



NORTH
Dakota

Be Legendary.™

Management
and Budget

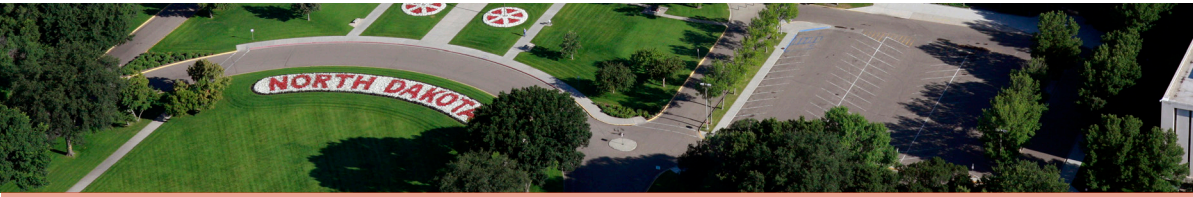
JOE MORRISSETTE, DIRECTOR

2017-2019 BIENNIAL REPORT

FOR THE BIENNIAL PERIOD OF
JULY 1, 2017 THROUGH JUNE 30, 2019

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EXECUTIVE SUMMARY

The Office of Management and Budget (OMB) provides leadership and support to state government. Established under North Dakota Century Code (N.D.C.C.) Ch. 54-44, the agency consists of five separate divisions, each with a unique mission and function, but sharing a common purpose of serving the agencies of state government, the team members of all state agencies, and the people of North Dakota.

As explained in detail in the following pages of this biennial report, the OMB consists of the following divisions:

- Fiscal Management
- Human Resource Management Services
- Facility Management
- Risk Management
- Central Services

For the 2017-19 biennium, OMB was authorized 117 full-time employees (FTE), a number which has declined over 10% from a high of 132.50 FTE in the 2009-11 biennium. This decrease in FTE was accomplished without a decrease in service thanks to efficiencies and process improvements.

For the 2017-19 biennium, the legislature provided an appropriation of \$42.5 million, of which \$31.2 million was from the general fund.

Pam Sharp served as the director of OMB from 2003 to March 2018. On March 1, 2018, Governor Doug Burgum appointed Joe Morrisette to serve as the director of OMB.

OMB

MISSION

TO PROVIDE
INNOVATIVE
LEADERSHIP AND
SUPPORT TO STATE
GOVERNMENT.

VISION

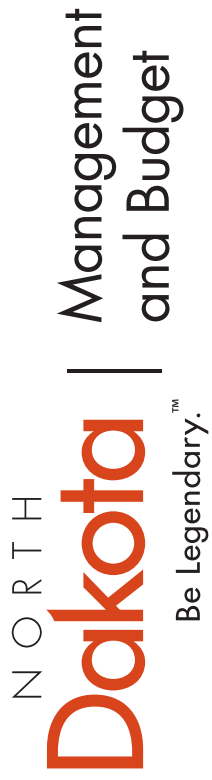
TO SET THE
STANDARD FOR
LEADERSHIP AND
EXPERTISE IN STATE
GOVERNMENT.

