

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1016

2007 HOUSE APPROPRIATIONS

HB 1016

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1016

House Appropriations Committee
Education and Environment Division

☐ Check here for Conference Committee

Hearing Date: January 8, 2007

Recorder Job Number: 761

Committee Clerk Signature

Shirley Branning

Minutes:

Chairman Wald: opened the hearing on HB 1016, Job Service and called a quorum with 4 committee members in attendance. Maren are you first?

Maren Daley, Executive Director for Job Service (See attached handout 1-HB 1016) Job Service North Dakota Appropriations Committee Handout discussed 5 areas that require attention, beginning with the area that most interests the appropriations committee – the appropriation request.

Representative Klein: The Reed Act has \$15 million. Is that available to do this is it all that is in there?

Daley: Yes, We are asking for these funds to accomplish the work that needs to be done.

Representative Klein: And, your people are going to be doing this, your not going to go this consultant route that we pay dearly for and then...?

Daley: We are not going to issue an RFP for someone to build us a whole new system. We will be hiring some IT professionals, architects to help design the program to be in line with how the state architecture is going, so we're using the tools and systems that fit with what the state otherwise uses. We will use consultants but we will not have a whole new system built.

Chairman Wald: We don't have that kind of talent within IT?

Daley: there isn't enough of it for all of the projects on their plate.

Chairman Wald: So you have to go to outside sources/

Daley: Yes, but we coordinate that through inweb ITE. Workforce 20-20. Detailed information is available under tab 2 in the handout. Tab 3 shows where the funds flow.

Funds are withdrawn as needed to pay benefits and that is the only thing they can be used for.

Chairman Wald: When you federal deficit, you mean in the unemployment compensation bill.

Daley: No, I mean totally.

Chairman Wald: The federal deficit.

Daley: The total deficit, much like the social security account. They can count it in against the federal deficit. The unfortunate thing is that the employers are paying the taxes but aren't getting the money back for these services.

Chairman Wald: Was any of this triggered by the low unemployment rate throughout the country and particularly in ND?: It is hard to tell, it seems to be driven more by the funding means at the Congressional level. Because there are many areas that have much higher unemployment levels. Our funding is decreased even when the money is there. Looking at the Job Service Report card, Tab #4.

Representative Klein: Give us the figures on what your reserve was in trust fund was in past years? What was it in the past when the economy wasn't so good?

Daley: When I started in 2000 the March to Trust Fund was passed by the Legislature in 1999. It was brilliant and other states use our model. IT is formula driven and tied to the economy.

Chairman Wald: In ND are employers paying their fair share for leased employees?

Daley: We think we have the loops holes filled on that. There is a need for leased employees as in a temp to perm program so they won't have the high cost if they don't work out.

Representative Klein: On your charts, you have appropriations for youth, adult, and disabled Worker and then they come down from that. Are there three separate deals that come down from the feds on that?

Daley: Yes there is virtually no flexibility.

Representative Klein: Grants to outlying areas – what does that mean?

Daley: Virtually we don't do any of that because we are one local state area.

Chairman Wald: On p. 13 Governor Hoeven appointed me to the Interstate Oil and Gas commission. (Meter 52:00) Other states are impressed with your model.

Daley: We are all about work force development for economic development.

Chairman Wald: Is there something critical to you that is not reflected here?
Should we pass this out as?

Daley: Money is building up in federal trust funds.

Chairman Wald: What was the \$35,955 of general fund money?

Daley: We provide a service for social security accounting for a very old retirement system.

Chairman Wald: What is the definition of special funds in this instance?

Daley: We had a couple of projects with Grand Forks Public Schools and we can't continue.

Representative Klein: If you had a chance of getting any of these projects back, what would be your first choice?

Daley: It would be imbedded in HB1027 the career promotion piece.

Representative Klein: Could you put your thoughts together on this possible resolution you are referring to?

Chairman Wald: I have assigned this budget to Representative Klein and Gulleson and myself. Meeting adjourned.

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1016

House Appropriations Committee
Education and Environment Division

☐ Check here for Conference Committee

Hearing Date: January 17, 2007

Recorder Job Number: 1298

Committee Clerk Signature

Shirley Branning

Minutes:

Chairman Wald: Opened the discussion on HB 1016, Job Service. Representative Klein, I believe you are the budget manager on this.

Representative Klein: 1016, Mr. Chairman, The Governor's request is, with a total general fund of \$1,501,012, with a total general fund appropriation of \$1, 536,967. I would ask Job Service if they have any additional information they would like to present.

Maren Daley, Job service Director, was introduced (See attached handout 1-HB 1016) pages 1-4 were distributed to the committee. Representative Klein asked for a history (See attached handout 2-HB 1016) and explained the Trust Reserve versus the Solvency Target. The goal was to have enough trust fund dollars to pay recipients in recessionary years. Employers are paying for our services but the funds are being held in trust fund at the federal level and being used to offset the federal deficit and not being given back to the state's employment services. (Reading from attachment 1) The employment security system was created to help reduce the economic hardship of unemployed workers by temporarily providing the partial replacement of lost income, promoting reemployment and stabilizing the economy during recessions.

Chairman Wald: For informational purposes we would need to have this drafted as a resolution and I would ask each member who is on this committee if they are still comfortable with this

Daley: We wanted to give you something that you would be comfortable with and have it filed by Friday the 18th.

Representative Gulleson The one thing we want to check in that last section is that they are working off the President's budget. And 9 of those items in 06 have not even been acted on and ore on a continuing resolution which would have these dollars and others in it... That last section, I think we really do have to address also you have to request the President in his budget that these dollars, because that's where it starts and then Congress can act to that. Just to make sure we get the language correct.

Chairman Wald: Representative Gulleson are you still comfortable having your name on this?

Representative Gulleson Not until we get the refined language.

Representative Klein: I do want commend you; This is what I was looking for. You did a fine job of putting this together and bringing it to the attention of... I am certain a lot of people had no idea of what was going on. This resolution would do this. I am very thankful you put this together. If the committee so desires, I will get it drawn up and submit it.

Chairman Wald: Question to Council, your agency, Job Service requested \$1.482, 620 and the governor gave them \$1,536,000, so you're asking for executive recommendation being more than the agency request.

Roxanne Woeste: This had to do with compensation package adjustments. Job Service is seeking a very small amount of federal fund dollars for FTEs associated with the Work Force

20-20 program. Agencies don't request salaries. That is why there is a slight increase in general fund dollars.

Representative Klein: Does this also include the health insurance.

Woeste: Yes

Chairman Wald: Any other questions?

Daley: Mr. Klein, credit where credit is due, Korrine Lang, our planning and support director is the master behind the writing. Representative Klein asked what else could you do to help us? One is in Section 45 of HB 1027, and there are pieces of that that will be rereferred back to appropriations. One piece is funding for what is called "spidering" that I explained earlier when I talked about job search. The price tag on that is \$600,000 that may be coming back.

Representative Klein: And that's on HB 1027?

Daley: Yes, Section 45. The other piece is the career promotion section that actually delegated to Commerce that I shared with you on School to Work successfully in the Grand Forks community and we look for Job Services involvement in currying out that active career promotion. The last part comes under the Human Services bill for the pride program for non custodial parents so that we can get them employment.

Representative Klein: What is the number on that bill?

Woeste: It is SB 2012

Daley: That covers the follow-up items I had and welcome any questions from Committee.

Representative Klein: I think you have answered everything you could and I want to thank you for helping us out.

Chairman Wald: We requested a final compilation of all the items.

Woeste: It is in final review and typing and I'd say it will be ready tomorrow morning.

Chairman Wald: I don't think it will impact this budget, what we are trying to do, Marin, is get a list of all of the Job Training dollars so that we can get our arms around it and see the big picture. As you alluded there is some in commerce, some in career and tech, Job Service obviously has one, it is all over the place.

Daley: We have submitted that information in the same format as the other agencies and we will be happy to get that to you.

Chairman Wald: Further discussion. If not, what are the committee's wishes?

Representative Klein: I move approval of the bill.

Chairman Wald: Representative Klein recommends a Do Pass without amendments on HB 1016. Is there a second?

Representative Hawken: Second

Chairman Wald: Is there any further discussion? Hearing none Clerk will call the vote.

Do pass motion made by Representative Klein, seconded by Representative Hawken.

Vote: 7 yes, 0 no, 0 absent

Carrier: Representative Klein:

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1016

House Appropriations Committee
Education and Environment Division

☐ Check here for Conference Committee

Hearing Date: January 24, 2007

Recorder Job Number: 1741

Committee Clerk Signature

Shirley Branning

Minutes:

Chairman Wald: Call for a motion on HB1016.

Representative Klein: There are no amendments on 1016. They lost some 47 positions to begin with. The job seems to be getting done. Basically, it is a reduction in numbers. One of the related bills which is SB 2034 failed in the Senate. No changes.

Chairman Wald: I had council work out the numbers (See handout).

Representative Klein: Do pass.

Representative Gulleson: Second

Chairman Wald: We have a motion and a second, discussion. Hearing no discussion. Clerk will call the vote on the **Do Pass** on HB 1016

Vote: 7 yes, 0 no, 0 absent

Carrier: Representative Klein:

Hearing closed.

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1016

House Appropriations Committee

☐ Check here for Conference Committee

Hearing Date: January 29, 2007

Recorder Job Number: 2097

Committee Clerk Signature

Shelly N. Hard

Minutes:

Chairman Svedjan opened the hearing on HB 1016.

Rep. Klein reviewed the Department 380 – Job Service North Dakota budget (green sheet).

The only change is with the compensation package (across from #2). Other than travel costs, budget is as it was given to us.

Rep. Klein moved a "Do Pass" to HB 1016. **Rep. Wald** seconded the motion.

Rep. Klein referred the members to the back of the green sheet for major related legislation.

Rep. Carlisle: Was there discussion about the \$600,000 general fund appropriation to Job Service North Dakota (in HB 1027)?

Rep. Klein: We did not get into that particular bill.

Rep. Skarphol questioned the necessity of that program.

Rep. Klein responded that there was discussion about the spider program to get information out to all the agencies.

Rep. Carlson: Aren't there positions in the IT budget tied to Job Service?

Rep. Skarphol: That's correct and the request is for an additional 12 FTEs to do work for Job Service.

Rep. Carlson: Some positions are moving to IT. Keep an eye on it because it's not a net loss of 40+ people because we are adding more.

Rep. Klein: Job Service is implementing a completely new computer system for the first time in 20 or 30 years. These individuals would be setting that system up – don't know how many at this time.

Rep. Svedjan: Movement of positions to IT still paid with federal sources?

Rep. Klein: Not sure.

Roxanne Woeste, Legislative Council Analyst refers members to #12 on budget. ITD will be billing Job Service ND and I'm assuming Job Service ND will use part of money to pay those billings from ITD.

Rep. Klein: Item 12 is federal funds.

Rep. Carlson points out that this money is our money. It is sent to the federal government and comes back to us and is categorized as federal dollars.

Rep. Kerzman asked about the Reed Act distributions.

Marne Dailey, Executive Director of Job Service ND: Employers pay federal unemployment tax that goes into trust accounts. Only 51% (on average) of what is paid in goes back to the states. States are being shortchanged overall so these Reed Act distributions are rare.

Rep. Kempenich: What happens with HB 1027? If this doesn't pass, money wouldn't be there?

Marne Dailey: If that were to pass, that would get rereferred back here. Spidering is not a duplication.

Rep. Skarphol: FTEs requested will be a concern when budget gets discussed. ITD tells us that when a project is done those employees are typically let go. Do you see a continued need for that number of employees after this has taken place?

Marne Dailey: Do not anticipate level of employment once system is built.

Rep. Skarphol: Can bullet points be developed to show how long it will take and the staff requirements?

Marne Dailey: That has been developed. I'll share that with you.

Rep. Kroeber: Any discussion on putting \$600,000 in the Dept. of Commerce budget?

Marne Dailey: Not at the time it was developed. It has been discussed since. If it went to the Commerce budget it would essentially be a pass through to us and to our vendor. This is the cost to the vendor who developed this spidering capability. It's to provide a service to North Dakotans that we don't get federal funding for.

A roll call vote was taken on a Do Pass motion to HB 1016. The motion carried with a vote of 24 ayes, 0 nays and 0 absent. Rep. Klein was designated to carry the bill.

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1016

House Appropriations Committee

☐ Check here for Conference Committee

Hearing Date: February 14, 2007

Recorder Job Number: 3479

Committee Clerk Signature

Minutes:

Rep. Klein motioned to reconsider HB 1016. Rep. Klein explained the reason for the motion.

The money for the spidering operation was in the Commerce budget which was taken out so it has to be put back in on the Job Service budget.

Rep. Carlson: It was in HB 1027. So we moved it from HB 1027 to Interim Committee. We took all the money out of that bill and then it had no home.

Amendment 78016.0101 was distributed (see attachment 1).

Rep. Skarphol seconded the motion to reconsider HB 1016. The motion to reconsider carried by a voice vote.

Rep. Klein explained the amendment and made a motion to adopt amendment .0101.

Rep. Skarphol seconded the motion. The motion carried by a voice vote and the amendment was adopted.

Rep. Klein motioned for a Do Pass as amended. **Rep. Wald** seconded the motion. A roll call vote was taken and the Do Pass as amended motion carried by a vote of 23 ayes, 0 nays, 1 absent and not voting. **Rep. Klein** was designated to carry the bill.

Chairman Svedjan: We may a logistical problem. HB 1016 may be on the floor. We will have the bill rereferred to Appropriations. **Rep. Martinson**, would we be required to go through the whole reconsideration again?

Page 2

House Appropriations Committee

Bill/Resolution No. HB 1016

Hearing Date: February 14, 2007

Rep. Martinson: It would. Cannot take action on a bill you do not have physical possession of.

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1016

House Appropriations Committee

☐ Check here for Conference Committee

Hearing Date: February 14, 2007

Recorder Job Number: 3496

Committee Clerk Signature

Shelly R. Lund

Minutes:

Chairman Svedjan called the House Appropriations Committee back to order.

Rep. Klein motioned to reconsider HB 1016. Rep. Thoreson seconded the motion. The motion carried by voice vote.

Chm. Svedjan: The action we took this morning on HB 1016 was moot since we did not have the bill in our possession.

Rep. Klein motioned to adopt amendment 78016.0101. Rep. Wieland seconded the motion. Rep. Klein explained why there was a need for the amendment. The motion carried by voice vote.

Rep. Klein motioned for a Do Pass as Amended to HB 1016. Rep. Wieland seconded the motion. A roll call vote was taken and the Do Pass as Amended motion carried by a vote of 21 ayes, 1 nay, and 2 absent and not voting. Rep. Klein was designated to carry the bill.

Date: 1/1/01

Roll Call Vote #:

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1016

House Appropriations Education and Environment Division

Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken Do pass

Motion Made By Rep. Klein Seconded By Rep. Hawken

[illegible]

Total (Yes) 2 No 0

Absent 0

Floor Assignment Rep. Klein

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

HB 1016

Date: January 24, 2007
Roll Call Vote #:2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO.House **Appropriations Education and Environment Division**

Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken

Do pass

Motion Made By

Rep. Klein

Seconded By

Rep. Gullison

Representatives	Yes	No	Representatives	Yes	No
Chairman Wald:	✓		Representative Aarsvold:	✓	
Vice Chairman Monson	✓		Representative Gullison	✓	
Representative Hawken:	✓				
Representative Klein:	✓				
Representative Martinson:	✓				

Total (Yes) 7 No 0Absent 0

Floor Assignment

Rep. Klein

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

Date: January 29, 2007
Roll Call Vote #: 1

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1016

House Appropriations Full Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken Do Pass

Motion Made By Klein Seconded By Wald

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan	✓				
Vice Chairman Kempenich	✓				
	✓			✓	
Representative Wald	✓		Representative Aarsvold	✓	
Representative Monson	✓		Representative Gulleeson	✓	
Representative Hawken	✓				
Representative Klein	✓				
Representative Martinson	✓				
Representative Carlson	✓		Representative Glassheim	✓	
Representative Carlisle	✓		Representative Kroeber	✓	
Representative Skarphol	✓		Representative Williams	✓	
Representative Thoreson	✓				
Representative Pollert	✓		Representative Ekstrom	✓	
Representative Bellew	✓		Representative Kerzman	✓	
Representative Kreidt	✓		Representative Metcalf	✓	
Representative Nelson	✓				
Representative Wieland	✓				

Total (Yes) 24 No 0

Absent 0

Floor Assignment Rep. Klein

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

REPORT OF STANDING COMMITTEE

HB 1016: Appropriations Committee (Rep. Svedjan, Chairman) recommends **DO PASS**
(24 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1016 was placed on the
Eleventh order on the calendar.

Date: 2/17/07
Roll Call Vote #: _____

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1016

House Appropriations Full Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken consider HB 1016

Motion Made By Klein Seconded By Thoreson

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan					
Vice Chairman Kempenich					
Representative Wald			Representative Aarsvold		
Representative Monson			Representative Guleson		
Representative Hawken					
Representative Klein					
Representative Martinson					
Representative Carlson			Representative Glasshelm		
Representative Carlisle			Representative Kroeber		
Representative Skarphol			Representative Williams		
Representative Thoreson					
Representative Pollert			Representative Ekstrom		
Representative Bellew			Representative Kerzman		
Representative Kreidt			Representative Metcalf		
Representative Nelson					
Representative Wieland					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

Voices Vote - carries

78016.0101
Title.
Fiscal No. 2

Attachment 1
2/15/07
Prepared by the Legislative Council staff for
House Appropriations - Government
Operations

February 8, 2007

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1016

Page 1, line 22, replace "(426,432)" with "173,568"

Page 2, line 4, replace "3,357,787" with "3,957,787"

Page 2, line 6, replace "35,955" with "635,955"

Page 2, line 13, replace "12,852,481" with "13,452,481"

Page 2, line 18, replace "63,129,058" with "63,729,058"

Page 2, line 20, replace "1,536,967" with "2,136,967"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1016 - Job Service North Dakota - House Action

	EXECUTIVE BUDGET	HOUSE CHANGES	HOUSE VERSION
Salaries and wages	\$33,028,475		\$33,028,475
Operating expenses	12,852,481	\$600,000	13,452,481
Capital assets	20,000		20,000
Grants	8,438,220		8,438,220
Workforce 20/20	1,489,882		1,489,882
Reed Act - Unemployment insurance computer	7,300,000		7,300,000
Total all funds	\$63,129,058	\$600,000	\$63,729,058
Less estimated income	61,592,091		61,592,091
General fund	\$1,536,967	\$600,000	\$2,136,967
FTE	308.00	0.00	308.00

Dept. 380 - Job Service North Dakota - Detail of House Changes

	PROVIDES FUNDING FOR WEB SITE SPIDER PROGRAM ¹	TOTAL HOUSE CHANGES
Salaries and wages		
Operating expenses	\$600,000	\$600,000
Capital assets		
Grants		
Workforce 20/20		
Reed Act - Unemployment insurance computer		
Total all funds	\$600,000	\$600,000
Less estimated income		
General fund	\$600,000	\$600,000
FTE	0.00	0.00

¹ This amendment provides funding of \$600,000 from the general fund for a web site spider program to identify job listings available in North Dakota. The funds are intended to supplement any federal funds made available to fund this spider program.

