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ROLL NUMBER

DESCRIPTION

1198

2005 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1198

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1198

House Industry, Business and Labor Committee

Conference Committee

Hearing Date 1-19-05

Tape Number

Side A

Side B

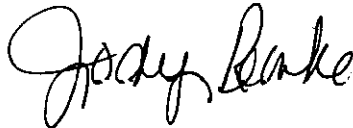
Meter #

1

X

3.0-34.3

Committee Clerk Signature



Minutes:

Vice-Chairman Johnson: Opened the hearing on HB 1198. All committee members were present.

Representative Keiser: Appeared in support of bill and also was a sponsor. In unemployment compensation we had a policy per say in ND for a long time, had a concept of job attached, its an excellent concept. What does it mean if your job attached? It doesn't change the benefits, they are going to earn or receive the very same benefits they would of received if they weren't job attached. But what does change between the job attached and the not job attached is that the non job attached are required to find other employment and job service is required to help them find other employment. Many people that are job attached will go out and look for alternative work. We have tried lots of policy changes to help the job attached position. there are 2 issues that come into play, one is there is a very strong feeling among employers of our state, that they do not want to have negative employees, they want every employer to become positive employers

For those people that are in the negative category, I think personally that is a terrible policy. I believe in the negative group, but there are many employers in this state that believe we should not have any negative balance employers. what we have is a system that allows some companies for certain reasons to be negative employers and we limit there rate of exposure its not a pleasant rate, that's a lot of money. Positive employers which are the vast majority do not want to subsidize the negative employers. That's a big policy question. This is not the first draft of this bill, the federal government is very directly involved in all job service legislation. What we have by having a negative balance employer option is we can help companies budget, predict, and bid jobs because they don't have to anticipate the worst scenario.

Representative Ekstrom: Have you considered skill levels?

Representative Keiser: Yes I considered it but I didn't like it and I'll tell you why, because I thought about the flag person, it would be the most boring job for me they work under very difficult weather conditions from one extreme to another. I thought a group of employers could make that decision.

John Graham, Job Service ND: Appeared in support of HB 1198 and provided written testimony (SEE ATTACHED TESTIMONY).

Dave Kemnitz, President, AFL-CIO: Appeared in support of Hog House amendment.

Kurt Peterson, Associated Contractors of ND: Appeared in support of bill.

Renee Phenning, Building and Construction Trades Council: Appeared in support of Hog House not the original bill.

Dick Johnson, Legal Council, Motor Carriers Association: Hog House we would fully support if you give us the opportunity to air our concerns.

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House Industry, Business and Labor Committee

Bill/Resolution Number HB 1198

Hearing Date January 19, 2005

Virgil Horst, Operating Engineers: Appeared in support of Hog House.

Representative Froseth: I move the **Hog House amendments** as proposed by John Graham.

representative Johnson: SECOND the Hog House Amendments.

Representative Ekstrom: I move a DO PASS as **AMENDED**.

Representative Boe: SECOND the motion on a **DO PASS AS AMENDED**.

Motion carried VOTE: 14-YES 0-NO 0-Absent.

Representative Kasper will carry bill on the floor.

Meeting adjourned.

FISCAL NOTE
 Requested by Legislative Council
 01/21/2005

Amendment to: HB 1198

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2003-2005 Biennium		2005-2007 Biennium		2007-2009 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$0	\$3,750	\$0	\$0
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2003-2005 Biennium			2005-2007 Biennium			2007-2009 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

The projected costs assume one additional meeting of the Unemployment Insurance Advisory council that is proposed to be established in HB 1028. Costs are based on the assumptions used in the fiscal note for HB 1028.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

As Job Service receives a predetermined amount of federal resources from the Department of Labor to administer the unemployment insurance program, no additional federal resources are available to fund this projected expenditure.

B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

This projected expenditure would affect the operating expense line item and would be charged to the agency's federal funds.