VALUES

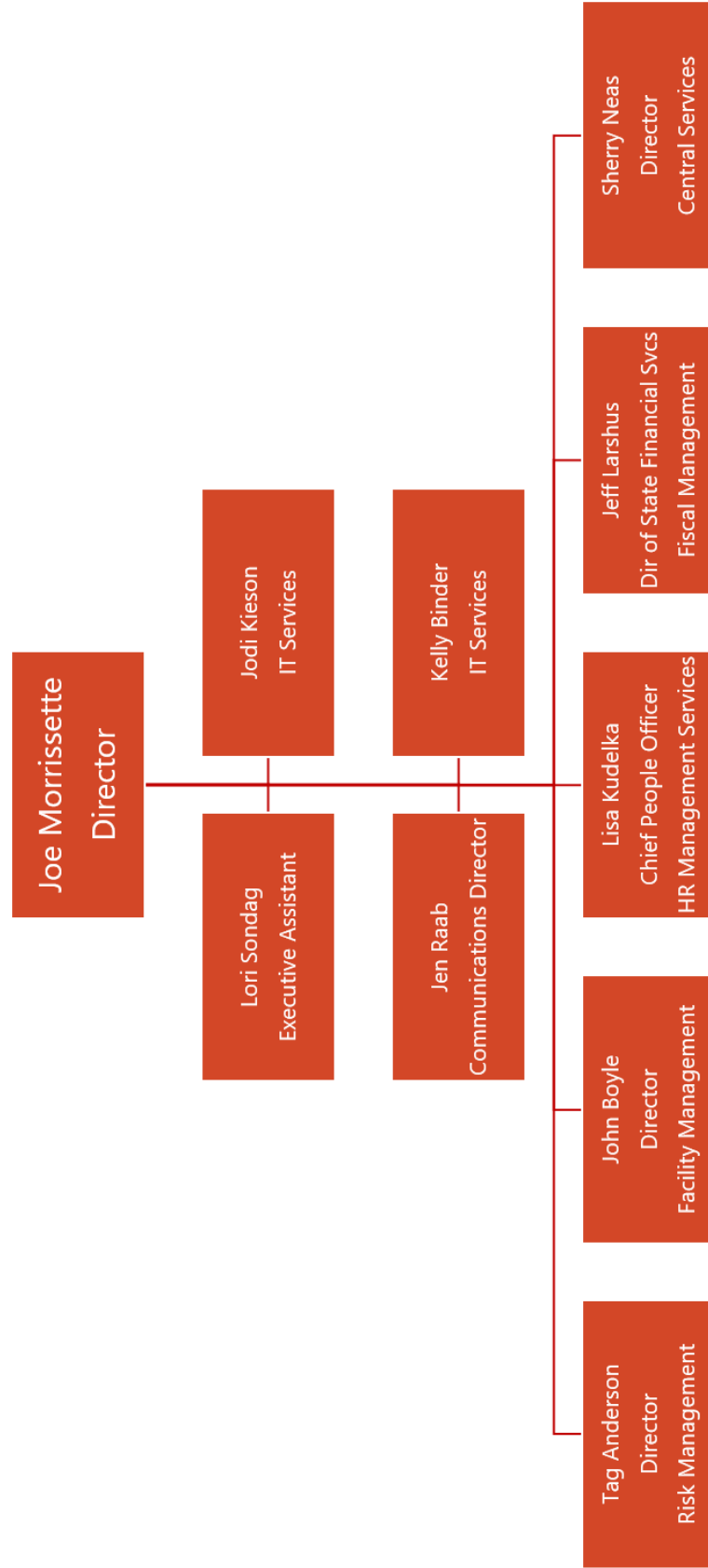
RESPECT
INTEGRITY
EXCELLENCE
RESOURCEFULNESS
RESPONSIVENESS

117

FULL-TIME
TEAM MEMBERS



ORGANIZATIONAL CHART



ACCOMPLISHMENTS

The 2017-19 biennium marked many significant accomplishments for OMB, including the following:

- Analysis was conducted of the Surplus Property facility to determine if it was more cost effective to lease or own. It was determined that it was not cost effective to utilize the \$800,000 special fund appropriation authority provided by the 2017 Legislative Assembly for purchase or construction of a new facility. Facility Management was then able to renegotiate the lease of the current facility for nearly 40% annual saving.
- Collaboration with higher education allowed for synchronized purchasing thresholds for all state agencies and higher education institutions. This created efficiencies in training and administration and a simplified system for entities doing business with the state.
- Analysis of contracting versus FTE for certain custodial services and mechanical services was conducted. The need for two custodial positions and two systems mechanic positions was eliminated by utilizing contracted services. Biennial general fund savings was approximately \$350,000.
- A cyber liability insurance policy that covers all state entities except the Bank of North Dakota (which has its own coverage) was purchased.
- The state transparency website was enhanced and upgraded to provide enhanced functionality and user experience at no additional cost to the state.
- PeopleSoft systems were enhanced and upgraded.
- OMB assumed responsibility for Bank of North Dakota (BND) payroll operations with no additional payroll staff, creating efficiency for BND operations.
- OMB assumed complete payroll functions for additional small agencies, bringing the total to 13 agencies for which OMB performs all payroll actions. For nearly all other state agencies, the agency performs limited payroll administrative functions while OMB processes payroll centrally.
- OMB received the Government Finance Officer Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting for the state Comprehensive Annual Financial Report (CAFR).
- OMB received the GFOA Distinguished Budget Presentation Award for the state budget documents.
- A biennial customer service survey was conducted, and OMB received over 90% favorable rating from customers.
- Progress was made aligning Human Resource (HR) operations across cabinet agencies through the implementation of the following:
 - Universal employment policies to reduce duplication and create consistency.
 - A uniform performance evaluation process to provide consistency in evaluation methods.
- A custom salary survey was conducted using existing staff resources and expertise, avoiding the need to contract for this service while providing policy makers objective information to compare North Dakota state government salaries to the private sector.
- An HR dashboard was created to provide increased transparency of HR data for agency managers.
- Team members were offered development opportunities through newly developed training and leadership courses.
- Analysis was conducted of all OMB positions that became open through attrition, or the voluntary separation incentive program (VSIP), to find opportunities for efficiency, combining of job duties, and reorganization. Five FTE positions were eliminated at significant long-term savings for the state.

OMB

\$800K

was saved by continuing to lease, not buy

\$200K

was saved by contracting custodial services

OMB now performs payroll functions for

13

state agencies

OMB received over

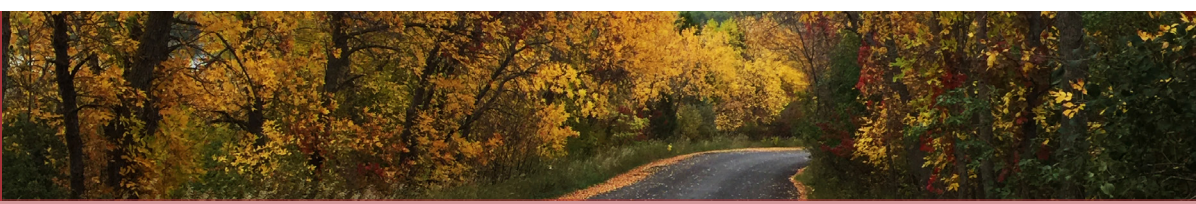
90%

favorable rating from customers

Progress was made on HR

UNIFICATION

across all state agencies



SHERRY NEAS, DIRECTOR • JULY 1, 2017 - JUNE 30, 2019

CENTRAL SERVICES

MISSION

TO SUPPORT STATE
GOVERNMENT BY
PROVIDING OUR
CUSTOMERS WITH
QUALITY PRODUCTS
AND SERVICES,
ENABLING THEM TO
ACCOMPLISH THEIR
MISSION.

23

FULL-TIME
TEAM MEMBERS

\$7.52M

GENERAL FUND &
SPECIAL FUND
SALARY & OPERATING
APPROPRIATIONS

\$1M

CAPITAL ASSETS

RESPONSIBILITIES

Central Services Division (CSD) includes Central Duplicating services, Central Supply, Central Mailroom, State Procurement, Vendor Registry and Surplus Property pursuant to N.D.C.C. 46-01, 46-02, § 19 of 54-44-4, 54-44.4, 54-44-04.5, and 54-44-04.6.