Date: 2/14/07
Roll Call Vote #: 2

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1016

House Appropriations Full Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Adopt Amend 0101

Motion Made By Klein Seconded By Wieland

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan					
Vice Chairman Kemperich					
Representative Wald			Representative Aarsvold		
Representative Monson			Representative Gulletson		
Representative Hawken					
Representative Klein					
Representative Martinson					
Representative Carlson			Representative Glassheim		
Representative Carlisle			Representative Kroeber		
Representative Skarphol			Representative Williams		
Representative Thoreson					
Representative Pollert			Representative Ekstrom		
Representative Bellow			Representative Kerzman		
Representative Kreidt			Representative Metcalf		
Representative Nelson					
Representative Wieland					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

VV - carries

Date: 2/14/07
Roll Call Vote #: 3

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1016

House Appropriations Full Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 78016-0101

Action Taken Do Pass as amend 0101

Motion Made By Klein Seconded By Wald

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan	✓				
Vice Chairman Kampenich	✓				
Representative Wald	✓		Representative Aarsvold	✓	
Representative Monson	✓		Representative Guleson	✓	
Representative Hawken	✓				
Representative Klein	✓				
Representative Martinson	✓				
Representative Carlson	✓		Representative Glassheim	✓	
Representative Carlisle	✓		Representative Kroeber	✓	
Representative Skarphol	✓		Representative Williams	✓	
Representative Thoreson	✓				
Representative Pollert	✓		Representative Ekstrom	✓	
Representative Bellow	✓		Representative Kerzman	✓	
Representative Kreidt	✓		Representative Metcalf	✓	
Representative Nelson	✓				
Representative Wieand	✓				

Total (Yes) 23 No 0

Absent 1

Floor Assignment Klein

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

REPORT OF STANDING COMMITTEE

HB 1016: Appropriations Committee (Rep. Svedjan, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (21 YEAS, 1 NAY, 2 ABSENT AND NOT VOTING). HB 1016 was placed on the Sixth order on the calendar.

Page 1, line 22, replace "(426,432)" with "173,568"

Page 2, line 4, replace "3,357,787" with "3,957,787"

Page 2, line 6, replace "35,955" with "635,955"

Page 2, line 13, replace "12,852,481" with "13,452,481"

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Workforce 20/20	1,489,882		1,489,882
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Less estimated income	<u>61,592,091</u>		<u>61,592,091</u>
General fund	\$1,536,967	\$600,000	\$2,136,967
FTE	308.00	0.00	308.00

Dept. 380 - Job Service North Dakota - Detail of House Changes

	PROVIDES FUNDING FOR WEB SITE SPIDER PROGRAM 1	TOTAL HOUSE CHANGES
Salaries and wages		
Operating expenses	\$600,000	\$600,000
Capital assets		
Grants		
Workforce 20/20		
Reed Act - Unemployment insurance computer		
Total all funds	\$600,000	\$600,000
Less estimated income		
General fund	\$600,000	\$600,000
FTE	0.00	0.00

REPORT OF STANDING COMMITTEE (410)
February 15, 2007 10:28 a.m.

Module No: HR-31-3422
Carrier: Klein
Insert LC: 78016.0101 Title: .0200

- ¹ This amendment provides funding of \$600,000 from the general fund for a web site spider program to identify job listings available in North Dakota. The funds are intended to supplement any federal funds made available to fund this spider program.

2007 SENATE APPROPRIATIONS

HB 1016

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1016

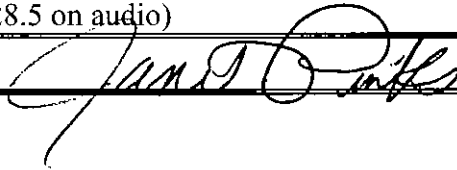
Senate Appropriations Committee

☐ Check here for Conference Committee

Hearing Date: 02-22-07

Recorder Job Number: 3687 (128.5 on audio)

Committee Clerk Signature



Minutes:

Chairman Holmberg opened the hearing on HB 1016, Job Services.

Maren Daley, Executive Director, Job Service of North Dakota, presented written testimony and testified in support of HB 1016, centering her testimony on five areas requiring attention. She discussed the appropriation, how job service is funded, the job service "report card", the major service initiatives including the realignment of job services, and a biennium review. She discussed the appropriation and revised budget comparison as requested by the Legislative Council, the contract services, the Job Service modernization program, workforce 20/20, the workforce investment act, Unemployment Insurance, the strategic plan success factors and the new jobs training program through 2005.

Senator Robinson questioned whether valley city would have additional cuts and if they were looking out a few years before cuts and is appropriate pressure being put on Congress.

Senator Tallackson asked for additional information on the general fund appropriations.

Senator Krauter asked if there was particular correspondence relayed to Congress as far as a ceiling, how job services makes the web site happen, if there are on-going costs after the web site is operational.

Senator Wardner commented that his community and job services is doing well at keeping job services going.

Senator Grindberg questioned overall FTE's, the three FTE's, and two FTE's that are added to career vocational education.

Chairman Holmberg indicated the subcommittee for HB 1016 would be the same as the commerce subcommittee.

Chairman Holmberg closed the hearing on HB 1016.

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1016

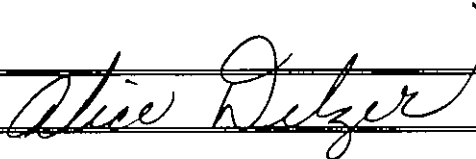
Senate Appropriations Committee

☐ Check here for Conference Committee

Hearing Date: 03-22-07

Recorder Job Number: 5484

Committee Clerk Signature



Minutes:

Chairman Holmberg opened the hearing on HB 1016 on March 22, 2007 regarding Job Service.

Senator Grindberg submitted amendment #0201 and explained them to the committee. He stated they do two things: One it removes the \$600,000 in general funds for the SpiderWeb Program and 2 it amends century code that reflects the North Dakota New Jobs Training Program that presently had the eligibility per wage rates at \$7.50 per hour it moves that to a \$10.00 per hour eligibility. He moved the amendments. Seconded by Senator Robinson.

Chairman Holmberg asked if that particular movement from \$7.50 to \$10.00 was supported by private sector. He was told yes. Further discussion followed regarding the website, wages and which jobs would pay \$10.00 per hour and whether this bill will surface in conference.

Senator Grindberg explained about the New Jobs Training Program and addressed the questions regarding the \$10.00 per hour issue. He also stated he expected this bill to surface in conference.

Chairman Holmberg asked for all in favor of amendments say aye. The amendments carried.

Senator Grindberg moved a **DO PASS AS AMENDED**, Seconded by Senator Fischer. A roll call vote was taken resulting in 14 yeas, 0 nays, 0 absent. Motion carried. **Senator Grindberg will carry the bill.** Hearing was closed on HB 1016.

JB
3-22-07
1 of 2

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1016

Page 1, line 2, after "Dakota" insert "; and to amend and reenact section 52-02.1-02 of the North Dakota Century Code, relating to job service North Dakota program services"

Page 1, line 22, replace "173,568" with "(426,432)"

Page 2, line 4, replace "3,957,787" with "3,357,787"

Page 2, line 6, replace "635,955" with "35,955"

Page 2, line 13, replace "13,452,481" with "12,852,481"

Page 2, line 18, replace "63,729,058" with "63,129,058"

Page 2, line 20, replace "2,136,967" with "1,536,967"

Page 3, after line 3, insert:

"SECTION 7. AMENDMENT. Section 52-02.1-02 of the North Dakota Century Code is amended and reenacted as follows:

52-02.1-02. Job service North Dakota - Agreements. Program services developed and coordinated by job service North Dakota must be provided to primary sector businesses found eligible for loans or grants under this chapter. Job service North Dakota may enter into an agreement to establish a project with an employer which meets the following conditions:

1. Sets a date of commencement of the project.
2. Identifies program costs, including deferred costs, which are to be paid from available sources including new jobs credit from withholding to be received or derived from new jobs resulting from the project.
3. Provides for a guarantee by the employer of payment for program costs.
4. Provides that any deferral of program cost payments may not exceed ten years from the date of commencement of the project.
5. Provides that on-the-job training costs for employees may not exceed fifty percent of the annual gross payroll costs of the new jobs in the first full year after the date of commencement of the project. For purposes of this subsection, "gross payroll" is the gross wages and salaries for the new jobs.
6. Provides the maximum amount of new jobs credit from withholding or tuition and fee payments allowed for a project.
7. Provides that every employee participating in the new jobs training program must be paid an income of at least ~~seven ten~~ seven dollars and ~~fifty cents~~ and fifty cents per

hour, plus benefits, by the end of the first year of employment under the project and for the remaining life of the loan.

2 of 2

A project requiring a loan from the department or a community may not be approved, and an agreement may not be executed by job service North Dakota, until notification from the department or community that the employer has qualified for a loan. Upon execution of the agreement, job service North Dakota shall notify the state tax commissioner of the agreement and the identity of the employer. Job service North Dakota may adopt rules to implement this chapter. Job service North Dakota shall prepare an annual report for the governor and the legislative assembly with respect to the new jobs training program."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1016 - Job Service North Dakota - Senate Action

	EXECUTIVE BUDGET	HOUSE VERSION	SENATE CHANGES	SENATE VERSION
Salaries and wages	\$33,028,475	\$33,028,475		\$33,028,475
Operating expenses	12,852,481	13,452,481	(\$600,000)	12,852,481
Capital assets	20,000	20,000		20,000
Grants	8,438,220	8,438,220		8,438,220
Workforce 20/20	1,489,882	1,489,882		1,489,882
Reed Act - Unemployment insurance computer	7,300,000	7,300,000		7,300,000
Total all funds	\$63,129,058	\$63,729,058	(\$600,000)	\$63,129,058
Less estimated income	<u>61,592,091</u>	<u>61,592,091</u>		<u>61,592,091</u>
General fund	\$1,536,967	\$2,136,967	(\$600,000)	\$1,536,967
FTE	308.00	308.00	0.00	308.00

Dept. 380 - Job Service North Dakota - Detail of Senate Changes

	REMOVES FUNDING FOR WEB SITE SPIDER PROGRAM 1	TOTAL SENATE CHANGES
Salaries and wages		
Operating expenses	(\$600,000)	(\$600,000)
Capital assets		
Grants		
Workforce 20/20		
Reed Act - Unemployment insurance computer		
Total all funds	(\$600,000)	(\$600,000)
Less estimated income		
General fund	(\$600,000)	(\$600,000)
FTE	0.00	0.00

¹ This amendment removes funding of \$600,000 from the general fund added by the House for a web site spider program to identify job listings available in North Dakota.

This amendment also amends North Dakota Century Code Section 52-02.1-02 to increase the wage eligibility rate for the new jobs training program from \$7.50 to \$10 per hour.

Date:
Roll Call Vote #:

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1016.

Senate Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number on Amend 0201

Action Taken _____

Motion Made By Grindberg Seconded By Robinson

Senators	Yes	No	Senators	Yes	No
Senator Ray Holmberg, Chrm			Senator Aaron Krauter		
Senator Bill Bowman, V Chrm			Senator Elroy N. Lindaas		
Senator Tony Grindberg, V Chrm			Senator Tim Mathern		
Senator Randel Christmann			Senator Larry J. Robinson		
Senator Tom Fischer			Senator Tom Seymour		
Senator Ralph L. Kilzer			Senator Harvey Tallackson		
Senator Karen K. Krebsbach					
Senator Rich Wardner					

Total (Yes) passed No _____

Absent _____

Floor Assignment _____

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

Date: 3/22/07
Roll Call Vote #:

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1016.

Senate Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken do pass as amended 0201

Motion Made By Grindberg Seconded By Fischer

Senators	Yes	No	Senators	Yes	No
Senator Ray Holmberg, Chrm	✓		Senator Aaron Krauter	✓	
Senator Bill Bowman, V Chrm	✓		Senator Elroy N. Lindaas	✓	
Senator Tony Grindberg, V Chrm	✓		Senator Tim Mathern	✓	
Senator Randel Christmann	✓		Senator Larry J. Robinson	✓	
Senator Tom Fischer	✓		Senator Tom Seymour	✓	
Senator Ralph L. Kilzer	✓		Senator Harvey Tallackson	✓	
Senator Karen K. Krebsbach	✓				
Senator Rich Wardner	✓				

Total (Yes) 14 No 0

Absent 0

Floor Assignment Grindberg

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

REPORT OF STANDING COMMITTEE

HB 1016, as engrossed: Appropriations Committee (Sen. Holmberg, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1016 was placed on the Sixth order on the calendar.

Page 1, line 2, after "Dakota" insert "; and to amend and reenact section 52-02.1-02 of the North Dakota Century Code, relating to job service North Dakota program services"

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A project requiring a loan from the department or a community may not be approved, and an agreement may not be executed by job service North Dakota, until notification from the department or community that the employer has qualified for a loan. Upon execution of the agreement, job service North Dakota shall notify the state tax commissioner of the agreement and the identity of the employer. Job service North Dakota may adopt rules to implement this chapter. Job service North Dakota shall prepare an annual report for the governor and the legislative assembly with respect to the new jobs training program."

Renumber accordingly

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Capital assets		
Grants		
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Reed Act - Unemployment insurance computer		
Total all funds	(\$600,000)	(\$600,000)
Less estimated income		
General fund	(\$600,000)	(\$600,000)
FTE	0.00	0.00

1 This amendment removes funding of \$600,000 from the general fund added by the House for a web site spider program to identify job listings available in North Dakota.

This amendment also amends North Dakota Century Code Section 52-02.1-02 to increase the wage eligibility rate for the new jobs training program from \$7.50 to \$10 per hour.

2007 HOUSE APPROPRIATIONS

CONFERENCE COMMITTEE

HB 1016

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1016

House Appropriations Committee
Education and Environment Division

☒ Check here for Conference Committee

Hearing Date: April, 4, 2007

Recorder Job Number: 5770

Committee Clerk Signature

Shirley Branning

Minutes:

Rep. Klein called the Conference Committee hearing to order on HB 1016 concerning the Job Service budget. He began the discussion by calling on **Senator Grindberg**, District 41.

Sen. Grindberg: The Senate removed \$600,000 in general fund moneys for the Spider Web program and updated the policy on the new jobs training program from \$7.50 per hour to be eligible for the program, further request for the director and her discussion with the economic development community to modernize that wage requirement to \$10 an hour. The Senate questioned the value of the Spider Web program, they feel Workforce is a better investment.

Rep. Klein: There is no problem with the changes on the dollar amounts but the requirements of the spidering system were considered very favorably because there is no one central source. What about a scaled down version at one-half the cost? All of the communities would have a one point reference for anyone looking for work.

Rep. Grindberg: There will be multiple job website postings and only so many employers are going to be looking for workers. I would pass on further discussion of what other programs are going to receive proper attention, namely the voc ed budget for \$300,000 for customized training, is more of a priority to me.

Maren Daley, Executive Director for Job Service: It received strong support from the Business Congress, from Commerce, and no, there is nothing out there like it; if anything there are too many websites. This goes out and brings in all job listings to one central point. Right now, there is no one aggregate source of all the job listings in ND.

Rep. Wald: In your letter to me, you have an alternate proposal of \$302,000. Earlier, you had \$4.8m in workforce training. Could we do a trade off in moneys?

Daley: It would be a painful trade off from the workforce training programs. It is for direct training for workforce. It is possible because its general fund money.

Rep. Klein: Are we looking at one time funds to set this system up?

Daley: There would be a biennial licensing cost of about the equivalent, so if you went with the \$303,000 that would be the initial cost and ongoing licensing.

Sen. Robinson: What are we doing in the composite sense in the training, the production of people? We have jobs out there, we need to focus on everything possible from the workers perspective. Why are they (workers) not here. You can't grow the economy without filling jobs. We need to train our own.

Sen. Holmberg: Addressing the bottom line and ways to get the budget in line. This was low on the list, lower than workforce training and these other dollars. Where we are right now compared to all budgets in spending? This would be a useful tool for us as we look at all budgets.

Sen. Grindberg: This is a time for philosophy. This can't be solved with dollars, its demographics. We now have a web site to bring back former North Dakotans, and no one is going to move from Florida to Dickinson to take a welding job. A lot of this happens without state government. What is the right policy that we should be doing?

Rep. Klein: Out of a total of \$34m that we are spending, \$600,000 doesn't seem like a significant amount.

Sen. Grindberg: The majority of that is federal, the human services' budget. There is a little over \$1.3m in job service, \$2m in voc ed, but the majority is federal.

Sen. Robinson: We need to make improvements. Are we gaining at a time when it is highly competitive out there? The report would give us a snapshot of where we are now, because everything is a moving target, to know what we have in place, what improvements we've made this session before we finalize what we are doing here.

Rep. Wald: The Senate's position is that it is more important to train for than to look for a job.

Sen. Grindberg: Training is one part of the spectrum.

Rep. Gulleason: What is most critical is the investment in the training because the jobs will follow pretty quickly because the demand for training is clearly in front of us. I don't know if you can say one is more important than the other but you gotta have the training in place then you move on to the job market.

Sen. Robinson: In our community, people scream when job service is downsizing. We've had manufacturing places there and some people are in and out of there several times a month all year long. The bottom line is people, people, people.

Rep. Klein: Going along with what Job Service has done with 47 employed people. We don't seem to have any other disagreement on the changes you made. Take a look at the proposed amendment, the scaled down version, and we will agree to meet again.

Daley: With the workforce crises there are three major strategies: expand, attract and retain a workforce or college graduates.

Rep. Klein: Meeting adjourned for further study.

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1016

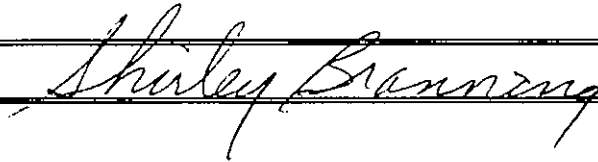
House Appropriations Committee
Education and Environment Division

☒ Check here for Conference Committee

Hearing Date: April 9, 2007

Recorder Job Number: 5817

Committee Clerk Signature



Minutes:

Rep. Klein opened the meeting on amendment .0202 to HB 1016 with role call, all members present. He recommended a reduction in the Spidering project from \$600,000 to \$103,000, which is down 1/6 from the original.

Sen. Grindberg: I don't believe the economic developers across the state would appreciate a reduction in Workforce 2000 program in exchange for the SpiderWeb program. We debate whether the money is worth it or not and cutting a program that is near and dear to every developer in the state.

Rep. Klein: When I look at the whole of what we are spending, some \$37m in workforce development in various agencies.

Sen. Grindberg: The majority of the \$35m is all federal, it is all tied into human services, and it is not related to business and industry, or economic development priorities. Having this discussion is irrelevant.

Rep. Klein: I am looking at \$8m in general funds out of that \$38m (Referring to handout that was not distributed).

Sen. Grindberg: Of which, some of those have not been resolved, yet, of that number. Is that the handout that Rep. Wald provided last week?

Rep. Klein: This is one prepared by the Counsel, similar to it. Anyway, I feel we've come as far as we are going to, and we feel this is a good compromise to get that program started.

Rep. Wald: For your benefit, we had a conference with the leadership this morning on the House side, and all agreed, some quite enthusiastically. I think the House position is a reasonable one and we would hope the Senate can agree with these amendments and close this out for this session.

Rep. Wald moved a Do Pass to the Amendment .0202.

Sen. Holmberg seconded the motion for the purposes of discussion.

Sen. Holmberg: I am going to vote no because I haven't had an opportunity to study this handout.

Rep. Klein: If you look at the back, you can see the initial changes we made, the Senate version and where we're at now in comparison to the Senate. It is fairly well explained in the amendment.

Rep. Wald: I had a conversation with Ms Daley and offered this proposal and got an email, I will read one sentence. "I ran Rep. Wald's proposal by the Governor's office and got the OK to precede the use of \$200,000 for Workforce training and \$103,000 general fund money to fund this spidering technology program." So for what it is worth, it has the OK of the Governor's office and Job Service management. But if you want to digest it further I would be happy to have another meeting.

Rep. Gulleason: The Workforce 20/20, has that fund run short or been used up in the last two biennium's? There is a pretty high demand and those dollars get requested fairly early. If we want to support the \$103,000, maybe take that out of a different area of the budget, maybe operating expenses, because it would be basically internal.

Cindy Dolan, OMB Representative: The turn back dollars from the general fund has been very little, projecting maybe about \$50,000.

Rep. Klein: We are discussing turn back, what wasn't used out of Workforce training. Where are you at?

Maren Daley, Executive Director for Job Service: We are very close to having the entire budget obligated. The only reason there is turn back with the levels of funding is that sometimes companies don't get the training done, where they have to postpone it so then there is some money that isn't expended. In response to Rep. Gulleson, there is no room in the Job Service budget to take out of operating because operating is federally funded and we can't use those moneys.

Motion failed 3-3-0

Meeting adjourned for further study.

