

Minutes
Personnel Policy Board
August 8, 2014
8:00 a.m.

Members Present: Ted Smith, Chair; Hon. Gail Hagerty, Vice Chair; Susan Hoffer; Hon. James Hovey; Petra Mandigo Hulm; Hon. Lisa Fair McEvers; Ross Munns; and Rod Olson

Others Present: Sally Holewa, Ex Officio
Amy Klein, Staff
Carolyn Probst, Court Administrator Unit 4
Victoria Thelen, Human Resource Intern
Don Wolf, Director of Finance
Donna Wunderlich, Court Administrator Unit 3
Andrew Sheeler, Bismarck Tribune
Renee Barnaby, Minutes

Chair Smith called the special meeting to order at 8:00 a.m. The purpose of the meeting was to review the oil patch add-on request. At the last meeting, the request was tabled so staff could gather more information. Four options are before the Board for review.

In response to a question from Judge Hagerty asking how Ms. Probst arrived at the \$500 and \$750 amounts, Carolyn Probst said \$500 is what some of the other agencies were using. Because it appeared there was a higher tax rate for this kind of a supplement, she increased it to \$750 to bring the net amount closer to \$500.

In response to a question asking if the draft policies were to be put in place anticipating a request for funding by the legislature at the upcoming session, Ms. Probst requested the polies be implemented as soon as possible and continue through the next session. She added that Mr. Wolf indicated there is enough money in the budget to fund the request this biennium regardless of which option is approved.

Chair Smith asked why Ms. Probst was request a pay differential rather than a housing allowance. Ms. Probst responded she initially was exploring the housing allowance, but the policies she reviewed only covered those who rented and a majority of the employees are homeowners. She switched from a housing stipend to a salary supplement so it encompassed all employees. When this started, it was about recruitment and turnover but further exploration found that there were concerns with all staff regardless of years of experience or salary level. Ms. Probst said everyone in the oil patch is facing these challenges as an overall cost of living so she chose to use an across-the-board pay differential. From there, secondary options one and two were created with \$500 and \$750 based on specific pay grades and steps.

Petra Hulm recalled there may be a conflict with the state paying for someone else to own something. Sally Holewa agreed the state cannot invest in someone's personal property but because this is salary, it is permitted. She said the focus is usually on rent because that is the piece that has gone extreme. It is generally understood that if you are in a house, your house payment has not gone up.

In response to a question from Justice McEvers asking what the criteria was for receiving these funds, Ms. Probst said following the last meeting, she was directed to establish some criteria and an application process. After visiting with Amy Klein, there were concerns with requesting employees to provide personal income information and expenses, which is not employment based. She then came up with the option of an across-the-board pay differential that seemed to impact a majority of the employees.

Ms. Klein stated a salary cannot be offered to someone based on their personal factors. The only way to have an application process is if it is based on the cost of the apartment not someone's personal income. She noted she did a brief survey on costs in Williston, Minot, Dickinson, Bismarck and Fargo. Costs in Williston are higher than Dickinson, but Dickinson is higher than Minot, Bismarck and Fargo. She said for example, child care costs in Williston are almost \$2,600 per child higher than anywhere else in the state and \$1,300 higher for a basic one bedroom apartment. Rod Olson requested a study be done to include more cities. He said for example, gas in Valley City is much higher than in Fargo.

Ms. Holewa said basically there are four questions before the Board: (1) is there a cost of living difference; (2) should we recognize the different; (3) where would we apply any difference; and (4) the amount to adjust.

Justice McEvers said she spoke with Laurie Sterioti Hammeren and Lynn Hart from OMB and they provided her with a cost of living comparison study done by the Department of Transportation in 2012. She said based on their discussion, it is her understanding that when using oil patch add-ons, agencies have to apply to OMB and they need to meet special criteria. It then has to be approved by an emergency commission. She said although we are not subject to this process, in order to receive funding for this in the next legislative session, we need to make sure the criteria we use justifies our need.

Ross Munns indicated while he believes there is a need, he has concerns based on Justice McEvers' comments. He noted the importance of having empirical data to make the decision. Ms. Hulm also agreed there may be a need, but it is difficult to make a decision without data. She said after visiting with employees, she believes there may be a morale problem if we move forward with the across-the-board increase.

Judge Hagerty indicated she needed to leave the meeting. She said some people are being impacted in a negative way but with the information presented thus far, she is unsure we are able to solve it.

Ms. Probst said she agrees with the remarks regarding morale issues and the need for empirical data. She said when the first supplementals or stipends went into place by other state agencies, she did not pursue it because of all these issues. However, multiple state agencies are now participating, which is what provoked her to request something that is quite controversial.

Justice McEvers agreed there may be a need but also noted the importance of setting up the criteria like the other agencies did to ensure we have the data to support a request before the legislature. She said from visiting with OMB, they have to renew and justify the continued use of the add-on funds every six months.

Ms. Probst suggested using the studies from the other agencies as a foundation to establish our own need.

Chair Smith said in looking at the policies from the last meeting, the Department of Corrections has both a rental and a salary add-on and Human Services has an across-the-board salary add-on.

It was moved by Justice McEvers, seconded by Ross Munns, to table the item and request that staff in court administration gather more information from OMB to bring back before the Board.

Justice McEvers noted the cost of living comparison study done by the Department of Transportation from 2012 includes Bismarck, Devils Lake, Dickinson, Fargo, Grand Forks, Minot, Valley City and Williston. She said the study includes housing, groceries, utilities, transportation, health care, and miscellaneous goods as part of the summary.

In response to a question from Susan Hoffer asking if anyone was familiar with the oil boom policy used by other agencies, Ms. Holewa stated that pool was created when the legislature took the funding out of the individual agencies and put it under the emergency commission. She said we are not eligible to apply for it because we are a separate branch of government, and we did not have a pool of money to contribute to the fund.

Justice McEvers called the question.

The motion carried.

Don Wolf said with regard to the oil patch add-on, the intent was not to make everything fair with the cost of living expenses, but the intent was to help agencies who have had trouble filling positions with high turnover. He said we need to be looking at what positions we are having trouble filling not just making everything fair for everybody.

Ms. Klein noted that beyond the cost of living, we do not have much turnover except for the Williston clerk positions. She said even though our applicant pools in Mandan and Bismarck and other areas are not as robust as they were in the past, we do not have high turnover numbers.

Ms. Probst said other agencies are providing pay differentials, and it does not appear that it was solely based on recruitment or retention.

Justice McEvers said the Department of Transportation is so diverse in the type of work they do from clerical to road work so they probably had a broad spectrum of reasons for doing the study. She noted the executive summary states the purpose of the study was to assess the impact of the cost of living in the six cities effected by oil and natural gas production. It does not say anything else in the summary about turnover. She said in her conversation with OMB, it appeared there were a number of agencies who are using the oil patch add-on because they were unable to find places to live, however, some of the agencies were facing turnover and retention.

Ms. Holewa said before the meeting she was contacted by Robin Huseby, Executive Director of the Indigent Defense Commission. Ms. Huseby said their policy provides for up \$400 per month but it is based on location. Some people in Williston receive \$250 per month, some in Minot receive \$100 a month, and those in Bismarck were denied. There is less than 10 people receiving assistance.

It was moved by Rod Olson, seconded by Petra Hulm, to adjourn the meeting. The motion carried.

A meeting will be scheduled in the next couple of weeks.

The meeting adjourned at 8:55 a.m.