CSD SECTIONS

CENTRAL DUPLICATING

Central Duplicating provides state agencies with economical and efficient printing and mailing services. Central duplicating offers graphic art services, offset and digital printing, and a wide variety of finishing services. Central Duplicating prints mainframe and local area network (LAN) reports and checks.

CENTRAL SUPPLY

Central Supply is a centralized storeroom within the state capitol that provides commonly used office and paper supplies to state agencies.

CENTRAL MAILROOM

Central Mailroom provides state agencies with mail services. This centralized mail function was moved from the Facility Management Division to the Central Services Division in order to provide more efficient and streamlined services and to provide back-up assistance to the mailroom.

STATE PROCUREMENT OFFICE

State Procurement establishes procurement rules, policies, training, and online procurement information systems. They also negotiate legal notice rates for newspapers. State Procurement makes purchases for state agencies and establishes state contracts for commonly used commodities and services to ensure efficient, cost-effective purchasing. State Procurement provides training to agency procurement officers and provides vendors with information on doing business with the state.

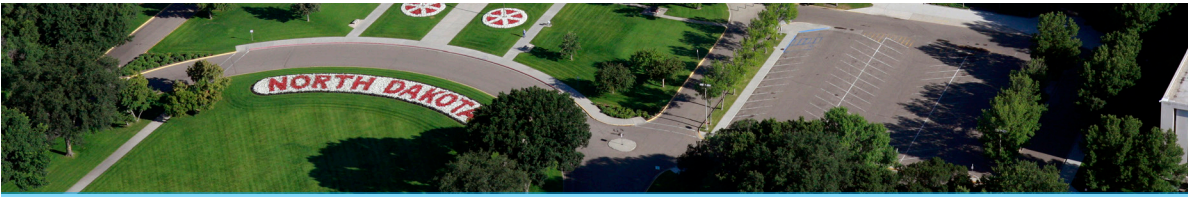
Vendor Registry is a section within state procurement that processes vendor payee applications and bidders list applications, sets up vendors for payment, manages the PeopleSoft vendor database, supplier onboarding, and purchasing module, and prepares IRS 1099 reports. Vendor registry administers an online vendor registration system.

SURPLUS PROPERTY

State Surplus Property acquires state and federal surplus property for redistribution to state agencies, political subdivisions, other eligible recipients, and the public, in accordance with the applicable state and federal guidance. State Surplus Property also manages the Federal Law Enforcement Support Office 1033 program, which provides equipment to entities with law enforcement responsibilities.

FUNDING

CSD has three special fund operations that generate revenue from fees for goods and services provided to customers: Central Duplicating, Central Supply and Surplus Property. The State Procurement Office and Vendor Registry are funded from the state's general fund.



JOHN BOYLE, DIRECTOR • JULY 1, 2017 - JUNE 30, 2019

RESPONSIBILITIES

The Facility Management Division (FMD) of OMB is charged with maintaining the state capitol complex buildings and grounds pursuant to N.D.C.C. Ch. 54-21. Under this section, the office is also responsible for maintaining the governor's residence, and the capitol tour and information center.

The capitol complex consists of approximately 132 acres of manicured lawns, shelterbelts and native prairie grasses. The buildings located on the grounds include the capitol building, the judicial wing, the North Dakota Heritage Center and State Museum, the Liberty Memorial building, State Office building, the Department of Transportation building and the governor's residence.

Facility Management has a staff of 52 full-time employees who work throughout the Capitol complex. Two part-time staff members are assigned to the capitol tour and information center and the remaining employees provide office support, custodial services, maintenance services, and grounds keeping services for the capitol complex.

CAPITOL BUILDING AND GROUNDS PROJECTS

During the biennium several projects were completed. The largest project was the installation of a new bank of four elevators in the capitol tower. This project was completed in nine months from April through December 2018. The total cost of this project was \$1.8 million.