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

Because the agency would not be receiving any additional federal resources to fund this expenditure, an offsetting decrease in another budgeted operating expense item would need to be accomplished. Therefore, there would not be any impact on the agency's appropriation.

Name:	John Graham	Agency:	Job Service
Phone Number:	701-328-2843	Date Prepared:	01/24/2005

FISCAL NOTE
Requested by Legislative Council
01/07/2005

Bill/Resolution No.: HB 1198

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2003-2005 Biennium		2005-2007 Biennium		2007-2009 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$0	\$1,312,000	\$0	\$2,422,120
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2003-2005 Biennium			2005-2007 Biennium			2007-2009 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

This Bill will reduce the annual number of job-attached Unemployment Insurance (UI) claimants by 6,650, thus necessitating reemployment services for those claimants, and more than doubling the number of claimants currently receiving those services. The principal portions of the costs reported in this fiscal note are for the salaries of the additional staff necessary to do a credible job of providing reemployment services to those added non-job-attached claimants. In the initial year following the effective date of the Bill (Fiscal Year 2006), those costs are estimated at \$1,287,135 to pay and equip 21 additional Customer Service Specialists to handle the workload. In addition, some programming of our automated telephonic claimsfiling, and our Internet claimsfiling systems would have to be done to make the random selection required by the Bill. ITD has estimated that this will cost \$24,865, for a total cost for the 2005-2007 biennium of \$1,312,000. The ongoing biennial costs are estimated (assuming one 4% salary increase in the 2007-2009 biennium) at \$2,422,120. We have not estimated the impact to the UI Trust Fund, as we don't have the necessary historical data to make that estimate, but it will probably not be significant. Unless Job Service was to receive revenue from the General Fund, or from a new funding source to fund these expenditures, this Bill cannot be effectively implemented without drastic reductions in other UI services.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

This Bill will not cause an increase in revenues

B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

This Bill will cause an increase in expenditures from our limited Federal funding source of \$1,312,000 in the 2005-2007 biennium; and \$2,422,120 in the 2007-2009 biennium.

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive*

budget. Indicate the relationship between the amounts shown for expenditures and appropriations.

This Bill will not result in a request for increased appropriations, as our current appropriation request already includes all of the Federal funds that we anticipate receiving for the 2005-2007 biennium.

Name:	John Graham	Agency:	Job Service
Phone Number:	701-328-2843	Date Prepared:	01/12/2005

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1198

[Prepared by Job Service North Dakota – January 19, 2005]

Page 1, line 1, delete the entire text of the bill, after the word “Act,” and insert:

“directing a legislative council study of reemployment processes and costs, a proper method and timing for providing a limitation on the total average number of job-attached unemployment insurance claimants; directing the participation of Job Service North Dakota in the study; and directing the participation of the Unemployment Insurance Advisory Council in the study.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. Legislative Council – Study of reemployment policies, practices and costs, and of means of limiting job-attached claimants. The legislative council, with the participation of the unemployment insurance advisory council, and the cooperation of job service North Dakota, shall carry out a comprehensive study of:

1. The costs and effectiveness of the current reemployment processes utilized by job service North Dakota; and the appropriate methods for providing those services to a substantially greater number of claimants;
2. An appropriate method for limiting the number of job-attached claimants to those employees who are critical to the business processes of the employers which temporarily laid those employees off; and
3. An appropriate means of funding any additional costs that might be incurred as a result of implementation of the study’s recommendations.

The unemployment insurance advisory council and job service North Dakota shall cooperate with the legislative council in this study, and shall participate fully in it. Job service North Dakota shall also report to the legislative council, or its designated interim committee, on the progress of, and results from, the reemployment demonstration project to be carried out by job service North Dakota during the 2005-2006 legislative interim. The legislative council is to report its findings and recommendations to the sixtieth legislative assembly.”

And renumber accordingly.

