



**Legislative  
Research  
Council**

# **MINUTES**

## **Bureau of Personnel Agency Review Committee**

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**Third & Final Meeting  
2009 Interim  
Wednesday, October 7, 2009**

**LCR 1 & 2  
State Capitol Building  
Pierre, South Dakota**

The third and final meeting of the interim Bureau of Personnel Agency Review Committee was called to order by Representative Larry Tidemann, Chair, at 10:04 a.m. (CDT), on Wednesday, October 7, 2009, in Legislative Conference Rooms 1 and 2 of the State Capitol, in Pierre, South Dakota.

A quorum was determined with the following members answering the roll call: Senators Jim Bradford, Jeff Haverly (Vice Chair) and Jim Hundstad; and Representatives Patrick Kirschman, Don Kopp, Todd Schlekeway, Larry Tidemann (Chair), and Susan Wismer. Senators Corey Brown and Cooper Garnos and Representatives Phil Jensen and Kristi Noem were excused.

Staff members present included Terry Miller, Senior Fiscal Analyst; Tom Magedanz, Principal Research Analyst; and Kris Schneider, Senior Legislative Secretary.

All material distributed at the meeting is attached to the original minutes on file in the Legislative Research Council (LRC). For the purpose of continuity, these minutes are not necessarily in chronological order. This meeting was web cast live. The archived web cast is available at the LRC website at <http://legis.state.sd.us> under "Interim Information – Minutes and Agendas."

### **Approval of Minutes**

**Senator Hundstad moved, seconded by Representative Schlekeway, to approve the August 24, 2009, minutes. Motion prevailed on a voice vote.**

### **Proposed Final Report Recommendations and Bureau's Responses to Questions from the Second Meeting**

**Chair Tidemann** commented that the **South Dakota Retirement System** had previously mailed to the committee information concerning the number of retirees that had returned to work (**Document 1**).

The committee had been previously provided the following four proposed final report recommendations:

1. The Bureau of Personnel (BOP) should keep the Legislature informed on the pilot program of Career Banding and how it is addressing the difficulties in acquiring and maintaining talent for high demand jobs, and also in addressing the concerns in regard to career progression beyond the salary range midpoint or job worth.
2. Regarding the state employee's health plan, the committee cautions the BOP from requiring employees to provide more through higher plan deductibles and co-pay amounts in an effort to reduce costs of the health insurance plan. This only encourages employees to seek health insurance for their healthy family elsewhere. It is better to keep them in the state's health insurance system to help support families with higher health costs.
3. BOP will communicate with the South Dakota State Employees Organization regarding rates for the employee paid portion of the state employee's health insurance plan and any other proposed changes to the state employee's health insurance plan, such as plan deductibles, co-pay amounts, etc. The communication regarding these items will take place each year shortly after the Governor's budget address but no later than the start of the next Legislative session.
4. BOP should implement policies that require supervisors to annually conduct employee performance evaluations, as prescribed by BOP, in a timely manner. The completion of these performance evaluations should be tied to the supervisors' advancement in state government and with the annual movement to job worth adjustment within the PACE program.

With regard to the recommendation regarding Career Banding and job worth, **Ms. Sandy Zinter**, Commissioner, BOP, stated that they understand the Legislative intent and would keep the Legislature informed on the career banding process and would address the concerns regarding job worth through the normal process (Appropriations Committee).

Representative Wismer asked if over the past four months there have been any changes in the recruitment process as far as attracting professionals in the areas where there is a shortage of applicants. Commissioner Zinter stated that there has been an increase in the number of job applicants; however, they are not always qualified. Commissioner Zinter stated that BOP would provide that information to the committee.

Chair Tidemann shared comments that the committee had received from the South Dakota Employees Organization Chapter 6, Rapid City, regarding the PACE system and wages for state employees (**Document 2**).

With regard to the recommendation regarding the state employee's health plan, Commissioner Zinter stated that it is the philosophy and will continue to be the philosophy of the BOP to try to maintain premiums at a level so the healthy dependents do not leave the plan.

With regard to the recommendation for a timeframe as to when the State Employees Organization is notified about any proposed changes to benefits, Commissioner Zinter stated she was agreeable to it.

With regard to the recommendation regarding annual employee performance evaluations, Commissioner Zinter stated that the BOP will continue to work with agencies and emphasize the importance of evaluations to both the employee and the employer.

In response to Representative Jensen's request for a report of how state employee pay compares to surrounding states, including the cost of living and whether or not there is a state income tax, **Ms. Sandy Jorgenson**, Director of Compensation, provided and explained a report entitled "Salary Comparison of 6 Surrounding State Governments" (**Document 3**). It was noted that the comparison included only the Executive branch with the exception of the Board of Regents, and also excluded the Judicial and Legislative branches. The data used was compiled by the 2009 Central States Compensation Association Survey as of July 1, 2009. South Dakota's average salary was \$38,769; total benefit was \$16,604; with a total compensation average of \$55,373. The average salary for the six surrounding states (Iowa, Minnesota, Wyoming, Nebraska, North Dakota, and Montana) was \$46,438; total benefit average was \$25,996; with an average total compensation of \$72,434.

For the cost of living comparison, also listed on Document 3, Ms. Jorgenson stated that BOP used the ERI Relocation Assessor data as of July 1, 2009. It includes consumables, sales tax, income tax, property tax, housing, transportation, and medical costs. For the surrounding six State Capitals (Bismarck, Des Moines, Lincoln, Cheyenne, St. Paul, and Helena) the average salary needed for a comparable cost of living to Pierre was \$39,690. Bismarck was the low, \$36,016 and Helena was the high, \$43,227.

### **Clean Up Legislation**

**Mr. Tom Magedanz**, Principal Research Analyst, Legislative Research Council, reviewed the proposed clean up legislation (**Document 4**).

**Senator Hundstad moved, seconded by Representative Schlekeway, to recommend introduction of the clean up legislation. Motion prevailed on a roll call vote with 8 ayes, 4 excused. Members voting aye: Bradford, Haverly, Hundstad, Kirschman, Kopp, Schlekeway, Tidemann, and Wismer. Members excused: Brown, Garnos, Jensen, and Noem. (Chair Tiedemann noted that the members excused would be given the opportunity to be a sponsor on the committee bill.)**

### **Final Report Recommendations**

**Senator Hundstad** commented that the agency review process is a great learning tool and provides an opportunity to create relationships. He recommended that the final report also include a recommendation to the Executive Board that the agency review process be continued.

**Senator Hundstad moved, seconded by Representative Kirschman, that the final report recommendations also include a recommendation to the Executive Board that the agency review process be continued. Motion prevailed on a voice vote.**

**Senator Hundstad moved, seconded by Representative Kopp, that the Bureau of Personnel not be sunsetted; that they continue with the format and missions in place; and that they continue to follow up with the final recommendations of this committee. Motion prevailed on a roll call vote with 8 ayes, 4 excused. Members voting aye: Bradford, Haverly, Hundstad, Kirschman, Kopp, Schlekeway, Tidemann, and Wismer. Members excused: Brown, Garnos, Jensen, and Noem.**

### **Adjournment**

**Representative Kopp moved, seconded by Representative Schlekeway, that the meeting adjourn. Motion prevailed on a voice vote.**

The meeting adjourned at 11:33 a.m.



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