The new governor's residence project began in September of 2016, after \$500,000 of donated funds were transferred from the Friends of the Residence account to the Capitol Building Trust Fund as stated in Senate Bill 2304. The new residence was completed April 2018. It is 13,700 square feet and contains six bedrooms, seven bathrooms, a commercial kitchen and family kitchen, an oversized three car garage and enough entertaining space to accommodate seating for up to 100 invited guests.

Facility Management continually strives to improve and update all building systems so that state employees can work in a safe and comfortable environment.

FACILITY MANAGEMENT

MISSION

TO PROVIDE A
CLEAN AND SAFE
ENVIRONMENT
WITH FRIENDLY,
RESPECTFUL AND
EFFICIENT SERVICE
TO ALL WHO USE
THE CAPITOL
COMPLEX.

52

FULL-TIME
TEAM MEMBERS

\$10.95M

GENERAL FUND
SALARY & OPERATING
APPROPRIATION

\$2.16M

CAPITAL ASSETS



JEFF LARSHUS, DIRECTOR • JULY 1, 2017 - JUNE 30, 2019

FISCAL MANAGEMENT

MISSION

TO PROVIDE
CUSTOMERS
RESPONSIVE
GUIDANCE AND
KNOWLEDGEABLE
MANAGEMENT IN
FISCAL OPERATIONS.

19

FULL-TIME
TEAM MEMBERS

\$9M

GENERAL FUND
SALARY &
OPERATING
APPROPRIATION

RESPONSIBILITIES

The Fiscal Management Division exists under the authority of the N.D.C.C. § 54-44.1-02, and was created in 1965 “for the purpose of promoting economy and efficiency in the fiscal management of the state government.” The division serves as the central professional fiscal office of the executive branch. The principal services of the division are statewide accounting, payroll, financial reporting, and budgeting.

The accounting section is responsible for maintaining the general accounts required to monitor the activities of each fund in the State Treasury. These general accounts reflect the resources and balances, together with current revenues and expenditures, and provide the necessary reports to show current conditions of each fund and appropriation.

OMB uses PeopleSoft for the state’s financial system. The PeopleSoft financial system is part of an enterprise resource plan (ERP) that also includes integrated systems for Human Resource Management Services and payroll.

The PeopleSoft financial system objectives are as follows:

- To secure centralized financial management information based on a uniform chart of accounts and programs.
- To provide data to be used in the preparation of statewide and agency reports in accordance with GAAP (Generally Accepted Accounting Principles).
- To provide reporting of revenues and expenditures for the general fund, special funds and federal funds.

The division maintains a searchable database of all expenditures of state government and the university system. During the past biennium, enhancements have been made to the state’s transparency website. These enhancements provide additional functionality and user experience at no additional cost to the state. Searches can be made by vendor, business unit, account, fund and job title, as well as links to other state agencies’ websites.

During the 2017-19 biennium, the state of North Dakota was presented a Certificate of Achievement for Excellence in Financial Reporting for fiscal years 2017 and 2018. This certificate is presented to government units whose Comprehensive Annual Financial Report (CAFR) achieves the highest standard in government accounting and financial reporting. The State also received the Government Finance Officers Association Distinguished Budget Presentation Award for the 2017-19 Biennium.

In 2018-19, the Bank of North Dakota came on the state’s payroll system creating efficiencies for both state agencies. OMB payroll has also taken over complete payroll functions for 13 small agencies with no additional OMB payroll staff.

Also in 2018-19, OMB upgraded the Payroll/HR/ELM components of the PeopleSoft ERP system.

The executive budget serves as a statewide financial plan for state services. It is presented to the legislature prior to the start of each legislative session. In preparation of the biennial executive budget, the budget team provides budget guidelines that guide budget requests from state agencies. After holding meetings on the requests, performing on-site visits and in-

specifications, and performing comparative analyses, the budget staff develops the governor's budget in accordance with the governor's policy initiatives and priorities.