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1016

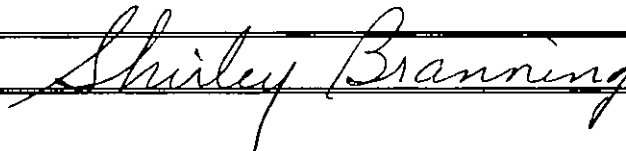
House Appropriations Committee
Education and Environment Division

☒ Check here for Conference Committee

Hearing Date: April 10, 2007

Recorder Job Number: 5853

Committee Clerk Signature



Minutes:

Rep. Klein opened the meeting on Amendment .0202 to HB 1016 with role call, all members present. We are down to 1/6 of what we had originally in general funds.

Sen. Grindberg: I will not support taking money out of Workforce 2020.

Sen. Holmberg: I would echo what Sen. Grindberg said.

Sen. Robinson: It appears that we are not ready to resolve this issue today.

Rep. Klein: I think we have come a long ways from where we started at \$600,000 in general funds, and this is about as far as we are willing to go.

Sen. Holmberg: I am still working on getting some further information because one person I talked to in the IT area said that is no more than spy ware. The question is, will the State be involved in spy ware.

Maren Daley, Executive Director of Job Service: It may work like spy ware but it is not spy ware because any site that we spider is done on a consensual basis, that is part of the labor that goes into building this system.

Rep. Klein: Do any of the surrounding states have this system implemented?

Daley: Florida has it. It is so important for us to build awareness that there are these jobs available in North Dakota even to stop out migration so our college graduates can see all of the good jobs that are available that are worth staying here.

Sen. Robinson: I am concerned about taking money away from Workforce development. The other concern is, if we were at \$600,000 initially and now we are at \$100,000. Even if we were to elect to go down that road, what can we do for \$100,000?

Daley: We are getting the spidering capacity to what we quoted in the \$300,000 quote and that is taking it down to employees of 50 or more. So the smaller employers that we won't pick up automatically by spidering, we will communicate directly with, they can list with us directly at no charge so they will still have the same coverage for their jobs, the same level of service at no charge. Employers are kicking in more to cover workforce training, and we didn't think the hit would be that big to workforce 2020. We are trying to get employees to employers.

Rep. Gulleason: Give me an example of what you do now, following an announcement like the one in Hankinson where they say they need 400 workers tomorrow, on the ground for the infrastructure.

Daley: Recent examples that have worked out with enormous success, such as the glass factory in Grand Forks. It is awareness and really getting the word out of the positions available.

Rep. Klein: How many positions did you fill at that glass factory?

Daley: Close to 200.

Rep. Gulleason: What will you be doing now in Hankinson?

Daley: We will be contacting the employer, finding out what their needs are, what the positions are, what skill levels are needed and do very similar recruiting. In Hankinson there's

layoffs and there are some skilled people coming from other firms that there will be opportunity for reemployment there.

Sen. Robinson: Do we know far enough in advance so we could begin the process of identification of available workers?

Daley: Yes, we have monthly meetings between our labor market information and economic development. They bring their pending list of projects. We couple that with what we know coming as layoffs of these people; we are looking 6 months to a year down the road.

Sen. Robinson: I mentioned Oaks and Spiritwood, do we know that something is going to be announced there, soon? Sixty days, ninety days? In reality can we respond to the other workers out there?

Daley: At this point we have a shortage, and we have to have more ways to recruit people in.

Sen. Holmberg: What is the bang for the buck? If everyone involved has given their permission, why can't we just get that from them and put it on your system? If they are giving permission, why don't they just send you the jobs without us having to go out and grab them?

Daley: It is a workload issue, we have less staff than the Fargo Forum, to enter for employers all those job openings now. We encourage them to enter their own. This is a workload saver, it is building the capacity of knowing all of the jobs out there.

Rep. Wald: Do the workers tend to move around, are they mobile as new plants open?

Daley: With the highly skilled union labor, we have had success meeting with the unions. Projects are scheduled so they can maintain a workforce so they can move from one job to the next. Unions have been helping accommodate that, they can project numbers of workers needed. The Job Service roll is more in the full time permanent type employment.

Rep. Wald: How would the spider program augment that?

Daley: The unions could certainly post with us but they have been effective in getting the word out on their own.

Rep. Grindberg: How can government address filling all the needs for temporary employees.

Daley: The function is to assure a stable workforce in full time employment to continue to operate.

Rep. Gulleason: We have a responsibility, with all of the emerging energy development, this crosses over into the long term workforce training issues of getting the welders and all the other associated support people prepared. There are ramifications on both ends.

Daley: We are seeing more recruitment on the front end, the apprenticeships because unions don't want to create too many apprenticeship positions if they don't see long term continued employment.

Rep. Klein: You have seen the email sent out by Mr. Anderson over the spidering? No other questions or comments, meeting adjourned.

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. **HB 1016**

House Appropriations Committee
Education and Environment Division

☒ Check here for Conference Committee

Hearing Date: 4/11/07

Recorder Job Number: #5918

Committee Clerk Signature

Minutes:

Chairman Wald called the conference committee to order and noted that everyone was present.

Sen Grindberg: Noted that they had all the information that all states that have those systems plus the additional information needed.

If it is 600,000 or 300,000 or 150,000 is this all contractual?

Unknown speaker: Yes, it is all contractual to the service provider that provide the total labor exchange with the added functionality to that.

Sen Grindberg: How long would it take them to perform the work?

Unknown Speaker (Roxanne): August 20th would be our goal line date.

Chairman Wald: There needs to be a emergency clause.

Unknown speaker (Roxanne): Yes we would need a emergency clause. They have established similar functionality in other states so it would be applying that to North Dakota.

Chariman Wald: Are there multiple vendors?

Unknown speakers (Roxanne): There are multiple vendors out there but this is the one that a lines with our current system and has the functionality that we need.

Chairman Wald: Is there a motion on 0202? We would need to add the emergency clause.

Page 2
House Appropriations Committee
Education and Environment Division
Bill/Resolution No. HB 1016
Hearing Date: 4/11/07

Unable to tell who made the motion and who seconded it.

Roll Call vote was taken with 2 yes 4 no and 0 absent

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1016

House Appropriations Committee
Education and Environment Division

☒ Check here for Conference Committee

Hearing Date: April 11, 2007

Recorder Job Number: 5918

Committee Clerk Signature

Shirley Branning

Minutes:

Rep. Klein opened the meeting on Amendment .0202 to HB 1016, with all members present.

Are there any questions on the additional information that was requested on states that have the spidering system?

Sen. Grindberg: Are these moneys all contractual or is some of it current FTE and contractual?

Maren Daley, Executive Director of Job Service: Yes, it is all contractual through the service provider. August 20, 2007 would be our goal line date. An emergency clause would be needed.

Sen. Grindberg: Are there multiple vendors?

Daley: There are other vendors out there but this is the one that aligns with our current system and has the functionality that we need.

Rep. Wald made a motion that the Senate accedes to amend .0202 to add the emergency clause. **Rep. Klein** seconded the motion.

Motion failed 2 yea, 4 no, 0 absent.

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1016

House Appropriations Committee
Education and Environment Division

☒ Check here for Conference Committee

Hearing Date: April 12, 2007

Recorder Job Number: 5959

Committee Clerk Signature

Shirley Branning

Minutes:

Rep. Klein called the Conference Committee meeting to order by asking for questions, comments or movement.

Sen. Grindberg: There are three groups working with the workforce issue, they are Commerce, Career and Vo Tech and Job Service. We need to get a lay of the land with other levels of funding. Until we have all of the information, I am not willing to make a decision. It is about dollars.

Rep. Wald: In support of the spider program, we have a stagnant population growth and we need to get the word out about jobs available to people in other places who want a change of scenery.

Sen. Grindberg: Is it \$8m? We need to know how to get there. There are institutions providing training.

Sen. Homberg: I recommend we consider not meeting again until the other meetings begin to gel and we have all the information on funding.

Rep. Klein: Meeting adjourned.

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1016

House Appropriations Committee
Education and Environment Division

☒ Check here for Conference Committee

Hearing Date: 4-18-07

Recorder Job Number: 6122

Committee Clerk Signature

Minutes:

Rep Klein: All members present

Sen Grindberg: We'd offer \$210,178 in general fund money be added to this budget and the authority for \$100,000 in federal funds of which \$300,000 is available toward Spider Program.

\$200,000 general ...\$100,000 other...we have funds...Workforce Investment Act...there's been an email going around. \$10, 178 simply rounds that workforce 2020 to \$1.5M. **I move that amendment.**

Senator Holmberg: I second it.

Rep Wald: We're at \$103,000 now...on the offer we made you...the additional general fund money and \$200,000 out of workforce 2020...now what did we switch again.

Sen Holmberg: \$300,000 for the Spider Program...\$200,000 general fund money...\$100,000 workforce investment act. Federal money (hard dollars)

Rep Klein: Is that what you'd originally requested...\$300,000 to start the reduced program?

Maren Daley: Yes, it's actually \$303,000, but I bet we could negotiate \$300,000.

Sen Grindberg: And then the \$10,178...that added to the \$1.489882 simply says \$1M 500T that was put in 2020 and now I was just passed a note that it's \$10,118.00 per Roxanne, would be the motion

Rep Klein: I just came from another meeting and the question came up on...you made another change in there...you went from \$7 to \$10 for the training...you requested that?

Maren Daley: We talked about it...that is the minimum amount of income that has to be paid to an employee for an employer to be eligible for the reimbursement of any kind of tax under the new jobs training program.

Rep Klein: That's federal?

Maren Daley: No, that's a state training program and I consulted with Economic Development and others because for it to be an incentive for new jobs, we wanted it to be on a level.

Sen Homberg: Do they buy in with the Chamber?

Roll Call Vote taken Yes 6 No 0 Absent 0

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1016

That the Senate recede from its amendments as printed on pages 1391-1393 of the House Journal and pages 951-953 of the Senate Journal and that Engrossed House Bill No. 1016 be amended as follows:

Page 1, line 2, after "Dakota" insert "; and to amend and reenact section 52-02.1-02 of the North Dakota Century Code, relating to job service North Dakota program services"

Page 1, line 22, replace "173,568" with "(123,432)"

Page 2, line 1, replace "9,651" with "(190,349)"

Page 2, line 4, replace "3,957,787" with "3,460,787"

Page 2, line 6, replace "635,955" with "138,955"

Page 2, line 13, replace "13,452,481" with "13,155,481"

Page 2, line 16, replace "1,489,882" with "1,289,882"

Page 2, line 18, replace "63,729,058" with "63,232,058"

Page 2, line 20, replace "2,136,967" with "1,639,967"

Page 3, after line 3, insert:

"SECTION 7. AMENDMENT. Section 52-02.1-02 of the North Dakota Century Code is amended and reenacted as follows:

52-02.1-02. Job service North Dakota - Agreements. Program services developed and coordinated by job service North Dakota must be provided to primary sector businesses found eligible for loans or grants under this chapter. Job service North Dakota may enter into an agreement to establish a project with an employer which meets the following conditions:

1. Sets a date of commencement of the project.
2. Identifies program costs, including deferred costs, which are to be paid from available sources including new jobs credit from withholding to be received or derived from new jobs resulting from the project.
3. Provides for a guarantee by the employer of payment for program costs.
4. Provides that any deferral of program cost payments may not exceed ten years from the date of commencement of the project.
5. Provides that on-the-job training costs for employees may not exceed fifty percent of the annual gross payroll costs of the new jobs in the first full year after the date of commencement of the project. For purposes of this

subsection, "gross payroll" is the gross wages and salaries for the new jobs.

6. Provides the maximum amount of new jobs credit from withholding or tuition and fee payments allowed for a project.
7. Provides that every employee participating in the new jobs training program must be paid an income of at least ~~seven ten~~ ten dollars ~~and fifty cents~~ per hour, plus benefits, by the end of the first year of employment under the project and for the remaining life of the loan.

A project requiring a loan from the department or a community may not be approved, and an agreement may not be executed by job service North Dakota, until notification from the department or community that the employer has qualified for a loan. Upon execution of the agreement, job service North Dakota shall notify the state tax commissioner of the agreement and the identity of the employer. Job service North Dakota may adopt rules to implement this chapter. Job service North Dakota shall prepare an annual report for the governor and the legislative assembly with respect to the new jobs training program."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1016 - Job Service North Dakota - Conference Committee Action

	EXECUTIVE BUDGET	HOUSE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	SENATE VERSION	COMPARISON TO SENATE
Salaries and wages	\$33,028,475	\$33,028,475		\$33,028,475	\$33,028,475	
Operating expenses	12,852,481	13,452,481	(\$297,000)	13,155,481	12,852,481	\$303,000
Capital assets	20,000	20,000		20,000	20,000	
Grants	8,438,220	8,438,220		8,438,220	8,438,220	
Workforce 20/20	1,489,882	1,489,882	(200,000)	1,289,882	1,489,882	(200,000)
Reed Act - Unemployment insurance computer	7,300,000	7,300,000		7,300,000	7,300,000	
Total all funds	\$63,129,058	\$63,729,058	(\$497,000)	\$63,232,058	\$63,129,058	\$103,000
Less estimated income	61,592,091	61,592,091		61,592,091	61,592,091	
General fund	\$1,536,967	\$2,136,967	(\$497,000)	\$1,639,967	\$1,536,967	\$103,000
FTE	308.00	308.00	0.00	308.00	308.00	0.00

Dept. 380 - Job Service North Dakota - Detail of Conference Committee Changes

	REDUCES FUNDING FOR WEB SITE SPIDER PROGRAM ¹	TOTAL CONFERENCE COMMITTEE CHANGES
Salaries and wages		
Operating expenses	(\$297,000)	(\$297,000)
Capital assets		
Grants		
Workforce 20/20	(200,000)	(200,000)
Reed Act - Unemployment insurance computer		
Total all funds	(\$497,000)	(\$497,000)
Less estimated income		
General fund	(\$497,000)	(\$497,000)
FTE	0.00	0.00

¹ This amendment reduces funding for the web site spider program from \$600,000 as provided for by the House to \$303,000. The Senate removed all funding for the web site spider program. In association, this amendment reduces funding for Workforce 20/20 by \$200,000, from \$1,489,882 to \$1,289,882.

This amendment also amends North Dakota Century Code Section 52-02.1-02 to increase the wage eligibility rate for the new jobs training program from \$7.50 to \$10 per hour. This section was also amended by the Senate.

**REPORT OF CONFERENCE COMMITTEE
(ACCEDE/RECEDE)**

Bill Number 1016 (, as (re)engrossed):

Date: April 9, 2007

Your Conference Committee Education and Environment

For the Senate:

For the House:

YES / NO		YES / NO	
Sen. Grindberg	X	Rep. Klein	X
Sen. Halmburg	X	Rep. Wald	X
Sen. Robinson	X	Rep. Sullivan	X

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)

the (Senate/House) amendments on (SJ/HJ) page(s) _____ -- _____

_____, and place _____ on the Seventh order.

_____, adopt (further) amendments as follows, and place _____ on the Seventh order:

_____, having been unable to agree, recommends that the committee be discharged and a new committee be appointed.

((Re)Engrossed) _____ was placed on the Seventh order of business on the calendar.

DATE: _____

CARRIER: _____

LC NO.	of amendment
LC NO.	of engrossment
Emergency clause added or deleted	
Statement of purpose of amendment	

MOTION MADE BY: Rep. Wald

SECONDED BY: Sen. Halmburg

VOTE COUNT 3 YES 3 NO 0 ABSENT

**REPORT OF CONFERENCE COMMITTEE
(ACCEDE/RECEDE)**

Bill Number HB 1019 (, as (re)engrossed):

Date: April 11, 2007

Your Conference Committee House App. Educ and Environ

For the Senate:

For the House:

YES / NO		YES / NO	
<u>Sen. Grindberg</u>	<u>X</u>	<u>Rep. Klein</u>	<u>X</u>
<u>Sen. Holcomb</u>	<u>X</u>	<u>Rep. Wald</u>	<u>X</u>
<u>Sen. Robinson</u>	<u>X</u>	<u>Rep. Hullson</u>	<u>X</u>

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)

the (Senate/House) amendments on (SJ/HJ) page(s) _____ -- _____

_____, and place _____ on the Seventh order.

_____, adopt (further) amendments as follows, and place _____ on the Seventh order:

_____, having been unable to agree, recommends that the committee be discharged and a new committee be appointed.

((Re)Engrossed) _____ was placed on the Seventh order of business on the calendar.

DATE: _____

CARRIER: _____

LC NO.	of amendment
LC NO.	of engrossment
Emergency clause added or deleted	
Statement of purpose of amendment	

MOTION MADE BY: Rep. Wald

SECONDED BY: Rep. Klein

VOTE COUNT 2 YES 4 NO 0 ABSENT

**REPORT OF CONFERENCE COMMITTEE
(ACCEDE/RECEDE)**

Bill Number 1016 (, as (re)engrossed):

Date: 4/18/07

Your Conference Committee House Appropriations

For the Senate:

For the House:

	YES / NO			YES / NO	
P	Sen. Grunberg	✓	Rep. Klein	✓	P
P	Sen. Holmberg	✓	Rep. Wald	✓	P
P	Sen. Robinson	✓	Rep. Gullerson	✓	P

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)

the (Senate/House) amendments on (SJ/HJ) page(s) 1391 - 1393

_____, and place _____ on the Seventh order.

✓, adopt (further) amendments as follows, and place _____ on the
Seventh order:

_____, having been unable to agree, recommends that the committee be discharged
and a new committee be appointed.

((Re)Engrossed) HB 1016 was placed on the Seventh order of business on the calendar.

DATE: 4/18/07

CARRIER: _____

adopt amendment

LC NO.	of amendment	<u>TBD</u>
LC NO.	of engrossment	
Emergency clause added or deleted		
Statement of purpose of amendment		

MOTION MADE BY: Grunberg

SECONDED BY: Holmberg

VOTE COUNT 6 YES 0 NO 0 ABSENT

REPORT OF CONFERENCE COMMITTEE

HB 1016, as engrossed: Your conference committee (Sens. Grindberg, Holmberg, Robinson and Reps. Klein, Wald, Gulleason) recommends that the **SENATE RECEDE** from the Senate amendments on HJ pages 1391-1393, adopt amendments as follows, and place HB 1016 on the Seventh order:

That the Senate recede from its amendments as printed on pages 1391-1393 of the House Journal and pages 951-953 of the Senate Journal and that Engrossed House Bill No. 1016 be amended as follows:

Page 1, line 2, after "Dakota" insert "; and to amend and reenact section 52-02.1-02 of the North Dakota Century Code, relating to job service North Dakota program services"

Page 1, line 22, replace "173,568" with "(126,432)"

Page 2, line 1, replace "9,651" with "19,769"

Page 2, line 4, replace "3,957,787" with "3,667,905"

Page 2, line 5, replace "3,321,832" with "3,421,832"

Page 2, line 6, replace "635,955" with "246,073"

Page 2, line 13, replace "13,452,481" with "13,152,481"

Page 2, line 16, replace "1,489,882" with "1,500,000"

Page 2, line 18, replace "63,729,058" with "63,439,176"

Page 2, line 19, replace "61,592,091" with "61,692,091"

Page 2, line 20, replace "2,136,967" with "1,747,085"

Page 3, after line 3, insert:

"SECTION 7. AMENDMENT. Section 52-02.1-02 of the North Dakota Century Code is amended and reenacted as follows:

52-02.1-02. Job service North Dakota - Agreements. Program services developed and coordinated by job service North Dakota must be provided to primary sector businesses found eligible for loans or grants under this chapter. Job service North Dakota may enter into an agreement to establish a project with an employer which meets the following conditions:

1. Sets a date of commencement of the project.
2. Identifies program costs, including deferred costs, which are to be paid from available sources including new jobs credit from withholding to be received or derived from new jobs resulting from the project.
3. Provides for a guarantee by the employer of payment for program costs.
4. Provides that any deferral of program cost payments may not exceed ten years from the date of commencement of the project.
5. Provides that on-the-job training costs for employees may not exceed fifty percent of the annual gross payroll costs of the new jobs in the first full

year after the date of commencement of the project. For purposes of this subsection, "gross payroll" is the gross wages and salaries for the new jobs.