January 19, 2005

VK
1/19/05

HOUSE AMENDMENTS TO HOUSE BILL NO. 1198 IBL 1-20-05

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to provide for a legislative council study of reemployment processes and costs and an appropriate method for providing a limitation on the total average number of job-attached unemployment insurance claimants.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. LEGISLATIVE COUNCIL STUDY - REEMPLOYMENT POLICIES, PRACTICES, AND COSTS AND MEANS OF LIMITING JOB-ATTACHED CLAIMANTS - REPORT.

1. During the 2005-06 interim, the legislative council, with the participation of job service North Dakota, shall study:
 - a. The costs and effectiveness of the current reemployment processes utilized by job service North Dakota and the appropriate methods for providing those services to a substantially greater number of claimants;
 - b. An appropriate method for limiting the number of job-attached claimants to those employees who are critical to the business processes of the employers that temporarily laid off those employees; and
 - c. An appropriate means of funding any additional costs that might be incurred as a result of implementation of the study's recommendations.
2. During the 2005-06 interim, job service North Dakota shall report to the legislative council on the progress of, and results from, the reemployment demonstration project to be carried out by job service North Dakota during the 2005-06 interim.
3. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixtieth legislative assembly."

Renumber accordingly

Date: 1-19-05

Roll Call Vote #: 2

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1198

House **INDUSTRY, BUSINESS AND LABOR** Committee

Check here for Conference Committee

Legislative Council Amendment Number

Action Taken *Move Hoghouse Amendments*

Motion Made By *Rep. Froseth* Seconded By *Rep. Johnson*

Representatives	Yes	No	Representatives	Yes	No
G. Keiser-Chairman	X		Rep. B. Amerman	X	
N. Johnson-Vice Chairman	X		Rep. T. Boe	X	
Rep. D. Clark	X		Rep. M. Ekstrom	X	
Rep. D. Dietrich	X		Rep. E. Thorpe	X	
Rep. M. Dosch	X				
Rep. G. Froseth	X				
Rep. J. Kasper	X				
Rep. D. Nottestad	X				
Rep. D. Ruby	X				
Rep. D. Vigesaa	X				

Total (Yes) 14 No 0

Absent

Floor Assignment

If the vote is on an amendment, briefly indicate intent:

Roll Call Vote #: **2** Date: **1-19-05**

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1198

House **INDUSTRY, BUSINESS AND LABOR** Committee

Check here for Conference Committee

Legislative Council Amendment Number

Action Taken **Do Pass As Amended w/ Hog House**

Motion Made By **Rep. Ekstrom** Seconded By **Rep. Boe**

Representatives	Yes	No	Representatives	Yes	No
G. Keiser-Chairman	x		Rep. B. Amerman	x	
N. Johnson-Vice Chairman	x		Rep. T. Boe	x	
Rep. D. Clark	x		Rep. M. Ekstrom	x	
Rep. D. Dietrich	x		Rep. E. Thorpe	x	
Rep. M. Dosch	x				
Rep. G. Froseth	x				
Rep. J. Kasper	x				
Rep. D. Nottestad	x				
Rep. D. Ruby	x				
Rep. D. Vigesaa	x				

Total (Yes) **14** No **0**

Absent **-0-**

Floor Assignment **Rep. Kasper**

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HB 1198: Industry, Business and Labor Committee (Rep. Keiser, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1198 was placed on the Sixth order on the calendar.

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to provide for a legislative council study of reemployment processes and costs and an appropriate method for providing a limitation on the total average number of job-attached unemployment insurance claimants.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. LEGISLATIVE COUNCIL STUDY - REEMPLOYMENT POLICIES, PRACTICES, AND COSTS AND MEANS OF LIMITING JOB-ATTACHED CLAIMANTS - REPORT.

1. During the 2005-06 interim, the legislative council, with the participation of job service North Dakota, shall study:
 - a. The costs and effectiveness of the current reemployment processes utilized by job service North Dakota and the appropriate methods for providing those services to a substantially greater number of claimants;
 - b. An appropriate method for limiting the number of job-attached claimants to those employees who are critical to the business processes of the employers that temporarily laid off those employees; and
 - c. An appropriate means of funding any additional costs that might be incurred as a result of implementation of the study's recommendations.
2. During the 2005-06 interim, job service North Dakota shall report to the legislative council on the progress of, and results from, the reemployment demonstration project to be carried out by job service North Dakota during the 2005-06 interim.
3. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixtieth legislative assembly."