Upon completion and presentation of the executive budget recommendations, the budget office assists the legislative assembly by explaining the basis on which the executive budget is developed and provides information on state fiscal matters requested by the legislature or its interim committees.

Other major functions of the Fiscal Management team include the preparation of state revenue forecasts, review of state management and organizational structures, assistance to and supervision of agencies in the execution of the budget, and the preparation of frequent comparisons of projected and actual revenues and expenditures. The division also manages the state purchasing card (P-Card) program for all state agencies, higher education institutions, school districts, counties and cities that participate in the state program.

STATEWIDE STATS

1,546
state government
P-Card users

there were over
420K
checks issued
from PeopleSoft
system

there were nearly
200K
accounting
transactions

there were over
560K
ACH's



LISA KUDELKA, CHIEF PEOPLE OFFICER • JULY 1, 2017 - JUNE 30, 2019

HUMAN RESOURCES

MISSION

TO PROVIDE
LEADERSHIP AND
EXPERTISE IN
HUMAN RESOURCE
MANAGEMENT.

13

FULL-TIME
TEAM MEMBERS

\$2.7M

GENERAL FUND
SALARY &
OPERATING
APPROPRIATIONS

RESPONSIBILITIES

In 1975, the legislative assembly passed a Central Personnel System Act, codified as N.D.C.C. Ch. 54-44.3. The act created the central personnel division and the state personnel board. In 2003, the legislature renamed the division Human Resource Management Division (HRMS). All appointments and promotions to positions in the state classified service must be made based on merit without regard to sex, race, color, national origin, age, religious affiliations or political opinions. Although the division and board are separate, they work closely together on classification and pay grade issues.

HRMS has 13 authorized FTE positions. The team provides comprehensive human resource services to agencies in the areas of classification, compensation, training and staff development, employment services, and employee relations. During the 2017-19 biennium a restructuring of HRMS was approved which includes a Chief People Officer position and director positions for leadership and learning, and talent acquisition.

CLASSIFICATION AND COMPENSATION

HRMS provides survey data and analysis that is used by the governor, the state employee compensation commission, and the legislature in establishing the state compensation plan for state workers. During the 2017-19 biennium, HRMS conducted a custom salary survey using existing staff resources and expertise, avoiding the need to contract for this service while providing policy makers with objective information to compare North Dakota state government salaries to the private sector.

HRMS collaborates with the budget office in developing the employee compensation proposal for the governor's executive budget. The proposal is developed within the framework of the compensation philosophy developed and enacted by the 62nd Legislative Assembly. A key component of the compensation plan is implementation of performance-based guidelines for use by agencies to manage the distribution of salary increases.

HRMS continually reviews positions and job classifications as jobs and occupations evolve. Positions and job classes are reviewed at monthly meetings of the Job Evaluation Committee (JEC), which was established as a result of the compensation study conducted during the 2009-11 biennium. The JEC includes six HRMS classification and compensation staff along with nine agency HR staff.

The division completed 674 position classification reviews during the biennium and there were no classification appeals to the State Personnel Board.

A major initiative to simplify and streamline the classification system was kicked off in 2017-19. The primary design work of the changes was completed and communication of the changes was initiated, and the final effective date of the changes will be July 1, 2020.

TALENT MANAGEMENT

The Talent Management suite is a component of the existing PeopleSoft system, and it contains four key modules:

- Profile Management – provides team member profiles, showing competencies, skills, certifications, licenses, education, memberships, project participation, and other items the agency wishes to track.
- E-Performance – primarily focuses on the online annual performance review and development plan.
- Career and Succession Planning – identifies long-range needs to help develop internal talent pools.
- Team HR Desktop – provides managers the ability to initiate certain employee changes, such as location changes, promotions, and reporting changes.

In the 2017-19 biennium, 8,910 performance documents were created in PeopleSoft ePerformance. Thirty-two agencies (an increase of seven agencies) used the on-line performance appraisal system supported by HRMS.