6. Provides the maximum amount of new jobs credit from withholding or tuition and fee payments allowed for a project.
7. Provides that every employee participating in the new jobs training program must be paid an income of at least ~~seven~~ ten dollars ~~and fifty cents~~ per hour, plus benefits, by the end of the first year of employment under the project and for the remaining life of the loan.

A project requiring a loan from the department or a community may not be approved, and an agreement may not be executed by job service North Dakota, until notification from the department or community that the employer has qualified for a loan. Upon execution of the agreement, job service North Dakota shall notify the state tax commissioner of the agreement and the identity of the employer. Job service North Dakota may adopt rules to implement this chapter. Job service North Dakota shall prepare an annual report for the governor and the legislative assembly with respect to the new jobs training program."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1016 - Job Service North Dakota - Conference Committee Action

	EXECUTIVE BUDGET	HOUSE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	SENATE VERSION	COMPARISON TO SENATE
Salaries and wages	\$33,028,475	\$33,028,475		\$33,028,475	\$33,028,475	
Operating expenses	12,852,481	13,452,481	(\$300,000)	13,152,481	12,852,481	\$300,000
Capital assets	20,000	20,000		20,000	20,000	
Grants	8,438,220	8,438,220		8,438,220	8,438,220	
Workforce 20/20	1,489,882	1,489,882	10,118	1,500,000	1,489,882	10,118
Reed Act - Unemployment insurance computer	7,300,000	7,300,000		7,300,000	7,300,000	
Total all funds	\$63,129,058	\$63,729,058	(\$289,882)	\$63,439,176	\$63,129,058	\$310,118
Less estimated income	<u>61,592,091</u>	<u>61,592,091</u>	<u>100,000</u>	<u>61,692,091</u>	<u>61,592,091</u>	<u>100,000</u>
General fund	\$1,536,967	\$2,136,967	(\$389,882)	\$1,747,085	\$1,536,967	\$210,118
FTE	308.00	308.00	0.00	308.00	308.00	0.00

Dept. 380 - Job Service North Dakota - Detail of Conference Committee Changes

	REDUCES FUNDING FOR WEB SITE SPIDER PROGRAM 1	INCREASES FUNDING FOR WORKFORCE 20/20 2	TOTAL CONFERENCE COMMITTEE CHANGES
Salaries and wages			
Operating expenses	(\$300,000)		(\$300,000)
Capital assets			
Grants			
Workforce 20/20		\$10,118	10,118
Reed Act - Unemployment insurance computer			
Total all funds	(\$300,000)	\$10,118	(\$289,882)
Less estimated income	<u>100,000</u>		<u>100,000</u>

General fund	(\$400,000)	\$10,118	(\$389,882)
FTE	0.00	0.00	0.00

¹ This amendment reduces funding for the web site spider program from \$600,000 from the general fund, as provided for by the House, to \$300,000, of which \$200,000 is from the general fund and \$100,000 is from special funds. The Senate removed all funding for the web site spider program.

² This amendment increases funding for the Workforce 20/20 program by \$10,118 from the general fund, from \$1,489,882 to \$1,500,000.

This amendment also amends North Dakota Century Code Section 52-02.1-02 to increase the wage eligibility rate for the new jobs training program from \$7.50 to \$10 per hour, the same as the Senate version.

Engrossed HB 1016 was placed on the Seventh order of business on the calendar.

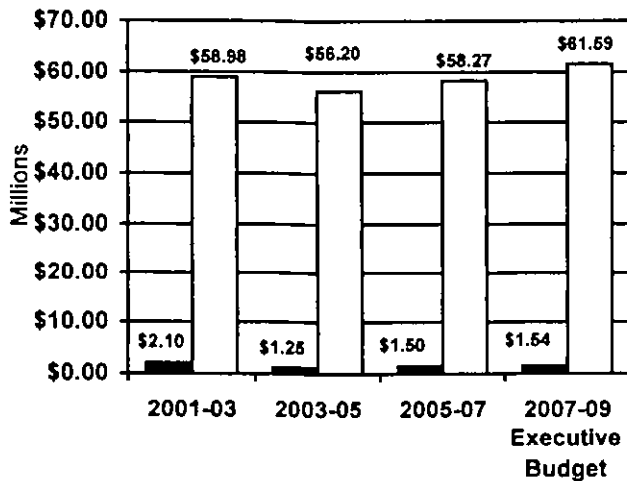
2007 TESTIMONY

HB 1016

Department 380 - Job Service North Dakota
House Bill No. 1016

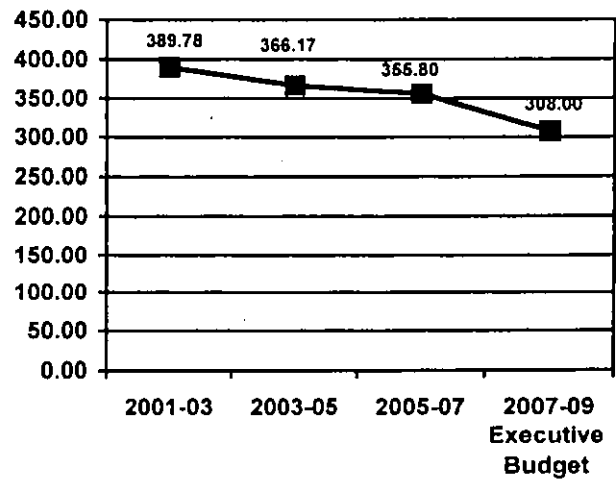
	FTE Positions	General Fund	Other Funds	Total
2007-09 Executive Budget	308.00	\$1,536,967	\$61,592,091	\$63,129,058
2005-07 Legislative Appropriations	355.80	1,501,012	58,270,259	59,771,271
Increase (Decrease)	(47.80)	\$35,955	\$3,321,832	\$3,357,787

Agency Funding



■ General Fund □ Other Funds

FTE Positions



Executive Budget Highlights

	General Fund	Other Funds	Total
1. Increases funding for Workforce 20/20 from \$1,481,012 to \$1,489,882	\$8,870		\$8,870
2. Removes one-time funding provided in the 2005-07 biennium for costs associated with implementing a shared work demonstration project	(\$20,000)		(\$20,000)
3. Deletes 44.8 FTE positions not requested by the agency, including \$3,920,917 relating to the FTE positions and \$288,256 relating to overtime and temporary salaries		(\$4,209,173)	(\$4,209,173)
4. Deletes 3 FTE positions (\$314,390) and related operating expenses (\$151,875) relating to the career resource network (two of the positions were transferred to the Department of Career and Technical Education)		(\$466,265)	(\$466,265)
5. Changes the funding source for a portion (25 percent) of the state Social Security administrator FTE position from special funds to funding from the general fund	\$43,764	(\$43,764)	\$0
6. Increases funding for temporary salaries and related fringe benefits		\$313,242	\$313,242
7. Decreases funding for operating expenses by \$268,758 as follows:			
Travel		\$122,838	\$122,838
Supplies - Information technology software		76,885	76,885
Office supplies		(63,815)	(63,815)
Printing		(99,221)	(99,221)
Repairs		(63,152)	(63,152)
Information technology contractual services		152,480	152,480
Professional development		(63,637)	(63,637)
Operating fees and services		(72,667)	(72,667)

Fees - Professional services	(160,744)	(160,744)
Other	(97,725)	(97,725)
Total	(\$268,758)	(\$268,758)
8. Removes one-time capital asset funding provided in the 2005-07 biennium	(\$225,000)	(\$225,000)
9. Provides funding for special assessments	\$20,000	\$20,000
10. Adjusts funding for grants, from \$9,047,165 to \$8,438,220, to account for agency activities	(\$608,945)	(\$608,945)
11. Removes one-time funding from Reed Act distributions provided in the 2005-07 biennium for a Work First Project	(\$254,925)	(\$254,925)
12. Increases funding from Reed Act distributions for the unemployment insurance system modernization project from \$525,000 to \$7.3 million	\$6,775,000	\$6,775,000

Other Sections in Bill

Workforce 20/20 - Section 6 requires a minimum of 50 percent of the funding provided for Workforce 20/20 be used for projects for new or expanding businesses in North Dakota.

Continuing Appropriations

Federal advance interest repayment - NDCC Section 52-04-22 - Collection of penalty and interest on delinquent unemployment insurance contribution reports and payment of any interest due on federal and nonfederal obligations of the unemployment insurance trust fund.

Unemployment Insurance trust fund - NDCC Section 52-03-04 - Collection of unemployment insurance taxes and the payments of unemployment benefits.

Job task analysis - NDCC Section 52-08-13 - Collection of fees for providing job task analysis services to employers that request such services and the payment of the expenses related to the activity.

Major Related Legislation

House Bill No. 1027 - Web site program - This bill provides a \$600,000 general fund appropriation to Job Service North Dakota for a web site spider program to identify job listings available in North Dakota.

House Bill No. 1056 - Federal advance interest repayment - This bill provides that money in the federal advance interest repayment fund may be used for the purposes of reemployment and administration of programs to ensure the integrity of the unemployment insurance program.

House Bill No. 1057 - Electronic reporting - This bill provides that employers may electronically file contribution and wage reports, and employers that choose to file contribution and wage reports by other than approved electronic methods shall pay an additional assessment.

Senate Bill No. 2034 - Return-to-employer fee - This bill establishes a return-to-employer fee for job-attached employees of negative balance employers, provides that 50 percent of any fee collected must be considered as an unemployment contribution, and provides that the remaining 50 percent must be deposited in the federal advance interest repayment fund to be split evenly between use for reemployment services and for administration.

Senate Bill No. 2035 - Unemployment insurance tax rate - This bill modifies the unemployment insurance tax rate formula to provide that negative balance employers do not benefit from a reduction in unemployment insurance tax rates when there is a surplus in the unemployment insurance trust fund.

Bill HB 1016
January 8, 2007

Job Service North Dakota

Appropriations Committee Handout



Prepared for Appropriations Committee
by Job Service North Dakota
House Bill 1016
January 2007



HOUSE APPROPRIATIONS
Education and Environment Division
Representative Francis Wald, Chair

Testimony
House Bill No. 1016

Maren Daley
Executive Director

January 8, 2007

Chairman Wald, members of the House Appropriations Committee, thank you for allowing me to testify today in support of House Bill 1016. I am Maren Daley, proudly serving as the Executive Director of Job Service North Dakota. To optimize the time allowed, I will discuss five areas that require attention, beginning with the area that most interests an appropriations committee – the appropriation request.

Then, I will discuss how Job Service North Dakota is funded. Third, I will talk about the performance measures we have developed into an agency "Report Card," which demonstrates how our agency monitors performance and the successes we have achieved.

Fourth, I will describe a few of our major service initiatives and what we are doing to provide better workforce service to the state's businesses and job seekers, helping the state's economy grow. Finally, I will review Job Service North Dakota's major outcomes for the biennium.

Today's Testimony

- I. Appropriation Request**
- II. Job Service Funding**
- III. Job Service "Report Card"**
- IV. Service Initiatives**
- V. Biennium Review**

I. APPROPRIATION REQUEST

As referenced in **HB1016**, the total 2007-09 executive budget recommendation for Job Service North Dakota is \$63,129,058 in budget authority.

The overall budget shows a \$3,357,787 increase when comparing the 2005-07 biennium appropriation to the 2007-09 executive budget recommendation. The major increase is a \$7.3 million appropriation of Reed Act Funds to cover costs related to the Unemployment Insurance (UI) Modernization program. Drastic reductions in federal funding resulted in significant restructuring and reorganizing within Job Service North Dakota. This budget request continues Job Service North Dakota's commitment to fiscal discipline with decreases in the major line items of salaries and wages (-\$1,931,562), operating expenses (-\$426,432), capital assets (-\$205,000) and grant benefits and claims (-\$608,945) resulting in a total decrease of \$3,171,939 for these line

items when comparing the 2005-07 biennium appropriation to the 2007-09 executive budget recommendation. The FTEs show a reduction of 47.8 FTEs for the same comparison. The major FTE reduction was accomplished through attrition, a voluntary early retirement program and a limited number of involuntary reductions-in-force. In addition, this reduction includes three North Dakota Career Resource Network FTEs that are being transferred out of Job Service North Dakota.

The Legislative Council request on behalf of the House Appropriations Committee chairman asked for the 2005-07 appropriation and the estimated 2005-07 spending. That information is summarized in the chart below:

**Job Service North Dakota
2005-2007 Appropriation to Revised Budget Comparison**

	2005-2007 Biennium Appropriation	2005-2007 Revised Budget	Difference
Resources	\$59,771,271	\$53,567,911	-\$6,203,360
Uses:			
Salaries and Fringe	\$34,960,037	\$29,003,729	-\$5,956,308
Operating Expense	\$13,278,913	\$13,079,738	-\$199,175
Capital Assets	\$225,000	\$225,000	\$0
Grants, Benefits, Claims	\$9,047,165	\$8,999,288	-\$47,877
Work Force 20/20	\$1,480,231	\$1,480,231	\$0
Reed Act - Work First	\$254,925	\$254,925	\$0
Reed Act - Unemployment	\$525,000	\$525,000	\$0
	\$59,771,271	\$53,567,911	-\$6,203,360

Unemployment Insurance (UI) Modernization Effort – Reed Act Funding

The executive budget recommendation includes \$7,300,000 for upgrading and enhancing the Unemployment Insurance (UI) technology system for improved services for business and claimants throughout the state. The UI System Modernization Program Overview document is available under Tab 1. The system will be upgraded in increments, concentrating on the functionality that offers the most benefits to the agency and its customers. Job Service North Dakota has completed a plan of how to proceed with the modernization effort. To create the plan, the agency reviewed the UI system to identify improvement opportunities that would provide the most benefits to Job Service North Dakota and its customers. Identified improvements are based on self service applications and other staff efficiency applications, mandated technology upgrades, security upgrades, and federal reporting mandates. One of the most important projects is to add the ability for employers to self-register via the Internet in the UI EASY (Employer Account System) application.

The approach for the modernization effort is to maintain, enhance and upgrade the current system. An RFP for the full system development will not be released. The basis for this approach includes the following:

- This option is the most fiscally responsible. Costs for the alternative option of replacing the entire system (Tax and Benefits) were estimated at over \$40,000,000. The estimate was based on the project costs of other states that have released RFPs for UI modernization efforts
- Continued support of the base system technology by the vendor.
- The ability to retrain current programming staff to the base system technology.
- The investments made to date in UI related technology (e.g. Internet applications, workflow and imaging applications, etc.)
- The ability to move the system to a server platform which can be supported by ITD.
- The ability to partner with ITD for programming services.
- The lack of modernized systems in production in other states.
- The failure rate of other states that have attempted UI Modernization efforts.
- The cost and risk associated with projects of this size.

One-time funding, called Reed Act funding, is available to fund the Unemployment Insurance (UI) Modernization program. Some background on Reed Act funding may be helpful at this point. Enacted in 1954 as a result of tension between states and the federal government over unemployment insurance (UI) funding, the Reed Act provides for the transfer of excess dollars from federal unemployment trust funds to state trust funds in the event that the reserves in the federal employment security administration, loan, and extended benefits accounts exceed a certain threshold level. A distribution in 2002

was the fifth such transfer, and was part of the Economic Stimulus Package (HR 3090) passed by Congress several months before. The Reed Act allows states to use the money to finance either regular UI benefits or administrative costs of UI and public employment offices. During the 2002 recession, many states used this money to finance regular UI benefits. Since North Dakota had a trust fund solvency plan, this money was not needed for payment of benefits. The Reed Act distribution provides the one time funding needed for the one time costs of upgrading our outdated UI computer system.

The Unemployment Insurance (UI) Modernization program is an important investment that will deliver substantial value and a good return on investment for the citizens of

Reed Act

- **Established in the 1950s.**
- **Funds are distributed to the states when the three federal Unemployment Trust Fund accounts exceed their statutory ceilings.**
- **Reed Act funds may be used for these purposes only:**
 - **Payment of unemployment benefits**
 - **Administration of state unemployment insurance laws**
 - **Administration of public employment service offices**

Note: Latter two purposes require specific legislative appropriation.

North Dakota. To achieve the benefits of improved efficiency and better customer service in our UI operations, it is imperative to begin the UI Modernization program immediately.

Workforce 20/20

Our request begins with base level funding of \$1,481,012. Another \$8,870 was added to the request as part of the Governor's proposed state employee compensation increase package, bringing our total Workforce 20/20 request to \$1,489,882, which I ask you to appropriate from the state's general fund. House Bill 1016 includes the provision that 50 percent of Workforce 20/20 funds must be used for projects for new or expanding businesses in North Dakota, which is the same policy we followed in the 2005-07 biennium.

We have provided documentation in your packet on the performance of the Workforce 20/20 program, a summary of which can be found in the agency's Report Card behind Tab 4. The entire Workforce 20/20 report can be found behind

Workers trained through Workforce 20/20 increased their wages by an average of \$3.55 per hour.

Tab 2. The average pre-training hourly wage for employees from all companies receiving funding was \$17.26 per hour for 2,019 employees. One year after training, the average hourly wage for the 1,445 employees still retained by the same employer was \$20.81. In other words, the average worker's wage increase after receiving training through Workforce 20/20 was \$3.55 per hour. The report also shows that the state will recover its investment in Workforce 20/20 in 1.01 to 1.31 years (depending on tax brackets) through taxes paid on these higher wages.

II. JOB SERVICE FUNDING

Job Service is unique in that virtually 100% of our workforce programs are federally funded but state administered and locally delivered. Information on the funding flow for our major funding sources will aid in your understanding of how Job Service North Dakota is funded.

The **Federal/State Unemployment Insurance (UI) Program Flow of Funds** chart is found at Chart A under Tab 3. All states finance Unemployment Insurance (UI) benefits primarily through contributions from subject employers on the wages of their covered workers. These taxes are deposited by the state to its account in the Unemployment Trust Fund (UTF) in the Federal Treasury, and are withdrawn as needed to pay benefits. Also, pursuant to the provisions of the Federal Unemployment Tax Act (FUTA), a federal tax is levied on covered employers at a current rate of 6.2 percent on wages up to \$7,000 a year paid to an employee. The law, however, provides a credit against federal tax liability of up to 5.4 percent to employers (in States meeting certain

Federal requirements) who pay state taxes timely under an approved state UI program. This credit is allowed regardless of the amount of the tax paid to the state by the employer. Accordingly, in states meeting the specified requirements, employers pay an effective federal tax of 0.8 percent, or a maximum \$56 per covered employee, per year. The current net effective FUTA rate of 0.8 percent has two components. Beginning in 1977, Congress added a 0.2% surcharge to the then existing permanently authorized FUTA tax rate. The 0.2% surcharge is currently authorized through December 31, 2007. Congress imposed the surcharge to retire a deficit created by Congress under a federally funded supplemental benefits program, which lengthened the duration of unemployment benefits beyond the normal 39 weeks of regular and extended unemployment benefits. The FUTA surcharge was extended due largely to federal budget deficit considerations in 1987, 1990, 1993, and 1997. The surcharge is expected to be extended again. The permanently authorized FUTA tax rate is 0.6%.

The FUTA funds are used to fund a number of different UI related expenditures:

- All federal and state administrative costs associated with UI programs;
- The federal share of benefits paid under the federal-state Extended Unemployment Compensation Act of 1970;
- The loan fund from which an individual state may borrow (Title XII of the SSA) whenever it lacks funds to pay UI due for any month;
- Benefits under some of the federal supplemental and emergency programs; and
- Labor exchange services, employment and training services for veterans and disabled veterans, and some labor market information program activities.

The base funding amounts distributed to North Dakota for the operation of our UI and Employment Service (ES) programs have been steadily declining in the past years as seen in the table below.

Year	UI Base Funding Amount	ES
FY 2003	\$ 7,208,865	\$5.7 million
FY 2004	\$ 6,848,422	\$5.6 million
FY 2005	\$ 6,506,001	\$5.4 million
FY 2006	\$ 6,497,270	\$5.4 million
ES -- ES fiscal year data are estimated from program year data and adjusted for the general revenue share of ES funding (approximately 3% of the total).		