Renumber accordingly

2005 SENATE INDUSTRY, BUSINESS AND LABOR

HB 1198

2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1198

Senate Industry, Business and Labor Committee

Conference Committee

Hearing Date 3-07-05

Tape Number	Side A	Side B	Meter #
3	xxx		700-1100

Committee Clerk Signature 

Minutes: **Chairman Mutch** opened the hearing on HB 1198. **Senator Espegard** and **Senator Heitkamp** were absent.

HB 1198 would provide for a legislative council study of re-employment processes and costs and an appropriate method for providing a limitation on the total average number of job-attached unemployment insurance claimants.

John Graham, Job Service, introduced the bill. See written testimony.

Ranae Pfenning, ND Building and Construction Trades Council, spoke in support of the bill.

See written testimony.

Curt Peterson, Assoc. of General Contractors, stated his support for the bill.

Dave Kemnitz, AFL-CIO, spoke in support of the bill.

There were no questions from the committee

Page 2
Senate Industry, Business and Labor Committee
Bill/Resolution Number HB 1198
Hearing Date 3-07-05

Senator Klein moved a DO PASS. Senator Nething seconded.

Roll Call Vote: 5 yes. 0 no. 2 absent.

Carrier: Senator Nething

Date: 3-7-05
Roll Call Vote #: 1

2005 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1198

Senate Industry, Business, and Labor

Committee

Check here for Conference Committee

Legislative Council Amendment Number

Action Taken Do Pass

Motion Made By Klein

Seconded By Nothing

Senators	Yes	No	Senators	Yes	No
Chairman Mutch	X		Senator Fairfield	X	
Senator Klein	X		Senator Heitkamp	A	
Senator Krebsbach	X				
Senator Espegard	A				
Senator Nothing	X				

Total (Yes) 5

No 0

Absent 2

Floor Assignment Nothing

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE (410)
March 8, 2005 1:12 p.m.

Module No: SR-42-4396
Carrier: Nething
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1198, as engrossed: Industry, Business and Labor Committee (Sen. Mutch, Chairman) recommends DO PASS (5 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). Engrossed HB 1198 was placed on the Fourteenth order on the calendar.

2005 TESTIMONY

HB 1198

House Bill No. 1198

Testimony of John A. Graham
Job Service North Dakota

before the

House Committee on Industry, Business, and Labor
Rep. George Keiser, Chairman

Wednesday, January 19, 2005

Chairman Keiser, members of the Industry, Business, and Labor Committee, I am John Graham, and I am representing the Unemployment Insurance program for Job Service North Dakota. Job Service favors a viable means of reducing the number of job-attached claimants, structured in such a way that we could adequately serve the additional number of claimants who would need reemployment services. However, we do not support the method or timing for reducing the number of job-attached claimants (e.g. claimants who are designated as returning to the employer who laid them off) proposed by House Bill No. 1198, nor the significant impact that the Bill would have on our Agency's operating budget.

Let me expand on our reasons for opposition to the Bill as it currently reads:

First, we do not have the resources to handle the dramatically increased number of claimants who would need reemployment services with this Bill's passage. The fiscal impact of this bill is in excess of \$1.2 million per year for the foreseeable future. [I want to note, parenthetically, that the fiscal note is based on the fact that this Bill would more than double the number of claimants who would need reemployment services.] We don't anticipate increased federal funding for the Unemployment Insurance (UI) program, and, in fact, are anticipating that operating funds will decrease in the coming years, based on recent history. Job Service has gained credibility with businesses, our primary

customers, and with jobseekers. Without adequate resources to serve the increased number of claimants needing reemployment services, Job Service would return to the state of reemployment services existing 15-20 years ago, when claimants carried out a pro forma work search that left employers irate, claimants still unemployed, and Job Service staff with the frustration of knowing that a better job could be done, but not having time to do it.