ENTERPRISE LEARNING MANAGEMENT

Enterprise Learning Management (ELM) is an internet-based training management solution that allows agencies to manage their learning information in a central location. Team members can sign up for classes to be approved by their manager, managers can enroll team members, or designated learning administrators may enroll learners. Agencies have the ability to upload online, web-based, and instructor-led training and information. Completed learning is automatically maintained in team member records.

State agencies' use of PeopleSoft ELM continues to grow rapidly. The solution grew by another 5,098 classes this biennium and surpassed 29,000 classes in the system in June 2019. Since going live in January 2010, there has been 795,000 enrollments through ELM. As integration with other PeopleSoft modules like the PeopleSoft talent management suite continues, tremendous growth will continue with ELM.

TRAINING AND STAFF DEVELOPMENT

HRMS provides a variety of general and agency specific training to state agencies based on need and request. In addition to classroom style, web-based training is also offered.

HRMS developed and/or coordinated training 12,678 attendees and 5,869 individual state team members, offering a total of 68 different courses in 282 sessions during the 2017-19 biennium.

Training related to the new Leadership Everywhere initiative is included in the figures above, but activities specific to Leadership Everywhere include 20 new courses, 169 sessions, and 4,312 attendees (of which there were 1,931 individual employees trained).

Additionally, there were 17 other new classes created by HRMS during this biennium. The staff also provides user support for the PeopleSoft Enterprise Learning Management (ELM) system.

TEAM ND AVERAGES

46.1
years old

12.5
years of service

\$56.7K
annual salary



EMPLOYMENT SERVICES

HRMS assists state agencies in their selection process by advertising job vacancies, developing recruitment and selection tools, screening applications, representing state agencies at college and university career fairs, and serving on interview panels. The division provides comprehensive recruitment services to state agencies and promotes internship and cooperative education opportunities by coordinating inquiries and referrals between agencies and colleges.

Significant progress was made during 2017-19 in aligning HR operations across cabinet agencies through the implementation of:

- Universal employment policies to reduce duplication and create consistency.
- A uniform performance evaluation process to provide consistency in evaluation methods.

PEOPLESOFT RECRUITING SOLUTIONS IMPLEMENTATION

HRMS worked with state agencies to implement the Recruiting Solutions Module of PeopleSoft which went live in February 2014. Recruiting Solutions provides the state with an online job announcement and application system allowing applicants to apply for state jobs 24 hours a day, seven days per week.

Recruiting Solutions gives agencies the ability to ask specific questions of applicants in the application process and aids in the screening process to identify the best applicants for positions. The screened applications are then routed electronically, reducing the use of paper in the recruiting process. From July 1, 2017 through June 30, 2019, there were over 105,000 applications for the 7,611 jobs posted online, which resulted in 2,592 new hires.

A related development includes the completion of an update to the PeopleSoft HR system, which among other enhancement, allows job applicants to submit applications for posted jobs using mobile communication devices.

WEBSITE

An extensive rewrite of the external careers page was completed May of 2019. This change included mobile capable job application submission from the public along with a contemporary user interface redesign. Since implementation of the new careers homepage, there has been a 29% increase in site users over previous year time frame. Over 40% of those users are new users, which clearly shows the change has been well received.

JOB DESCRIPTION QUESTIONNAIRE SYSTEM

The Job Description Questionnaire System (JDQ) system is an online system for documenting position major activities for the classification process that went live in November 2016. During the 2017-2019 biennium, 3,587 JDQ's have been completed in the system and 564 reclassification requests were submitted.

Position information included in the JDQ system is now available for upload to the PeopleSoft ePerformance documents as ratable items.

STATE PERSONNEL BOARD

The State Personnel Board met three times during the 2017-19 biennium to consider requests to remove positions from the classified service and proposed salary ranges for the 2019-21 biennium.