Account Ceilings and Funding Flows. The four major accounts in the Unemployment Trust Fund are: (1) the Employment Security Administration Account (ESAA), which funds administration; (2) the Extended Unemployment Compensation Account (EUCA), which funds the Federal half of the Federal-State Extended Benefits Program; (3) the Federal Unemployment Account (FUA), which funds loans to insolvent State UI Programs; and (4) the States' Trust Fund Accounts which funds benefits. The three federal accounts in the federal unemployment trust fund have ceilings established by federal law. When all three accounts reach and exceed their ceilings, excess funds are distributed to states under a Reed Act distribution.

The 1997 budget bill raised the ceiling on the Federal Unemployment Account from 0.25 to 0.5 percent of wages in covered employment for fiscal year 2002 and subsequent years. This change was designed to limit Reed Act transfers to State accounts in coming years. The reason Congress has taken these actions to increase ceilings and limit outflows from the Federal funds is that excess funds in the

Congress limits Reed Act transfers and offsets Federal budget deficits (or increases surpluses) by increasing ceilings of accounts in the federal Unemployment Trust Fund.

Unemployment Trust Fund are included in the unified Federal budget and offset deficits or increase surpluses. Currently, the balances in the accounts are quite large. At the end of FY 2006, the Employment Security Administration Account (ESAA) balance was \$3.32 billion. Because the ceiling for the ESAA was \$1.44 billion, the excess of \$1.89 billion was transferred to the Extended Unemployment Compensation Account (EUCA). After this distribution, the EUCA balance was \$14.56 billion. Because the ceiling for the EUCA was \$21.16 billion, there was no transfer of funds to the Federal Unemployment Account (FUA). The FUA balance was \$13.43 billion; since the ceiling for the FUA was \$21.16 billion, there was no Reed Act distribution.

The **Workforce Investment Act (WIA) Flow of Funds** charts are found at Charts B1 – B5 under Tab 3. Title I of WIA authorizes three separate funding streams to states for activities focused on adults, dislocated workers, and youth. To receive WIA funds, states must have a federally approved state WIA plan. A formula determines the distribution of funds to each of these streams.

Federal funding to North Dakota for WIA programs has decreased over the last several years. WIA Adult formula funding has declined 9.03 percent from \$2,369,063 in PY02 (year beginning July 2002) to \$2,155,095 in PY06. WIA Dislocated Worker formula funding has decreased by 16.94 percent, from \$1,198,337 in PY02 to \$995,319 in PY06. WIA Youth funding has decreased by 32.66 percent, from \$3,430,651 in PY02 to \$2,310,103 in PY06.

States are required to pass 85 percent of their adult and youth funds to local areas. The remaining 15 percent is reserved for state administrative costs and other statewide activities. For dislocated workers, 20 percent of appropriated funds are reserved for the Secretary of Labor for National Emergency Grants (NEGs), dislocated worker demonstration efforts, and technical assistance. Of the remaining 80 percent of appropriated funds, states are required to distribute 60 percent to local areas, reserve 15 percent for statewide activities, and use 25 percent for state rapid response activities.

III. JOB SERVICE “REPORT CARD”

Mr. Chairman, I would now like to draw the committee's attention to Tab 4 in the handout, which contains what we call the Job Service “Report Card.” The Report Card represents Job Service's continuing attention to performance review and evaluation. We are committed to monitoring the services we provide the citizens of North Dakota and looking for ways to do it better.

The Report Card monitors five primary service delivery areas in the agency:

- A. Unemployment Insurance
- B. Workforce Investment Act
- C. Workforce 20/20
- D. Labor Exchange
- E. Employment Statistics
- F. Talking Points for each of the above measures

Please join me in turning to Tab 4 as I briefly review each section of the Quarterly Report Card and demonstrate to you how Job Service is looking at the areas relevant to improving the condition of North Dakota's economy. Our agency believes that workforce development is economic development and we are proud of the role we play in that process.

IV. SERVICE INITIATIVES

Next, Mr. Chairman, I thought it would be helpful for you to hear about our major service initiatives, including our part in the Talent Initiative that is ensuring that workforce development is, indeed, economic development. This initiative is part of the way we fulfill our mission of providing customer-focused services to meet the current and emerging workforce needs of the state.

The North Dakota Talent Initiative:

**Workforce Development
for
Economic Development**

On July 31 and August 1, 2006, the North Dakota Workforce Development Council, the North Dakota Youth Development Council, and State Commission on National and Community Service, three state legislators, and key players of the state's workforce system, met to develop an action agenda to implement and achieve the goals stated in the State Strategic Plan submitted to the United States Department of Labor. The session identified six talent strategies and committed the stakeholders and partners to ten areas for continuous improvement to meet the key workforce challenges of North Dakota.

Major Outcome Goals:

- Increase the quantity and quality of North Dakota's workforce
- Transition from a workforce to a talent-force through a workforce improvement focus

Organizing Pillars, Principles, and Priorities:

- Expand Talent in North Dakota

- Increase labor force participation rate
- Develop a pipeline of talented students (P-16 and Life-Long)
- Fill pipeline of new talent

- Attract Talent to North Dakota

- American Indian Populations
- Veteran Populations
- Individuals with disabilities
- Special Populations
- Out-of-state
- Legal immigrants

- Retain Talent in North Dakota

- Increase retention of people trained
- Incumbent Workforce
- Harnessing Baby Boomer's experience
- Talent Management for business to retain best talent

Talent Initiative Strategies:

- Quality Workforce Intelligence
 - Drives all decisions
- Targeted Industry Cluster Support and Partnership
 - Private Sector at the Core
- Vertical (Operational) Alignment with Demand
 - Example: Labor Market Information
- Horizontal (Community) Alignment with Demand
 - Example: Target Industry Clusters
- System Expansion and Partnership
 - Inclusion of Trade Associations and Business Organizations
- Public and Stakeholder Awareness
 - Market NORTH DAKOTA as a place of choice

Ten Areas for Continuous Improvement:

1. Ensure **Council and Commission leadership** in attracting, retaining, and expanding talent by:
 - making all decisions based on workforce intelligence,
 - seeking both vertical and horizontal alignment with demand,
 - building strategic talent partnerships with the private sector and targeted industry clusters,
 - forging workforce system partnerships to achieve success in all talent initiatives, and
 - developing a broad public awareness and understanding of North Dakota's workforce needs.
2. Develop a **dynamic workforce intelligence system** with the vital information needed to confront North Dakota's talent crisis and to assess progress in addressing it.
3. **Disseminate key workforce intelligence to all stakeholders, businesses, and partner leadership and staff** so all North Dakotans may take appropriate actions to meet the workforce needs of individuals and businesses.
4. Focus on **workforce improvement, preparation, and lifelong learning** by improving the quality and quantity of training and education available to North Dakota's residents, ensuring the offerings respond to employer and skill demand, and making these development opportunities affordable and accessible.
5. **Increase the labor force participation rate and expand the available talent pool** by reaching, serving, preparing, and connecting those not currently in the labor force, including Native Americans, Veterans, Disability, and other target populations.
6. Give **emphasis to the emerging worker talent pipeline by focusing on young people**, improving the connections between school and work, promoting demand careers, and encouraging them to stay in North Dakota.
7. Build **even stronger workforce system partnerships to increase efficiency, effectiveness, and accountability** through the reducing of duplication, sharing resources, and adopting a common action agenda and strategies for talent attraction, retention, and expansion.
8. **Improve the workforce system interface with employers and targeted industry trade associations** to more effectively meet their workforce needs by developing strategic partnerships and ensuring service responsiveness.
9. **Promote North Dakota as a great place to live** and work to attract and retain talent.
10. Promote **inclusion of soft skills, cultural diversity & work readiness** into all training and education offerings.

Job Service North Dakota's Contribution to the North Dakota Talent Initiative will be a major reengineering process to ensure full commitment to adding value by making every job seeker we help a better job candidate. This is important in today's job market where career security has taken on a new meaning of security planned and created with "skills security", rather than "job security" with a single company. This has been stated as "jobs come and go, but skills are forever." The strategic commitments (including our mission and vision) that are the guideposts in helping us to realize this initiative are laid out in our Strategic Plan overview (Tab 5.) Outlined below is the reengineering model for Job Service North Dakota's implementation of this initiative.

Demand-driven

Hub of Workforce Intelligence system
Target industry liaison (Target Industries are Advanced Manufacturing, Energy, High Technology-based Businesses, Tourism and Value-Added Agriculture)
Local employers needs, expectations, hiring practices
North Dakota talent initiative



Workforce Improvement

Emphases: Talent expansion and skill development – high wages
Workforce system talent partnership
Focus: Job seeker preparation
Career promotion
Skill based connection to labor market



Through Effective, Efficient Operations

Multiple, access/distribution method (virtual, physical and itinerant)
Virtual (self service, universal)
Physical (targeted, staff assisted)
Integrated, standardized services, customers, flow
Reduced bureaucratic requirements
Improved technology and tools

Online Unemployment Insurance Services

In order to increase points of access for our customers and provide for more efficient services, Job Service has placed an intense focus upon providing service to our unemployment insurance customers online. This focus has resulted in the successful implementation of online services for both our business and claimant population. In January 2005, Job Service launched our new online unemployment insurance service for businesses. Employers are now able to file their quarterly employment reports as well as make payments online using our UI EASY system. At the present time, 10% of employers, which represents 20% of the total wage credits filed in North Dakota, provide their quarterly reports online. Of these businesses, 63% make their payments online.

While the number of employers utilizing electronic reporting is encouraging, an increase in participation desired. In an effort to increase the number of employers utilizing electronic reporting, Job Service is introducing legislation during this session which will encourage the usage of electronic reporting through the assessment of a fee for employers continuing to file paper reports.

In May 2005, Job Service launched our new online unemployment insurance services for claimants. Claimants are now able to file new claims, reopen existing claims, and certify their weekly eligibility for benefits online using UI ICE. This system has provided another access point for claimants, and has provided for more timely service to our customers. Since implementation of the UI ICE system, the number of claimants using the online system has grown substantially. At this time, approximately 35% of all claimants use UI ICE to file their unemployment insurance claims.

Additionally, Job Service has implemented a new system which provides for the receipt of reemployment services online. Using this innovative approach, claimants receive reemployment services using the UI ICE system. Services provided include items such as information on coping with job loss, searching for jobs, and writing cover letters and resumes. Also planned for implementation in early 2007 is an online eligibility review system. This system will allow claimants to complete their periodic eligibility reviews online rather than requiring them to travel to a local office for completion.

North Dakota Workforce Connection -- Enhanced Online Services for Recruitment and Job Seeking

Job spidering will soon be available to North Dakota job seekers and employers. Job spidering is a powerful online employment search tool that provides fast access to a database of thousands of jobs within a single web site. The database of jobs is created through access to a variety of Internet sources. These sources include national and local job boards such as Monster.com and Careerbuilder.com. Other sources are current job openings from websites of North Dakota businesses who employ 250+ people, national recruiters, major local newspapers and military branch sites. This service provides access to all North Dakota jobs listed on the Internet at one site.

Another feature of the North Dakota Workforce Connection will be the Labor Market Analyzer -- a powerful online Labor Market Information (LMI) tool accessed as a web site on the Internet. This user-friendly approach to LMI provides information to individuals seeking jobs and assists employers looking to recruit talent and assess the labor market. Training providers will successfully promote their programs while workforce professionals will utilize this information during career promotion and counseling. Job seeker customers will enhance career and training decisions with the available industrial data such as wages, employment and projections.

Comparisons of labor market, economic and demographic data over time and geographic areas will foster informed decision making. Searches can be created for employers, and profiles built and compared for occupations, areas and industries. The Labor Market Analyzer allows for researching economic indicators such as consumer price index, tax revenues, property values and building permits. Survey data for population and other Census Bureau information may be exported in MS Excel, text files, graphs and printed reports. Information generated through the Labor Market Analyzer benefits multiple organizations for various reasons. Economic development agencies, education planners, chamber of commerce and policy makers have varying specific needs for the information available. The Labor Market Analyzer will not only greatly improve the job seeker opportunity to advance in employment and training but will assist employers looking to recruit talent and meet their current and emerging workforce needs.

Search capabilities are equipped with a new quick search for candidate resumes. Resume searches will have a ranking capability with criteria including occupation, experience, salary, education level and qualifications. The search criteria may be further filtered using skills, keywords, driver's license, resume modification date, shift availability and minimum age. Managing job orders has increased functionality to send multiple job order or resume information via email. Job orders can have the specification to apply via their company website. The North Dakota Workforce Connection offers links to labor market wage rates incorporated in the job order form. Virtual recruiters will have direct links to specific resumes.

Likewise, services for job seekers are additionally enhanced. The North Dakota Workforce Connection also has a new look and feel for input and search capabilities. The new resume builder is easier to navigate and includes references. The zip code radius search will present capability to search for all jobs in 5, 10, 25 or 50 miles of a zip code. This is a positive feature for rural communities. Seekers can complete a self-assessment of skills, work values, and interests to identify potential careers or occupations that best suit the individual. This self assessment can identify training needs of the job seeker. The identification of skills can also be matched to occupations. Job order viewing enhancements include requirements of job order, viewing of other job listings for a specific employer, and seekers can view occupational information relative to listed occupation. Application information or resumes from seekers can be sent directly to employers.

V. BIENNIUM REVIEW

This biennium marked a period of incredible milestones and achievements for Job Service North Dakota.

- We were honored for outstanding performance and our innovative approach to outreach and partnerships in several areas including:
 - Outstanding Public Service Award - Representatives of Job Service North Dakota from the Williston, Minot, Dickinson, and Bismarck offices were presented awards for their outstanding effort on the oil industry Workforce Recruitment Initiative. Petroleum Council Chairman Bob Mau said, "Job Service really stepped up to the plate and has done an outstanding job over the past year working with the oil and gas industry to post job openings and recruit applicants in our state. We should all be proud of this project, which has received national recognition from the Interstate Oil & Gas Compact Commission." (October 2005)
 - In 2006, for the fifth consecutive year, North Dakota qualified to receive a Workforce Investment Act Incentive Grant that provides approximately \$750,000 per year to support innovative workforce development and education activities. To qualify for the grant, North Dakota exceeded performance levels for outcomes under the Workforce Investment Act and the Perkins Act. The outcomes included obtaining employment, retaining employment and earnings increase.
 - North Dakota's SHARE Network Goes National. In 2005, the United States Department of Labor launched the SHARE (Sharing How Access to Resources Empowers) Network based largely upon the North Dakota SHARE Network. The North Dakota SHARE Network was the result of an Employment and Training Administration pilot project grant. JSND created the SHARE Network, a web-based resource directory of faith-based and community organizations (FBCO) service providers throughout the state.

- Our Labor Market Information Center is ranked #1 in the nation in five of the ten Bureau of Labor Statistics covered employment and wage program performance measures. The measures are tracked to ensure the program is being run with effectiveness and provide accurate, timely, and relevant data to all stakeholders. The LMI Center also ranked in the top 10 for the five remaining measures.
- We are especially proud of our excellent employees. During this biennium three of our employees (Brian Heitkamp, Carey Fry and Heather Raschke) received the Governor's Award for Excellence in Public Service.
- Job Service North Dakota is actively involved in the workforce development system at a national level. I have served the National Association of State Workforce Agencies (NASWA) as Chair of the Labor Market Information Committee and Chair of the Veterans' Affairs Committee. I currently serve as Vice Chair of the Employment and Training Committee and in the next year will move to the Chair position of this committee. I have also testified before Congress for NASWA and participated in NASWA conferences as workshop moderator and presenter.
- In April 2005, North Dakota's Child Support Enforcement Division co-launched a pilot project with Job Service North Dakota and the Southwest District Court to increase child support collections by addressing the unemployment and underemployment of noncustodial parents in the state's Dickinson area. As of June 2006, both employment and child support compliance increased after participating noncustodial parents received employment services, such as job-search, training, and job-placement follow-up. The caseworker also referred some noncustodial parents to local treatment providers to address substance abuse issues or mental health needs. The average child support payment by the 32 participants increased from \$63.80 per month at the time of referral to \$202.94 per month just six months later. The nonpayment rate dropped to 13 percent.
- August 1, 2006: North Dakota QWI Data on LED Website. Quarterly Workforce Indicators (QWI) for the state of North Dakota have been posted on the Local Employment Dynamics (LED) website. They are available through the QWI Online and Industry Focus. North Dakota becomes the 34th state to post its QWI data on the LED website.
- In fall of 2005, we implemented Common Measures for performance reporting for Workforce Investment Act and Labor Exchange programs.
- Implemented claim filing web services, UI ICE, in May of 2005. For the months of July 2006 and August 2006, 50% of UI claims were taken via UI ICE and approximately 10% of employers reporting UI wages used UI EASY, the web services for employer tax reporting. This accounts for about 20% of total wages reported.

- Continuing administration of the North Dakota New Jobs Training Program that provides incentives to primary-sector businesses and industries that are creating new employment opportunities through business expansion or relocation to North Dakota. The program provides a mechanism for businesses to secure funding to help offset the cost of training new employees for business expansion and/or startup. The results of the program are summarized in the report found at Tab 6.
- Established an Unemployment Insurance Advisory Council to advise JSND regarding issues relating to the operations, effectiveness, fairness, and efficiency of the Unemployment Insurance program. The Advisory Council has met five times since it was created in 2005. Council members have shown a quick aptitude for learning the complexities of the Unemployment Insurance (UI) system and have added value by providing a broad array of employer and labor perspectives to important UI issues. They were active in the agency's broad solicitation of public input as requested by the legislature for a study and bill development regarding job attached claimants (SB 2034). The Council drafted a position paper (Tab 7) addressed to the Interim Industry, Business and Labor Committee on their findings over the last year on the subjects tasked to them by legislation from the 2005 session.
- Strong partnerships were integral for Job Service North Dakota this biennium.
 - In late summer/early fall of 2006, Job Service North Dakota partnered with five North Dakota colleges who submitted proposals for the 2006 Community-Based Job Training Grants available through the U. S. Department of Labor. The primary purpose of the Community-Based Job Training Grants is to build the capacity of community colleges to train workers in the skills required to succeed in high growth, high demand industries. This competitive grant program builds on the High Growth Job Training Initiative, a national model for demand-driven workforce development implemented by strategic partnerships.

Although the projects were not selected for funding, the process was mutually beneficial to Job Service North Dakota and the community colleges in strengthening our partnering relationship, gathering needed workforce intelligence and being better prepared for future grant applications.

- To meet the needs of employers and job seekers, we partnered with employers to orchestrate several job fairs throughout the state. As the state's workforce expert, Job Service North Dakota played an important part in many partnerships that will help us meet the workforce needs of employers in our state.

• From Press Release dated November 22, 2006 - Hoeven Announces Unemployment Tax Rate Cut, Commends Job Service North Dakota For Strong Performance. Gov. John Hoeven today announced a reduction in the average unemployment tax rate from 1.35 percent to 1.15 percent, a move that will save businesses millions of dollars in premiums next year. The 2007 unemployment insurance tax rates will range from .34 to 8.09 percent, depending on the employer's unemployment claims experience.

"Continued strong economic growth, fewer unemployment claims, and higher wages in North Dakota have allowed us reduce the unemployment insurance tax rates," Hoeven said. "This rate reduction will save businesses an estimated \$8.5 million in taxes next year."

At the same time, the Governor commended Job Service North Dakota for its outstanding efforts in providing workforce services to the state. He cited three specific areas in which Job Service has excelled:

- Employers in North Dakota will see a reduction in their unemployment insurance tax rates in the coming year.
- The U.S. Department of Labor has awarded Job Service one of its top honors in the nation -- the UI State Performance Excellence Award for Performance Excellence in Appeals Decisions.
- Strong fiscal management has resulted in cost savings to the state by adopting alternative methods to modernize the Unemployment Insurance technology system.

"Whenever we reduce the cost of doing business like this in North Dakota, we strengthen our business climate and make it more attractive for businesses to locate or expand in North Dakota," Hoeven said. "That in turn creates the kind of strong employment levels and significant job growth we've seen across the board in North Dakota, including manufacturing, retail, service industries and the energy sector."

Job Service has been recognized as one of the five top performing states for performance excellence within the unemployment insurance program. Job Service North Dakota is considered the top performer nationally for timely and high-quality appeals decisions.

