consistent with that agency's operations and critical business needs will be eligible to receive a discount on its Risk Management contribution.

Online Ergonomic Training and Assessment Tools Released

Funded in part by a grant from Workforce Safety and Insurance, the Risk Management Division has developed a set of online ergonomic training and assessment tools for state employees. The Ergonomic Training Tool Resource Kit can be accessed through the Risk Management website and contains training video demonstrations and other "hands on" tools that can be used to improve both an understanding of ergonomics and how to apply it. These resources were developed with the assistance of a team of physical therapists with expertise in ergonomics and work-related musculoskeletal disorders. These resources are available to state employees to periodically evaluate and adjust their work environment as needed to avoid injury and make their work environment more comfortable. Visit **http://www.nd.gov/risk/training/ergonomics/welcome-ergoknow** for more information.



Simple adjustments, such as using an ergonomic computer keyboard or mouse, may help employees reduce or eliminate the development of musculoskeletal disorders.

Central Services

Surplus Property Auction Featuring Property from the Former Warden's Home Property a Success

The crowd of bidders at Surplus Property anxiously awaiting the start time of 10 a.m.

Surplus Property's warehouse opened at 8 a.m. on the day of the auction to allow bidders the opportunity to inspect property of interest.

The mail sorter seen here was the piece that was auctioned off at the highest price, over $6,000.

The Surplus Property auction featuring property from the former North Dakota Warden's Home attracted 200 registered bidders and approximately 400 people were in attendance. The auction was held Saturday, September 29, and grossed a total of $51,000.

Surplus Property had the pleasure of learning from some of the people in attendance that they had actually lived at the Warden's Home as children and attended the auction to obtain items that served as memories from their childhood.

Some of the items that sparked the competitiveness in bidders were a large mail sorter, an ornate secretary desk, and a buffet, which Surplus Property was informed had been hand built for one of the former wardens by inmates.

To view additional photos of the auction, visit ND Surplus Property's Facebook page, or visit their website at **www.nd.gov/surplus** for the link to their Facebook page.

Central Duplicating Continues to Collect Box Top$ to Donate to North Dakota Schools

Central Duplicating has continued their diligent extreme couponing by collecting Box Top$ for Education from every ream of paper to donate to local schools. The Box Top$ may be used by schools to purchase goods or services to enhance the learning environment for students.

In the fall of 2011, Central Duplicating accumulated 10,000 coupons and donated 2500, the equivalent of $250, to four schools. The schools that received the donations were Riverside Elementary, Prairie Rose Elementary, Saxvik Elementary, and Roosevelt Elementary.

Central Duplicating estimates they currently have enough coupons to donate to seven local schools in November. Agencies or individuals that would like to help Central Duplicating collect Box Top$ for Education coupons to help them achieve their goal of donating to seven schools in North Dakota should contact DeNeen Fischer at 701-328-2772.

Box Top$ for Education also can be found on hundreds of grocery store brands such as General Mills, Pillsbury, Old El Paso, Green Giant, ZipLock, Hefty, Nestle, Welch's and Land O'Lakes. For more information, visit **www.boxtops4education.com.**

Facility Management
Events and Project Updates

We have many special events scheduled throughout the capitol complex this fall and winter. These events commence with the annual Trick or Treat at the Governor's Residence on Halloween Day and finish with the New Year's Window Lighting December 31 through January 1, 2013. Other events you will enjoy during this season include:

- Veterans Day ceremony on November 11.
- Arrival and decoration of the State Christmas Tree the week of November 26. Decorations installed by the Arts Council.
- Governor's Official Tree Lighting ceremony on December 3 at 5:00 pm in Memorial Hall.
- Capitol Tower Window Tree Lighting will commence immediately after the official tree lighting and end on December 28.

We continue managing all aspects of the construction of the 100,000 square foot expansion of the North Dakota Heritage Center. We are 65% complete with this $52 million project. The three North Dakota prime contractors are maintaining a high level of professionalism and continue to add workers to the project site daily. We are averaging over 100 construction workers on site during any given day. Thus far, for this size of a project, we have had minimal change orders. The Historical Society staff continues to work with the exhibit design and fabrication firm Lord, Xhibitz and Taylor. The established goal set by the Historical Society staff is to have at least one of the three main galleries open by the time the building is complete in June of 2013.

Pictured on the left is the brass railing in the Senate chamber prior to restoration. Pictured on the right is the same brass railing after the restoration.

Other projects that will commence or conclude this fall include:

- Installation of a 280 stall parking lot located in the northeast corner of the capitol grounds.
- Restoration, repair and cleaning of the Capitol tower façade.
- Restoration and cleaning of the wood and brass in the House and Senate chambers.
- Selection of architectural design team for the remodeling of the cafeteria in May, 2013.

Fiscal management
On-Line W-2 for 2012 Tax Year

Effective January 2013 the W-2 form will be available for employees to view and print through the PeopleSoft Portal "My Page." The W-2 will be for the 2012 tax year. Employees that would like to receive and print their W-2 electronically will need to complete an on-line consent form that is available on 'My Page.' Employees that complete the consent form will receive an email notification when the W-2's are available for viewing and printing.

To consent to the electronic W-2 form, sign into the PeopleSoft Portal. On the 'My Page' tab, under Self Service Applications click on W-2 Consent. The W-2 Consent form will appear; on this form you will see a box that you may check to indicate your consent. Once you check the box, click the submit button and then OK.

Those who do not consent to receive the W-2 electronically will receive a printed copy of their W-2 at the end of January 2013.