Online election management was approved and implemented for the first time with the State Personnel Board election in 2019. This vastly improved process allowed for online voting, tabulation and reporting, netting an increase in voter turnout of 17% and a gain in efficiency eliminating the need to print and mail ballots to state employees and by removing the manual canvassing process.

RISK MANAGEMENT

MISSION

TO COORDINATE
EFFICIENT
FUNCTIONS THAT
PROMOTE SAFETY
AND REDUCE LOSS
RESULTING FROM
TORT LIABILITY OR
EMPLOYEE INJURY
CLAIMS.

4

FULL-TIME
TEAM MEMBERS

\$1.7M

SPECIAL FUND
SALARY &
OPERATING
APPROPRIATIONS

\$1M

SPECIAL PROJECT
FUND

RESPONSIBILITIES

The Risk Management division of OMB was established by the 1995 Legislature to address the state's loss of sovereign immunity for tort liability. The Legislature enacted the State Tort Claims Act (N.D.C.C. Ch. 32-12.2) which assigns the responsibility for administering the state's risk management program to OMB.

In an effort to save premium dollars through a deductible program, and to establish a cross agency return-to-work program for North Dakota state agencies, the 2001 Legislature enacted N.D.C.C. §65-04-03.1 establishing the Risk Management Workers Compensation Program (RMWCP) and assigned the responsibility for administering the program to the Risk Management division.

Workforce Safety & Insurance (WSI) continues to determine the level of compensation an injured worker and his or her care provider are entitled to receive; and determines experience rates, assessments, and the premiums payable by state entities for workers compensation coverage. Effective July 1, 2001, workers compensation premiums are paid to the Risk Management division rather than to WSI. With the premium dollars it receives from state entities, the Risk Management division has established a fund to pay the first \$100,000 on each claim and the premium to WSI for the state entities' single workers compensation account. Premium savings are shared with state entities through an enhanced discount and dividend program.

LOSS CONTROL

To ensure the state is properly addressing its exposure to loss, the Risk Management division does the following:

- Analyzes risk exposures through audits and reviews of agency standard operating procedures.
- Develops loss control programs through recommendations to agencies on how to address identified and potential risks of loss.
- Tracks loss history to identify and address trends.
- Communicates loss control and safety information to state entities through the risk management manual, training materials, electronic newsletters and Risk Management seminars.

CLAIMS MANAGEMENT

The Risk Management division administers the Risk Management Fund, the state's self-retention fund established to provide tort liability coverage for the state, its agencies and employees, and the RMWCP Fund, to cover the costs of administering the \$100,000 deductible workers compensation program.

Claims against both funds are investigated and reviewed to ensure they meet statutory requirements and are expediently resolved.

LITIGATION

The Risk Management division oversees litigation involving unresolved claims against the Risk Management Fund. The Office of Attorney General provides general legal counsel to the division as well as litigation services. In addition, Risk Management hires attorneys who receive a Special Assistant Attorney General appointment.

The Risk Management division also provides defense for state employees acting within the scope of employment. Division personnel work with and assist state employees to ensure they comply with all statutory requirements, so they are provided all defense protections available to them under the State Tort Claims Act.

Workers compensation litigation cases are handled by WSI and are monitored by the manager of the RMWCP.

INSURANCE

The division secures excess insurance for the Risk Management Fund covering obligations above the statutory caps. The division also secures cyber liability insurance to cover both first-party and third-party liabilities that arise from a data breach or other cyber events. The division also assists with the purchase of aviation insurance by agencies with aircraft and the University of North Dakota School of Medicine and Health Sciences' purchase of medical professional liability insurance.

STATS

59%

of state agencies
participate in the risk
management
discount program

with an
average premium
discount of

14%

received &
reviewed over

8K

incident reports

and

145

formal claims
against the state
in FY19

claims &
insurance expenditures
RM & RMWCP funds

\$8.6M

for 2017-19
biennium



NORTH
Dakota | Management
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Be Legendary.™

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