This honor establishes that workers and businesses in North Dakota are receiving outstanding service by getting timely, accurate determinations from Job Service North Dakota in unemployment matters.

According to Maren Daley, Job Service North Dakota's executive director, the Unemployment Insurance Trust Fund is maintaining a strong reserve level, which permits the 2007 rate reduction and aids in sustaining predictable unemployment insurance tax rates for businesses going forward. Daley noted that the 2007 tax rate notices will be mailed to employers on December 5, 2006.

Job Service has also worked to find a cost effective solution to its Unemployment Insurance computer system upgrade. Initially, the projected cost would have been \$40 million, but through diligence and creativity, the agency has developed a system that will cost \$15 million, all of which will be covered by federal dollars. By ensuring continued service during this project, Job Service has reduced the risk normally associated with

large information technology projects and has displayed foresight in its proactive approach.

"Job Service has done an outstanding job of serving the customers of the state's workforce system efficiently while maintaining an effective business approach," said Daley. "We're working hard to make sure our Unemployment Insurance system serves North Dakotans in a cost-effective way that helps create a strong business climate and quality jobs."

CLOSING

Mr. Chairman, thank you again for this opportunity to tell you about the exciting ways Job Service North Dakota is working to propel the state's economy to a more successful future. We are honored to work with you and all our other partners in creating an exciting future for North Dakota's businesses and workers.

Job Service North Dakota

Appropriations Committee Handout

*With the
exception of
these pages,
the same testimony
was given to House and Senate*



Prepared for Appropriations Committee
by Job Service North Dakota
House Bill 1016 as amended
February 2007



SENATE APPROPRIATIONS

Senator Ray Holmberg, Chair

Testimony

House Bill No. 1016 as amended

Maren Daley
Executive Director

February 22, 2007

Chairman Holmberg, members of the Senate Appropriations Committee, thank you for allowing me to testify today in support of House Bill 1016 as amended. I am Maren Daley, proudly serving as the Executive Director of Job Service North Dakota. To optimize the time allowed, I will discuss five areas that require attention, beginning with the area that most interests an appropriations committee – the appropriation request.

Then, I will discuss how Job Service North Dakota is funded. Third, I will talk about the performance measures we have developed into an agency "Report Card," which demonstrates how our agency monitors performance and the successes we have achieved.

Fourth, I will describe a few of our major service initiatives and what we are doing to provide better workforce service to the state's businesses and job seekers, helping the state's economy grow. Finally, I will review Job Service North Dakota's major outcomes for the biennium.

Today's Testimony

- I. Appropriation Request
- II. Job Service Funding
- III. Job Service "Report Card"
- IV. Service Initiatives
- V. Biennium Review

I. APPROPRIATION REQUEST

As referenced in HB1016 as amended, the total 2007-09 appropriation request for Job Service North Dakota is \$63,729,058 in budget authority.

The overall budget shows a \$3,957,787 increase when comparing the 2005-07 biennium appropriation to the 2007-09 appropriation request. The major increase is a \$7.3 million appropriation of Reed Act Funds to cover costs related to the Unemployment Insurance (UI) Modernization program. The other major increase was the amendment to provide funding of \$600,000 from the general fund for a website spider program to identify job listings available in North Dakota. The website spider program will be discussed later in this testimony. The other major funding adjustments are due to the significant restructuring and reorganizing within Job Service North Dakota to respond to

drastic reductions in federal funding. This budget request continues Job Service North Dakota's commitment to fiscal discipline with decreases in the major line items of salaries and wages (-\$1,931,562), capital assets (-\$205,000) and grant benefits and claims (-\$608,945) resulting in a total decrease of \$2,745,507 for these line items when comparing the 2005-07 biennium appropriation to the 2007-09 appropriation request. The FTEs show a reduction of 47.8 FTEs for the same comparison. The major FTE reduction was accomplished through attrition, a voluntary retirement program and a limited number of involuntary reductions-in-force. In addition, this reduction includes three North Dakota Career Resource Network FTEs that are being transferred out of Job Service North Dakota.

The Legislative Council request on behalf of the House Appropriations Committee chairman asked for the 2005-07 appropriation and the estimated 2005-07 spending. That information is summarized in the chart below:

**Job Service North Dakota
2005-2007 Appropriation to Revised Budget Comparison**

	2005-2007 Biennium Appropriation	2005-2007 Revised Budget	Difference
Resources	\$59,771,271	\$53,567,911	-\$6,203,360
Uses:			
Salaries and Fringe	\$34,960,037	\$29,003,729	-\$5,956,308
Operating Expense	\$13,278,913	\$13,079,738	-\$199,175
Capital Assets	\$225,000	\$225,000	\$0
Grants, Benefits, Claims	\$9,047,165	\$8,999,288	-\$47,877
Work Force 20/20	\$1,480,231	\$1,480,231	\$0
Reed Act - Work First	\$254,925	\$254,925	\$0
Reed Act - Unemployment	\$525,000	\$525,000	\$0
	\$59,771,271	\$53,567,911	-\$6,203,360

The Senate Appropriations Committee members requested information regarding the use of outsourcing or contract services. The information for calendar years 2005 and 2006 is presented under Tab I. The major area where Job Service North Dakota contracts for these types of services is for specialized IT consulting and services. Outsourcing IT functions allows us to focus on our core customer-oriented business initiatives. Outsourcing is a solid business practice to maximize business results. As you can see there is a significant increase from calendar year 2005 to calendar year 2006. This increase is due to our need to access specialized IT expertise increasing with the preparation for UI Modernization and completion of initial components of the UI Modernization.

North Dakota Workforce Connection -- Enhanced Online Services for Recruitment and Job Seeking

Job spidering will soon be available to North Dakota job seekers and employers. Job spidering is a powerful online employment search tool that provides fast access to a database of thousands of jobs within a single web site. The database of jobs is created through access to a variety of Internet sources. These sources include national and local job boards such as Monster.com and Careerbuilder.com. Other sources are current job openings from websites of North Dakota businesses who employ 250+ people, national recruiters, major local newspapers and military branch sites. This service provides access to all North Dakota jobs listed on the Internet at one site.

Another feature of the North Dakota Workforce Connection will be the Labor Market Analyzer -- a powerful online Labor Market Information (LMI) tool accessed as a web site on the Internet. This user-friendly approach to LMI provides information to individuals seeking jobs and assists employers looking to recruit talent and assess the labor market. Training providers will successfully promote their programs while workforce professionals will utilize this information during career promotion and counseling. Job seeker customers will enhance career and training decisions with the available industrial data such as wages, employment and projections.

Comparisons of labor market, economic and demographic data over time and geographic areas will foster informed decision making. Searches can be created for employers, and profiles built and compared for occupations, areas and industries. The Labor Market Analyzer allows for researching economic indicators such as consumer price index, tax revenues, property values and building permits. Survey data for population and other Census Bureau information may be exported in MS Excel, text files, graphs and printed reports. Information generated through the Labor Market Analyzer benefits multiple organizations for various reasons. Economic development agencies, education planners, chamber of commerce and policy makers have varying specific needs for the information available. The Labor Market Analyzer will not only greatly improve the job seeker opportunity to advance in employment and training but will assist employers looking to recruit talent and meet their current and emerging workforce needs.

Search capabilities are equipped with a new quick search for candidate resumes. Resume searches will have a ranking capability with criteria including occupation, experience, salary, education level and qualifications. The search criteria may be further filtered using skills, keywords, driver's license, resume modification date, shift availability and minimum age. Managing job orders has increased functionality to send multiple job order or resume information via email. Job orders can have the specification to apply via their company website. The North Dakota Workforce Connection offers links to labor market wage rates incorporated in the job order form. Virtual recruiters will have direct links to specific resumes.

Likewise, services for job seekers are additionally enhanced. The North Dakota Workforce Connection also has a new look and feel for input and search capabilities. The new resume builder is easier to navigate and includes references. The zip code radius search will present capability to search for all jobs in 5, 10, 25 or 50 miles of a zip code. This is a positive feature for rural communities. Seekers can complete a self-assessment of skills, work values, and interests to identify potential careers or occupations that best suit the individual. This self assessment can identify training needs of the job seeker. The identification of skills can also be matched to occupations. Job order viewing enhancements include requirements of job order, viewing of other job listings for a specific employer, and seekers can view occupational information relative to listed occupation. Application information or resumes from seekers can be sent directly to employers.

The North Dakota Workforce Connection also incorporates spidering technology, which allows job seekers to instantly access jobs from a wide variety of sources. Options include jobs "spidered" from private online job boards, and the websites of employers, hospitals, newspapers, government agencies, and educational institutions.

Here is a brief description of the functionality and benefits of the spidering tool.

- Job spidering is a technology that automatically seeks out and pulls job listings on the Internet into a single web site. The \$600,000 general fund appropriation will enable Job Service North Dakota to acquire this capability to provide this service for employers and job seekers.
- The benefits of job spidering for employers and job seekers are many.
 - As an example, employers gain greater exposure of their job openings to job seekers.
 - Job seekers out of state wishing to return to North Dakota can go to one web site for all job listings in North Dakota.
 - When the job seeker clicks on the job listing on the Job Service web site, jobsnd.com, it will take them to the original web site that had the job listing whether it be the web site of a North Dakota company or a North Dakota community. This preserves the promotional opportunities for local communities and employers.
 - Job spidering will create a single repository for job openings in North Dakota allowing our state to make better decisions regarding workforce services based on supply and demand information provided by a single repository for job information for North Dakota.

Job Service North Dakota Contract Services

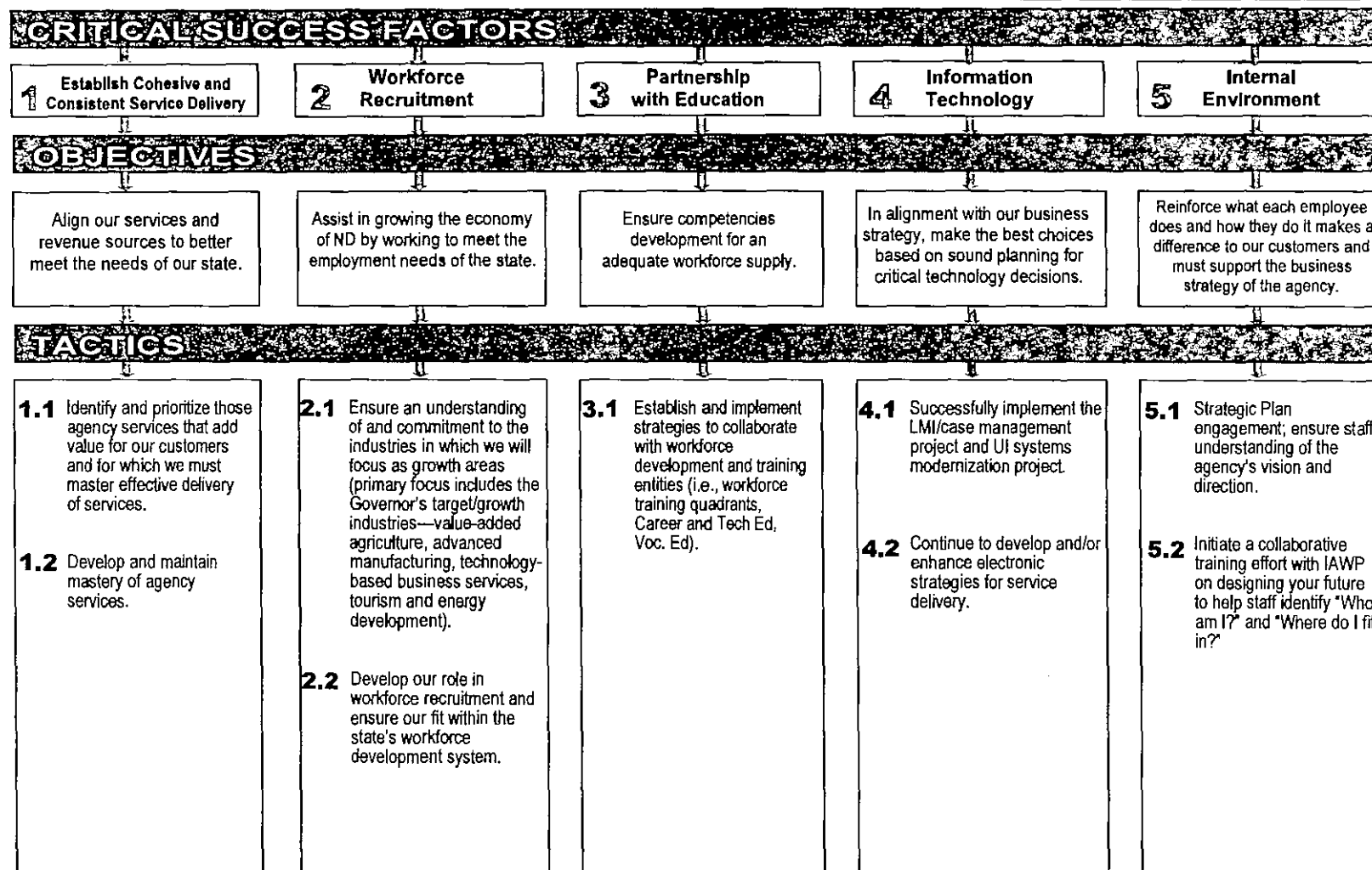
Contractor	Purpose	Calendar Year	
		2005	2006
Kelly Services	Data Input	\$3,889	\$569
G-Force Global Technology	Computer programming/consulting	\$29,339	\$400,092
Stahura-Brenner	Computer programming/consulting	\$4,000	
Mitretek	Computer programming/consulting	\$56,501	\$47,696
Sundog	Computer programming/consulting	\$3,928	
TOTAL		\$97,657	\$448,357



STRATEGIC PLAN PY2006

Your Workforce Connection

VISION "Job Service North Dakota strengthens the economy of ND as a strategic partner in the delivery of workforce services."	MISSION "Job Service North Dakota provides customer-focused services to meet the current and emerging workforce needs of the state."
---	--



Eric Boren
Chairperson, UI Advisory Council
803 Washington Ave.
Devils Lake, ND 58301

November 22, 2006

The Honorable Karen K. Krebsbach
North Dakota Senator
Chairperson, Interim IBL Committee
Box 1767
Minot, North Dakota 58702

Madam Chairperson:

As the Chairperson for the Job Service Unemployment Insurance Advisory Council, I have been asked to inform you and your Committee of our findings over the last year on the subjects tasked to us by legislation from the 2005 session.

Listed below are our findings and recommendations as of today:

- 1) We feel Ms. Daley and her team are to be commended for their innovative solutions and approaches in dealing with Job Services' major administrative funding cuts made by the Federal government.
- 2) The concept that employers, not employees, are responsible for making the determination of job attached status is essential for the management of the system.
- 3) We believe job attached status is a necessary option for employers in North Dakota and our surveys and meetings show employers tend NOT to support an arbitrary percentage of job attached employees.
- 4) The concept that Unemployment Insurance is an insurance and not a pay-as-you-go program, is essential to understanding the system.
- 5) Survey results tend to suggest that there is a willingness on the part of employers to pay for the option of job attachment. If legislation regarding a fee is introduced, the fee basis needs to be very simple and apply only to negative rated employers.
- 6) We support the principle that when the trust fund is above the target balance, any rate reductions will be applied to positive rated employers only.

We felt this was an appropriate time to let you know our findings and will make ourselves available for any questions or comments from you or your Committee. We also will be available to testify this next session if it is deemed necessary by the Committee.

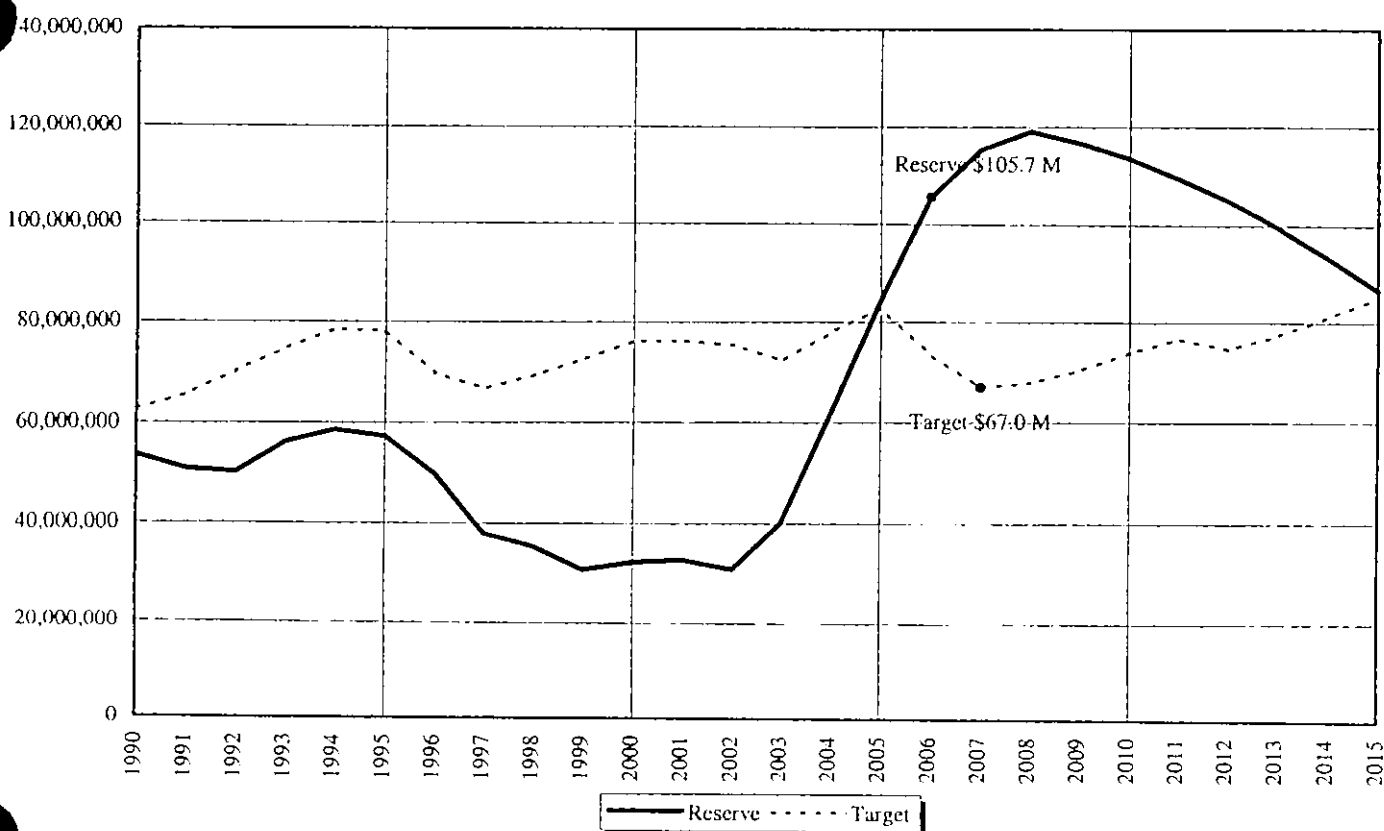
If you or any of the Committee members have any questions or concerns, don't hesitate to call or write. All of us on the Council would be happy to discuss any of these issues with you.

Thank you for your time,

Eric Boren
UI Advisory Council Chairperson

cc: IBL Interim Committee Members
Governor Hoeven
House Majority Leader Rick Berg
Senate Majority Leader Bob Stenehjem

Trust Fund Reserve Versus Solvency Target



Scenario: Set the rates from 2007-2015 according to current law.

Utilize the executive directors authority to make reasonable adjustments to the tax rates.