Second, we believe that, with time and study, a more acceptable method can be devised than the random selection method proposed by the Bill; which we believe is more than likely going to anger both employers and claimants. Anticipating the passage of House Bill No. 1028, we believe that study of an alternative method for reducing the number of job-attached claimants should be the first thing on the agenda of the Unemployment Insurance Advisory Council.

Third, we believe, even with the delayed effective date, that implementation of this Bill would be premature. We believe this because we plan to carry out a demonstration project (called Work First) during the coming interim to see if there are more effective methods and practices which could shorten the average duration of UI claims. That project's outcome will give Job Service, the Advisory Council, and the Legislative Council greater insight into the best methods of providing reemployment services, the cost of those services, and service alternatives.

Given these reasons, Mr. Chairman, Job Service opposes HB 1198 in its current form. However, we believe that some steps need to be taken to determine the most effective means of limiting the number of job-attached claimants; and that determination needs to

be in the context of a comprehensive discussion of the appropriate level and type of service that should be provided to claimants who are not job-attached.

Because we believe this determination needs to be made, and that it is not timely to address it immediately, we are proposing amendments to House Bill No. 1198 directing an interim study by the Legislative Council. The study, with participation by the newly-formed UI Advisory Council, would comprehensively address the proper level of and best methods for providing reemployment services, the best method of limiting the aggregate number of job-attached claimants, and the means of funding any additional costs that might be incurred by implementation of those methods.

With the results of this interim study; the input from the Advisory Council, and the outcome from the Work First project in hand, the Legislature will be much better prepared to make the necessary policy decisions during the 2007 Legislative Session. Mr. Chairman, I hope that the Committee will accept our proposed amendment to HB 1198. I would be happy to answer the Committee's questions.

Engrossed House Bill No. 1198

Testimony of John A. Graham
Job Service North Dakota

before the

Senate Committee on Industry, Business, and Labor
Sen. Duane Mutch, Chairman

Monday, March 7, 2005

Mr. Chairman and members of the Industry, Business, and Labor Committee, I am John Graham, representing the Unemployment Insurance (UI) program of Job Service North Dakota. I am here in support of Engrossed House Bill No. 1198.

There has been substantial legislative interest expressed in proper handling, identification, and limitation of the number, of "job-attached" UI claimants, i.e. those claimants who are temporarily laid off and plan to return to their previous employer. Job Service is also interested in those questions, and thus joins in support of this Bill.

Job Service will be operating an interim demonstration project to determine the best method of providing reemployment services to claimants who are not job-attached. However, as part of the project plan, Job Service will be carrying out random verification of "job-attached" status. We believe that the outcome of this demonstration project will be helpful in arriving at conclusions concerning improved methods of processing "job-attached" claimants.

Additionally, Mr. Chairman, this study will be helpful in addressing another topic which is continually of interest – the question of the proper allocation of the "deficit" caused by the negative balance employers whose claims charges exceed their UI taxes paid.

Mr. Chairman for the foregoing reasons, Job Service urges a "do pass" on Engrossed House Bill No. 1198. I would be happy to answer the Committee's questions.

ND Building and Construction Trades Council
Testimony in Support of HB 1198
Study of Re-employment processes

Chairman Mutch members of the Senate IBL Committee for the record my names is Renee Pfenning on behalf of the ND Building and Construction Trades Council. I appear here today in support of HB 1198.

Our members by the nature of their trade or industry in which they work are temporarily laid off and are recalled back to work through the union out of work list. Their work is cyclical in nature and often times dictated by the weather or the economy.

Contractors do not have the luxury of using a smaller crew to work on a project for an extended period of time. The Private Sector Union Hall out of Work List has worked well for Labor and Industry to maintain an experienced, ready and available workforce for the building and construction trades industry.

Therefore, we ask for a do pass recommendation on HB 1198 the study of re-employment processes.