Calendar Years	Average Tax Rate on Taxable Wages	Year Ending	Reserve versus Target
1990	1.64%	12-31-1990	-9,019,107
1991	1.23%	12-31-1991	-14,637,107
1992	1.48%	12-31-1992	-19,945,107
1993	1.49%	12-31-1993	-18,484,107
1994	1.22%	12-31-1994	-19,910,107
1995	1.12%	12-31-1995	-20,736,107
1996	0.86%	12-31-1996	-19,740,198
1997	0.87%	12-31-1997	-28,755,198
1998	1.10%	12-31-1998	-34,060,068
1999	1.12%	12-31-1999	-41,789,718
2000	1.26%	12-31-2000	-43,917,705
2001	1.28%	12-31-2001	-43,481,926
2002	1.31%	12-31-2002	-44,597,035
2003	1.60%	12-31-2003	-32,025,431
2004	1.63%	12-31-2004	-16,222,431
2005	1.51%	12-31-2005	1,650,553
2006	1.35%	12-31-2006	32,174,168
2007	1.15%	12-31-2007	48,497,168
2008	1.15%	12-31-2008	51,254,168
2009	1.15%	12-31-2009	46,297,168
2010	1.15%	12-31-2010	39,698,168
2011	1.15%	12-31-2011	32,969,168
2012	1.15%	12-31-2012	30,679,168
2013	1.15%	12-31-2013	22,498,168
2014	1.15%	12-31-2014	12,194,168
2015	1.15%	12-31-2015	1,466,168

CHART A

FEDERAL/STATE UNEMPLOYMENT INSURANCE (UI) PROGRAM FEDERAL UNEMPLOYMENT TRUST FUND FLOW OF FUNDS

TAX
RECEIPTS

=

Federal
Unemployment
Tax Act

State
Unemployment
Compensation
Laws

UNEMPLOYMENT
TRUST FUND

=

Employment
Security
Administration
Account (ESAA)

Extended
Unemployment
Compensation
Account

Federal
Unemployment
Account

States'
Trust Fund
Accounts

OUTLAYS

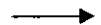
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State and
Federal
Administration
• UI
• ES
• BLS/VETS

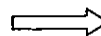
Federal
Share
Extended
Benefits

Regular State
Benefits

State Share
Extended
Benefits



Flow of Funds



Flow of Excess Funds



Repayable Advances

ES = Employment Service

BLS = Bureau of Labor Statistics

VETS = Veterans Employment and Training Service

JSND Quarterly Report Card **December 2006**

A. Unemployment Insurance

Exhibit A: Trust Fund Reconciliation Report Exhibit A

1) Trust Fund Activity (10-1-2006 through 12-31-2006)

			Projected in		Numerical		Percentage
2006-4	Actual		11/2006		Difference		Error
Trust Fund Balance - Beginning ^①	112,630,502.98		112,630,502.98		0.00		0.00%
UI Benefits Paid	-7,732,281.38	①	-6,588,000.00	②	-1,144,281.38	③	17.37%
Tax Rated Income Received	12,321,865.36	④	12,085,906.00	⑤	235,959.36	⑥	1.95%
Reimbursable Net Change	-15,192.18		0.00		-15,192.18		0.00%
Extended Benefits Paid	0.00		0.00		0.00		0.00%
Interest	1,406,315.01		1,287,000.00		119,315.01		9.27%
Reed Act Cash Activity	-67,686.90		-69,735.09		2,048.19		-2.94%
Trust Fund Balance - Ending	118,543,522.89	⑦	119,345,673.89	⑧	-802,151.00	⑨	-0.67%

① - ⑨ JSND Report Card cross references. ⑩ Includes \$14,610,241.42 Reed Act Cash available for benefits.

2) Claims Center Metrics

Standard	Oct 2006		Nov 2006		Dec 2006	
	Volume	Time	Volume	Time	Volume	Time
Average Speed Of Answer	4972	0:0:41	7797	0:1:58	7548	0:1:27
Average Talk Time	4972	0:4:30	7797	0:4:47	7548	0:5:01
% Claims via UI ICE (Internet)	32.22%		22.75%		23.04%	
Standard	Oct 2005		Nov 2005		Dec 2005	
Average Speed Of Answer	3168	0:0:34	5471	0:0:25	7383	0:0:46
Average Talk Time	3168	0:5:57	5471	0:8:31	7383	0:6:50
% Claims via UI ICE (Internet)	11.4%		10.01%		10.26%	

3) Payment Accuracy – Weeks 1 – 46 of 2006

Total Dollars Paid in Population	\$32,947,279	
Sample Size	322	
	Percentage Of Dollars	95% Confidence Interval (+ / -)
Proper Payments	97.0%	1.7%
Overpayments	3.0%	1.7%
Total	100.0%	
Underpayments	0.2%	0.3%

Over/Underpayment may be due to claimant errors, agency errors, employer errors or errors resulting from actions, or inactions, of the parties in combination

4) UI EASY Usage

	2005-4	2006-1	2006-2	2006-3	2006-4 PRELIMINARY
# EMPLOYERS	1,469	1,637	1,689	1,934 or 9.70%	2,093 or 10.5%
WAGE CREDITS	46,560	46,446	67,884	66,753	78,024
ACH DEBITS	872	1,066	1,070	1,233	1,277

B. Workforce Investment Act (WIA)

Economic Analysis of WIA Funds Spent in North Dakota during Program Year 2005

Background - During Program Year 2005 (July 1, 2005 through June 30, 2006) JSND spent \$1,720,416 of federal funds on WIA programs. These new dollars to North Dakota's economy were used to help approximately 542 Adults, 205 Dislocated Workers, and 610 Youth for a total for 1,366 individuals with some sort of career advancement. This money is mainly used to pay for tuition, books, and fees, but is also used for items such as tools or work clothes, or for support services such as relocation or travel expense. In order to qualify for WIA assistance, individuals must meet certain requirements. The average spent of \$1,260 compares favorably with a FY 2005 Annual Report, issued in December 2005, that found that nationally about \$3.364 billion was used for employment activities for an estimated 1,120,762 WIA participants. Based on this information the national average computes to \$3,001 per individual.

JSND Quarterly Report Card **September 2006**

A. Unemployment Insurance

Exhibit A: Trust Fund Reconciliation Report EXHIBIT A

1) Trust Fund Activity (10-1-2005 through 09-30-2006)

	Actual	Projected in	Numerical	Percentage
2005-4 to 2006-3	11/2005	Difference	Error	
Trust Fund Balance - Beginning ⑩	89,680,628.33	89,680,628.33	0.00	0.00%
UI Benefits Paid	-39,081,003.94 ①	-43,953,000.00 ②	4,871,996.06 ③	-11.08%
Tax Rated Income Received	56,782,917.12 ④	54,902,974.00 ⑤	1,879,943.12 ⑥	3.42%
Reimbursable Net Change	20,627.56	0.00	20,627.56	0.00%
Extended Benefits Paid	0.00	0.00	0.00	0.00%
Interest	5,794,043.82	5,154,000.00	640,043.82	12.42%
Reed Act Cash Activity	-566,709.91	-443,445.00	-123,264.91	27.80%
Trust Fund Balance - Ending	112,630,502.98 ⑦	105,341,157.33 ⑧	7,289,345.65 ⑨	6.92%

① - ⑨ JSND Report Card cross references. ⑩ Includes \$15,176,951.33 Reed Act Cash available for benefits.

2) Claims Center Metrics

Standard	July 2006	Aug 2006	Sep 2006
	Volume	Time	Volume
Average Speed Of Answer	3016	0:0:16	2763
Average Talk Time	3016	0:4:29	2763
% Claims via UI ICE (Internet)	35.3%	38.8%	36.3%
Standard	July 2005	Aug 2005	Sep 2005
Average Speed Of Answer	3099	0:0:19	3179
Average Talk Time	3099	0:5:32	3179
% Claims via UI ICE (Internet)	3.67%	7.40%	8.69%

3) Payment Accuracy - Weeks 1 - 29 of 2006

Total Dollars Paid in Population	\$26,710,402
Sample Size	203
	Percentage Of Dollars
Proper Payments	98.1%
Overpayments	1.9%
Total	100.0%
Underpayments	0.2%
	95% Confidence Interval (+ / -)
	1.8%
	1.8%
	0.3%

Over/Underpayment may be due to claimant errors, agency errors, employer errors or errors resulting from actions, or inactions, of the parties in combination

4) Electronic Wage Record Counts

	2005-2	2005-3	2005-4	2006-1	2006-2	2006-3 PRELIMINARY
# EMPLOYERS	453	1,239	1,469	1,637	1,689	1,904
WAGE CREDITS	19,229	39,049	46,560	46,446	67,884	
ACH DEBITS		783	872	1,066	1,070	1,206

B. Workforce Investment Act

Economic Analysis of WIA Funds Spent in North Dakota during Program Year 2005

Background - During Program Year 2005 (July 1, 2005 through June 30, 2006) the state of North Dakota spent federal funds of \$1,720,416 on WIA programs. These new dollars to North Dakota's economy were used to help approximately 542 Adults, 205 Dislocated Workers, and 610 Youth for a total for 1,366 individuals with some sort of career advancement. This money is mainly used to pay for tuition, books, and fees, but may also be used for items such as tools or work clothes, or for support services such as relocation or travel expense reimbursements. In order to qualify for WIA assistance, individuals must meet certain requirements. The average spent of \$1,260 compares favorably with a FY 2005 Annual Report, issued in December 2005, that found that nationally about \$3.364 billion was used for employment activities for an estimated 1,120,762 WIA participants. Based on this information the national average computes to \$3,001 per individual.

Economic Impact - As previously mentioned, \$1,720,416 in WIA funds were spent in the state during PY 2005. According to IMPLAN Pro, a software program that estimates the effects of money entering an area based on the economic dynamics of that area, this money had an additional economic impact of \$976,138 for a total impact of \$2,696,554. IMPLAN Pro is widely used in North Dakota in performing economic impact analyses.

Performance Items (Time Period to Cumulate Performance Results)	Program Group	Actual Program Year 2005 - 06	Negotiated Performance Level	Success Rate
Placement in Employment or Education (10/01/04 to 09/30/05)	WIA Youth (14 - 21)	65.9% (242/367)	N/A	
Attainment of Degree or Certificate (10/01/04 to 09/30/05)	WIA Youth (14 - 21)	49.3% (151/306)	N/A	
Literacy or Numeracy Gains State Data Collection and Reporting begins July 1, 2006	WIA Youth (14 - 21)	N/A	N/A	
Youth Diploma or Equivalent (04/01/05 to 03/31/06)	WIA Younger Youth (14 - 18)	69.3% (106/153)	74.0%	93.6%
Skill Attainment Rate (04/01/05 to 03/31/06)	WIA Younger Youth (14 - 18)	71.1% (466/655)	72.5%	98.1%
Entered Employment Rate (10/01/04 to 09/30/05)	Adults	77.6% (311/401)	73.5%	105.6%
	Dislocated Workers	89.0% (146/164)	81.5%	109.2%
	Older Youth (19- 21)	71.6% (78/109)	76.0%	94.2%
	Nat'l Emergency Grant	N/A	N/A	
Employment and Credential (Adults/Dislocated Workers) Or Credential Rates (Older Youth) (10/01/04 to 09/30/05)	Adults	61.9% (122/197)	56.0%	110.5%
	Dislocated Workers	66.3% (63/95)	60.0%	110.5%
	Older Youth (19- 21)	40.3% (54/134)	42.0%	96.0%
Retention Rate (04/01/04 to 03/31/05)	Adults	78.8% (334/424)	82.0%	96.1%
	Dislocated Workers	92.7% (153/165)	88.0%	105.3%
	Older Youth (19- 21)	89.9% (89/99)	82.0%	109.6%
	Younger Youth (14 - 18)	79.8% (194/243)	75.0%	106.4%
	Nat'l Emergency Grant	N/A	N/A	
Six Months Earning Increase (04/01/04 to 03/31/05)	Adults	\$3610 (1,519,729/421)	\$2,300.00	157.0%
	Dislocated Workers	\$-352 (-57,796/164)	-\$1,230.00	171.3%
	Older Youth (19- 21)	\$3274 (317,573/97)	\$2,800.00	116.9%
	Nat'l Emergency Grant	N/A	N/A	
Participant Satisfaction - 71.7% response rate	N/A	82.5 (804 surveyed)	78.5	105.1%
Employer Satisfaction - 94.87% response rate	N/A	79.4 (856 surveyed)	77.0	103.1%

Job Service UI System Modernization Program Overview

January 2, 2007

1. Program Overview

JSND identified in the late 1990s the need to modernize their information technology systems to meet the needs of the agency and its stakeholders. In order to fulfill a strategic vision of self-service, JSND soon determined the need to move off the Unisys mainframe environment. A major component of that vision was the need to modernize the UI systems. The following activities related to the UI modernization effort have occurred since mid-2004:

- July 2004 – To move forward with the procurement-planning phase of the UI System Modernization project, funding of \$525,000 was requested of the 2005 Legislature.
- Legislative Session 2005 – Agency successfully demonstrated to the legislature the critical need for the project. All Reed Act funds requested were approved.
- May 2005 – Agency Planning Team presented with the project charter. Upon approval of the charter, work on Project Herakles begins.
- April 2006 – Agency reevaluates the project and its options prior to issuing an RFP. The project direction is changed to maintain, enhance, and upgrade the current system while taking advantage of the work done previously.
- August 2006 – Agency secures qualified systems architects from ITD and a Unisys vendor to create a technology transition plan. Agency also secures qualified resources to create a strategic plan, business case, project charter, and program plan.
- December 2006 – Agency accepts technology transition plan and strategic plan.

2. Problem Statement

The problem of technology obsolescence and loss of knowledgeable support personnel.

Affects Job Service North Dakota and its customers.

The impact of which is a system that will be unsupportable (operations and maintenance) in the near future and significant risk of loss of critical systems that support the UI process.

A successful solution would be the upgrade of the UI legacy custom code with new solutions developed by a team of JSND, ITD, and third-party developers using modern tools, languages and techniques.

The principal driver for the overall system upgrade project is the fact that JSND's mainframe system is outdated and uses a programming language that is no longer widely used. This situation makes it increasingly difficult to support our business processes and thus increasingly difficult to meet our customers' needs. When the system is no longer supported, a substantial and very likely risk that the system will become inoperable arises. If that happens, payment of unemployment insurance taxes by employers could not be properly recorded and credited; and UI claims to unemployed workers could not be processed or paid.

In addition to the detrimental affect on the UI program's customers, the current system:

- Does not allow efficient interface with other mission critical systems, especially those relating to interstate claims information and web based applications.
- Creates time delays in accessing important information needed by program managers.
- Creates inefficient use of staff time to accomplish data entry.

- Faces ever-increasing costs to maintain the operating software.
- Necessitates the maintenance and operation of two drastically different environments. The workforce support portion of the system was modernized (as Phase I of an overall strategic plan) in the period 1999-2003. Maintaining and operating two environments is expensive.
- Impedes, because of the need for overnight batch processing, timely processing, 24X7 customer service availability, and capacity for self-service.
- Makes necessary policy changes directed by legislative mandate difficult and expensive

3. Program Vision

After conducting research, discussing with ITD, reviewing potential vendor tools and solutions, and reviewing the existing business case, the project's Core Team and Executive Steering Committee determined the appropriate direction for the project was to maintain, enhance, and upgrade the current system.

The agency reviewed the UI System to identify improvement opportunities that would provide the most benefits to JSND and its customers. Projects were identified and prioritized and a high-level project plan was developed projecting activities into 2014 with short and long term goals. Many of the projects contain sub-projects and the projects together will constitute the UI Modernization program.

The recommended solution includes:

- Three paths:
 - Migrate to GUI based windows platform ABSuite implementation using Visual Studio.NET
 - As states develop viable solutions, analyze whether JSND can leverage what they built
 - Continually investigate the availability of COTS products that may provide point-solutions
- Technologies approved by the Enterprise Architecture process and listed in the Application Development Tools/Language Standard
- ITD partnership that will provide data conversion services, technology guidance, application development, and ongoing support
- Execution, monitoring, and control of the projects under a Program Plan
- Funding with federal Reed Act dollars
- Approval by Governor's Chief of Staff, Legislative Interim IT and Budget Committees.

4. Next Steps

During Program Initiation, a team will be created to begin defining the overall parameters of the program and establish the appropriate project management and quality environment required to complete the program. A Program Charter will be developed establishing the program definition that will serve as the foundation for all future efforts.

The Program Charter will contain:

- Program objectives and scope
- Program governance
- Program resources, schedule, and budget

Once the Program Charter is presented and approved, Program Planning begins to define the exact parameters of the program. Program Planning builds upon the work performed during

Program Initiation.

A Program Plan will be created to help ensure a commitment among project team members and between the team and the stakeholders. Once approved, the Program Plan ensures a consistent understanding of the program and projects, helps to set expectations, and identifies resources necessary to move the projects to the next level of detailed planning.

The Program Plan will contain:

- Schedule and Activities
- Milestones and Deliverables
- Scope Management
- Time Management
- Cost Management
- Quality Management
- Change Management
- Human Resources Management
- Communications Management
- Risk Management
- Procurement Management

During the transition, additional FTEs will need to be hired on a temporary basis as the current staff will not be able to complete a project of this scope along with their regular duties. Contractors will be used whenever possible to minimize the number of staff needed.

JSND will approach the 60th legislative assembly with a transition plan of how to proceed with the modernization effort and seek an appropriation from Reed Act funding (\$7.3M) to conduct the next biennium's projects.

Introduced by

Representatives Wald, Gulleason, Klein

1 A concurrent resolution urging Congress to enact legislation to adequately fund the
2 employment security system.

3 **WHEREAS**, the employment security (ES) system was created to help reduce the
4 economic hardship of unemployed workers by temporarily providing for the partial
5 replacement of lost income, promoting reemployment, preventing unemployment and
6 stabilizing the economy during recessions; and

7 **WHEREAS**, the ES system consists of unemployment insurance (UI), labor
8 exchange services and labor market information services; and

9 **WHEREAS**, as now structured, employers must pay two separate payroll taxes to
10 support the ES system, a federal tax under the Federal Unemployment Tax Act (FUTA)
11 to finance program administrative expenses, and a state UI tax to pay for actual UI
12 benefits; and

13 **WHEREAS**, all state UI and FUTA tax revenue collected through the ES system
14 is maintained by the federal government, in 53 separate accounts for each state's UI taxes
15 (federal law defines the District of Columbia, Puerto Rico and the Virgin Islands as
16 "states" for the purposes of UI), and three separate federal accounts for the FUTA tax;
17 and

18 **WHEREAS**, FUTA tax moneys are returned to the states in the form of federal
19 categorical grants for program administration that, in nearly all states, are significantly
20 less than the amounts collected in FUTA revenue from each state's employers; and

1 **WHEREAS**, in federal fiscal year 2005, only around 51% of FUTA revenue
2 received by the federal government was appropriated for state program administration;
3 and

4 **WHEREAS**, in calendar year 2006, due to federal budget cuts job service North
5 Dakota reduced staffing by approximately 15%; and

6 **WHEREAS**, as a condition of receiving grants for program administration, states
7 are subject to numerous federal regulations, mandates and directives that impede efficient
8 program management; and

9 **WHEREAS**, the accounts being maintained by the federal government have
10 accumulated large surpluses that are being used to offset the federal deficit; and

11 **WHEREAS**, at the end of federal fiscal year 2006, the three federal accounts had
12 balances totaling \$29.43 billion; and

13 **WHEREAS**, congressional appropriations for ES program administration
14 continue to decline despite these large surpluses in the UI dedicated federal accounts, and
15 Congress has repeatedly extended a temporary FUTA surtax that has generated
16 increasingly larger balances in these federal trust funds; and

17 **WHEREAS**, demand for workforce development services in North Dakota
18 continues to increase as evidenced by several indicators for 2005 including 7,100 net job
19 growth, 639 new private sector businesses, and the second lowest unemployment rate in
20 the nation of 3.4 percent; and

21 **WHEREAS**, employers trying to grow their businesses in North Dakota are
22 challenged in finding the needed employees; and

1 **WHEREAS**, the State of North Dakota recognizes the need to continue to build
2 on our ability to recruit, expand and retain our workforce with programs like the Talent
3 Initiative and, likewise, expects federal appropriations to also increase with the growing
4 demand; and

5 **WHEREAS**, the recruitment, workforce readiness and skill building services
6 provided by job service North Dakota are vital to meeting the workforce needs for North
7 Dakota's growing economy; and

8 **WHEREAS**, insufficient administrative funding may cause a decline in
9 employment services, resulting in a delay in claimants' return to work; and

10 **WHEREAS**, current cuts in the job service North Dakota this year, and in
11 outlaying years will seriously damage our state's ability to provide workforce preparation
12 and placement services to businesses, job seekers, veterans, dislocated workers, youth,
13 individuals with disabilities and others; and

14 **WHEREAS**, budget cuts have a compounded effect in real dollar terms; and

15 **WHEREAS**, adequate funding support for job service North Dakota would help
16 our state's job seekers secure employment, strengthen the competitiveness of North
17 Dakota business, promote economic growth, and extend the benefits of a healthy
18 economy to the citizens of North Dakota,

19 **NOW, THEREFORE, BE IT RESOLVED BY THE HOUSE OF**
20 **REPRESENTATIVES OF NORTH DAKOTA, THE SENATE CONCURRING**
21 **THEREIN:**

22 That the Sixtieth Legislative Assembly urges the Congress of the United States to
23 enact legislation to return adequate revenue to states to fund the employment security

Sixtieth
Legislative Assembly

1 system and give a fair return to employers for the taxes they pay under the Federal
2 Unemployment Tax Act (FUTA); and

3 **BE IT FURTHER RESOLVED**, that the Secretary of State forward copies of
4 this resolution to each member of the North Dakota Congressional Delegation requesting
5 support for the funding of services by job service North Dakota which are needed for
6 continued economic growth in North Dakota.

January 24, 2007
HB1016

SUMMARY OF WORKFORCE DEVELOPMENT AND WORKFORCE TRAINING FUNDS

Workforce development is the education and training of individuals provided by kindergarten through grade 12, higher education, and state and federal government. Workforce training is training oriented toward serving the training needs of business and industry. The major state agencies partnering to provide workforce development and workforce training throughout the state include the North Dakota University System, Job Service North Dakota, State

Board for Career and Technical Education, Department of Human Services, and Department of Commerce. The following is a summary of the funding included in the 2007-09 executive budget for workforce development and workforce training, excluding any educational training provided as general coursework by the North Dakota University System and any educational training below the higher education level:

Agency	General Fund	Special Funds	Federal Funds	Total
House Bill No. 1016 - Job Service North Dakota				
Workforce 20/20 - This is a state-funded job training program designed to assist North Dakota business and industry in retraining and upgrading workers' skills to meet demands brought about by the introduction of new technologies and work methods into the workplace.	\$1,489,882			\$1,489,882
Trade adjustment assistance - This program provides special job training, job search assistance, relocation, and related services to workers who become unemployed as a result of increased imports or the North American Free Trade Act. The program provides for reemployment services and funds to assist workers in returning to suitable employment.			\$557,675	557,675
Job opportunities and basic skills (JOBS) training program - This program is designed to assist individuals receiving temporary assistance for needy families (TANF) to transition from welfare to work and self-sufficiency. This program is provided under contract for the Department of Human Services. The funding reflected is also included in the amount reported for the JOBS training program under the Department of Human Services.			6,929,702	6,929,702
Workforce Investment Act - The Workforce Investment Act is to increase occupational skill attainment, employment, retention, and earnings of participants through program activities resulting in improved quality of the workforce, reduced welfare dependency, and enhanced productivity and competitiveness of the nation.			12,820,339	12,820,339
New jobs training program - This program is designed to provide incentives to businesses and industries that are expanding employment opportunities or locating employment opportunities within the state.		\$350,000		350,000
Subtotal - Job Service North Dakota	\$1,489,882	\$350,000	\$20,307,716	\$22,147,598
House Bill No. 1016 - Department of Commerce				
Workforce Development Division - This is funding for support of the Workforce Development Division of the Department of Commerce. The division is responsible for identifying current and emerging workforce issues in the state, developing a coordinated response to issues raised by North Dakota workforce delivery system partners, and identifying and recommending responses relating to gaps in the workforce delivery system. A portion of the funding--\$213,137 of the \$1,712,381--is passthrough funds from Job Service North Dakota. These funds are also reflected in the amount reported for the Workforce Investment Act under Job Service North Dakota.	\$1,961,778	\$100,000	\$1,712,381	\$3,774,159

Agency	General Fund	Special Funds	Federal Funds	Total
House Bill No. 1019 - State Board for Career and Technical Education Workforce training contracts - This is funding provided to the state's two-year higher education institutions assigned primary responsibility for workforce training in their respective quadrant to develop the delivery system for needed training.	\$1,350,000			\$1,350,000
Senate Bill No. 2012 - Department of Human Services JOBS training program - This program is designed to assist individuals receiving TANF to transition from welfare to work and self-sufficiency. This program is provided under contract with Job Service North Dakota.			\$6,949,200	\$6,949,200
Basic employment skills training (BEST) program - This program is intended to expose individuals participating in the food stamp program to job seeking and retention skills. The program is operating in Cass and Burleigh Counties.		\$8,040	216,710	224,750
Subtotal - Department of Human Services		\$8,040	\$7,165,910	\$7,173,950
Total funding for workforce development and workforce training	\$4,801,660	\$458,040	\$29,186,007	\$34,445,707
Less duplicated federal passthrough funding			(7,142,839)	(7,142,839)
Net funding for workforce development and workforce training	\$4,801,660	\$458,040	\$22,043,168	\$27,302,868

April 2007

SUMMARY OF WORKFORCE DEVELOPMENT AND WORKFORCE TRAINING FUNDS FOR THE 2007-09 BIENNIUM (REFLECTING SECOND HOUSE LEGISLATIVE ACTION)

Workforce development is the education and training of individuals provided by kindergarten through grade 12, higher education, and state and federal government. Workforce training is training oriented toward serving the training needs of business and industry. The major state agencies partnering to provide workforce development and workforce training throughout the state include the North Dakota University System, Job Service North Dakota, State

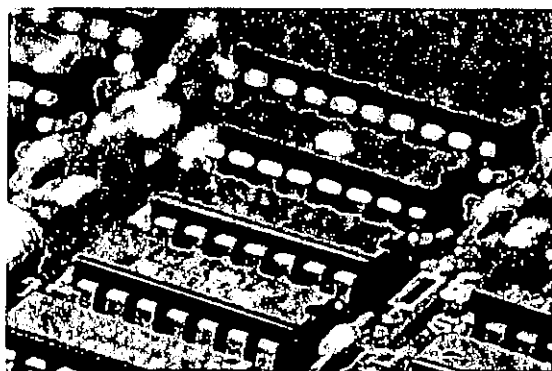
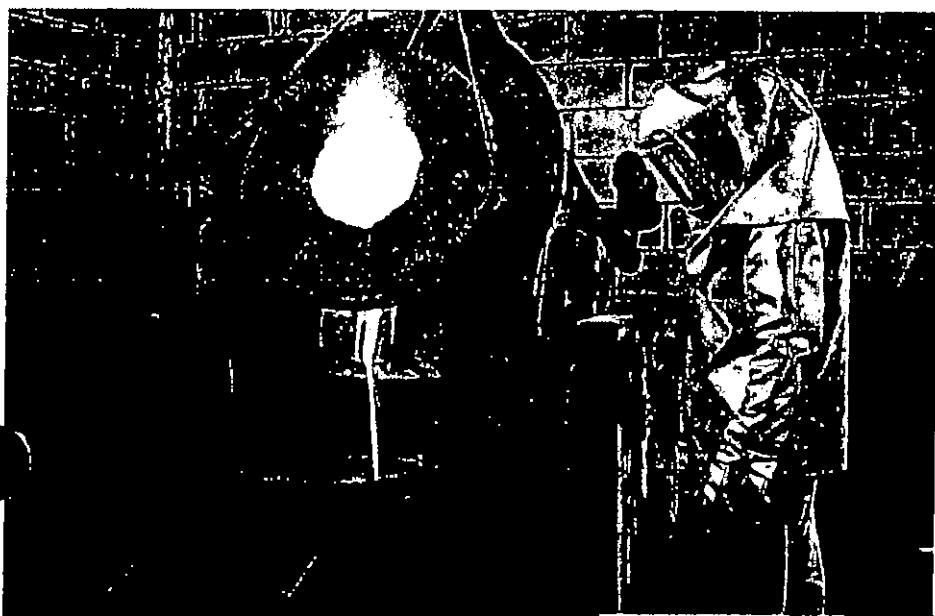
Board for Career and Technical Education, Department of Human Services, and Department of Commerce. The following is a summary of the funding included in the 2007-09 legislative budget as of crossover for workforce development and workforce training, excluding any educational training provided as general coursework by the North Dakota University System and any educational training below the higher education level:

Agency	General Fund	Special Funds	Federal Funds	Total
House Bill No. 1016 - Job Service North Dakota				
Workforce 20/20 - This is a state-funded job training program designed to assist North Dakota business and industry in retraining and upgrading workers' skills to meet demands brought about by the introduction of new technologies and work methods into the workplace.	\$1,489,882			\$1,489,882
Trade adjustment assistance - This program provides special job training, job search assistance, relocation, and related services to workers who become unemployed as a result of increased imports or the North American Free Trade Act. The program provides for reemployment services and funds to assist workers in returning to suitable employment.			\$557,675	557,675
Job opportunities and basic skills (JOBS) training program - This program is designed to assist individuals receiving temporary assistance for needy families (TANF) to transition from welfare to work and self-sufficiency. This program is provided under contract for the Department of Human Services. The funding reflected is also included in the amount reported for the JOBS training program under the Department of Human Services.			6,929,702	6,929,702
Workforce Investment Act - The Workforce Investment Act is to increase occupational skill attainment, employment, retention, and earnings of participants through program activities resulting in improved quality of the workforce, reduced welfare dependency, and enhanced productivity and competitiveness of the nation.			12,820,339	12,820,339
New jobs training program - This program is designed to provide incentives to businesses and industries that are expanding employment opportunities or locating employment opportunities within the state.		\$350,000		350,000
Subtotal - House Bill No. 1016 - Job Service North Dakota	\$1,489,882	\$350,000	\$20,307,716	\$22,147,598
House Bill No. 1018 - Department of Commerce				
Workforce Development Division - This is funding for support of the Workforce Development Division of the Department of Commerce. The division is responsible for identifying current and emerging workforce issues in the state, developing a coordinated response to issues raised by North Dakota workforce delivery system partners, and identifying and recommending responses relating to gaps in the workforce delivery system. A portion of the funding—\$213,137 of the \$1,712,381—is passthrough funds from Job Service North Dakota. These funds are also reflected in the amount reported for the Workforce Investment Act under Job Service North Dakota.	\$1,559,534	\$100,000	\$1,712,381	\$3,371,915

Agency	General Fund	Special Funds	Federal Funds	Total
House Bill No. 1019 - State Board for Career and Technical Education				
Workforce training contracts - This is funding provided to the state's two-year higher education institutions assigned primary responsibility for workforce training in their respective quadrant to develop the delivery system for needed training.	\$4,000,000			\$4,000,000
Curriculum design and development - This is funding to be allocated to Bismarck State College, Lake Region State College, State College of Science, and Williston State College for curriculum design and development relating to critical workforce needs as determined in collaboration with the Department of Commerce.	1,000,000			1,000,000
Subtotal - House Bill No. 1019 - State Board for Career and Technical Education	\$5,000,000			\$5,000,000
Senate Bill No. 2012 - Department of Human Services				
JOBS training program - This program is designed to assist individuals receiving TANF to transition from welfare to work and self-sufficiency. This program is provided under contract with Job Service North Dakota.			\$6,949,200	\$6,949,200
Basic employment skills training (BEST) program - This program is intended to expose individuals participating in the food stamp program to job seeking and retention skills. The program is operating in Cass and Burleigh Counties.		\$8,040	216,710	224,750
Subtotal - Senate Bill No. 2012 - Department of Human Services		\$8,040	\$7,165,910	\$7,173,950
Total funding for workforce development and workforce training	\$8,049,416	\$458,040	\$29,186,007	\$37,693,463
Less duplicated federal passthrough funding			(7,142,839)	(7,142,839)
Net funding for workforce development and workforce training	\$8,049,416	\$458,040	\$22,043,168	\$30,550,624

WORKFORCE 20/20

Biennium Report
July 2003 – June 2005



Prepared by Job Service North Dakota
September 15, 2006

Workforce 20/20 Training Program Background

In 1991, the North Dakota Legislative Assembly enacted the Workforce 2000 Training Program (renamed Workforce 20/20 in 2005) to assist North Dakota employers in training and upgrading workers' skills. This state funded training program was designed to fill gaps left by federally funded training programs that generally target long term-unemployed individuals, dislocated workers, and other disadvantaged groups.

In the last 20 years, rapid advances in technology, global competition, and introduction of new work methods has placed an ever-increasing burden upon North Dakota's employers. As employers in North Dakota implement new technology and work methods, the need for highly skilled workers continues to increase. This is where the Workforce 20/20 Program can assist employers. The Workforce 20/20 Program offers employers the ability to access training programs through project grants that are used to fund the training of the workers needed to compete in today's technologically advanced and global economy.

Workforce 20/20 can provide funding assistance to employers for current workers and new employees. First, companies can access assistance to help upgrade the skills of current workers when new technologies and/or new production work methods are introduced. Second, it is available to companies that are expanding or locating to the state to help with training new employees. The objective of Workforce 20/20 is to help communities attract and retain companies and make North Dakota a better place to work, live, and do business.

The 2003 – 2005 Biennium in Review

During the 2003-2005 Biennium, just like many other states, North Dakota's economy was on its way to recovery after the terror attacks of September 11, 2001. From July 2001 to June 2003, North Dakota's labor force grew by 2,788. However, between July 2003 and June 2005, North Dakota's labor force grew by 7,159, a 157% increase over the previous Biennium. During this same two year period, North Dakota's seasonally adjusted unemployment rate remained stable between 3.3% and 3.7%

The 2003-2005 Biennium also presented new challenges to the Workforce 20/20 program. Reduced funding, employer demand, and increased training costs were all factors affecting the program during the 2003–2005 Biennium. Despite these challenges, Workforce 20/20 succeeded in maximizing its resources and granted \$1,066,762.29 to 160 training projects, only a slight decrease from the 174 projects funded in the previous Biennium.

Workforce development will continue to be an issue for North Dakota. However, through the efforts of private and public organizations promoting North Dakota's business environment and signs pointing to general economic improvement, North Dakota is in a position to be more economically competitive. One indication of North Dakota's improved economic position is the July 2006 seasonally adjusted unemployment rate of 3.4%, a rate unchanged from one year ago. The national seasonally adjusted unemployment rate for July 2006 was 4.8%.

Workforce 20/20 Advisory Committee Membership

Maren Daley, Executive Director
Job Service North Dakota
P.O. Box 5507
Bismarck, North Dakota 58506-5507

State Agency Representatives

Jim Hirsch
North Dakota Department of Commerce

Don Roloff
Department of Career and Technical Education

Beth Zander
Job Service North Dakota

Private Sector Representatives

Dave MacIver
Greater North Dakota Chamber of Commerce

Pamela Clark-Stein
Rural Electric Cooperative Association

Bill Butcher
National Federation of Independent Business

Local Economic Development Representatives

Tony Grindberg
NDSU Research & Technology Park, Inc.

Organized Labor Representatives

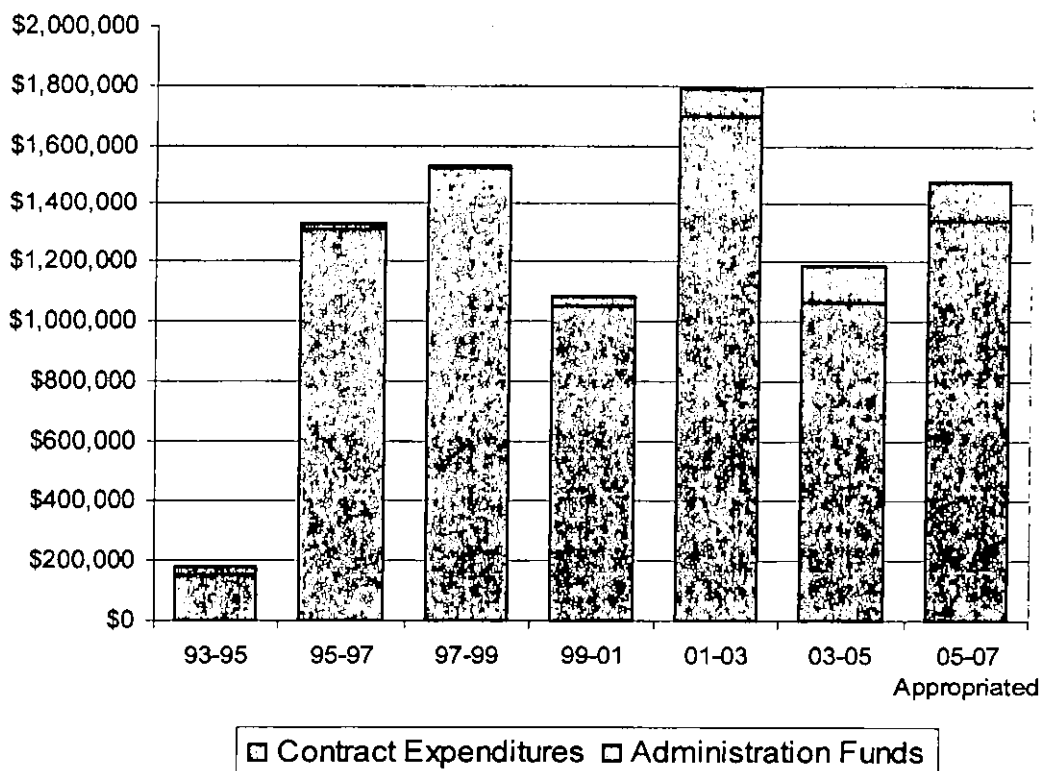
Dave Kemnitz
North Dakota AFL-CIO

Non-voting Administrative Staff

Randy Spitzer
Job Service North Dakota

Donna Stoltz
Job Service North Dakota

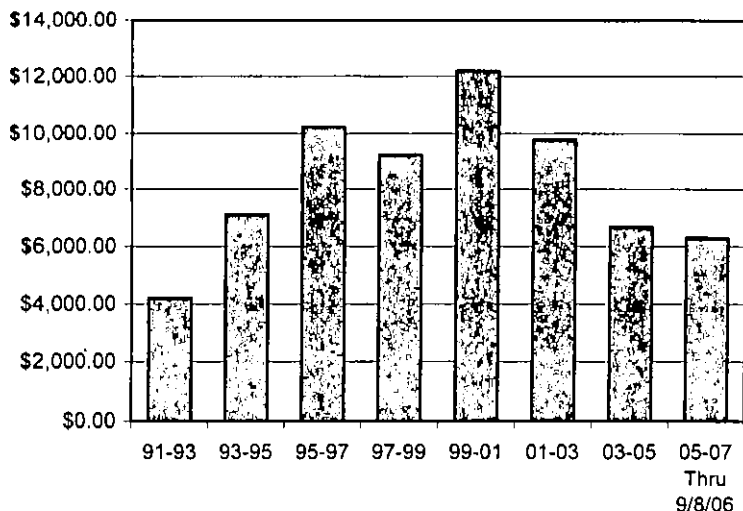
Workforce 20/20, Funds Expended; Historical Overview 1991 – 2007



Comment

The North Dakota Legislative Assembly appropriates the Workforce 20/20 Program funds and unspent funds at the end of a Biennium are returned to the North Dakota General Fund. For the 2005-2007 Biennium, the amount presented is the total funds appropriated for the Biennium. Through September 8, 2006, for the 2005-2007 Biennium, \$750,051.25 had been obligated to 119 contracts.

Workforce 20/20, Average Contract Grant Awarded; Historical Overview 1991 – 2007



Comment

Costs of technology and training associated with implementation of new equipment and changing work methods continue to increase every year for North Dakota employers. During the 2003-2005 Biennium, decreased funding, coupled with the volume of employers interested in applying for program funds, caused the average award per contract to decline.

During the 2003-2005 Biennium, the Workforce 20/20 Program was able to help defray the cost of employee training by awarding employers with grants ranging from \$199 to \$157,500.

Workforce 20/20, Value of Matching Contributions from Employers; 2003 – 2005

Source	Funds
Workforce 20/20 Funds	\$1,066,762.29
Employer In-kind Match	\$7,922,886.13
Total Training Funds	\$8,989,648.42

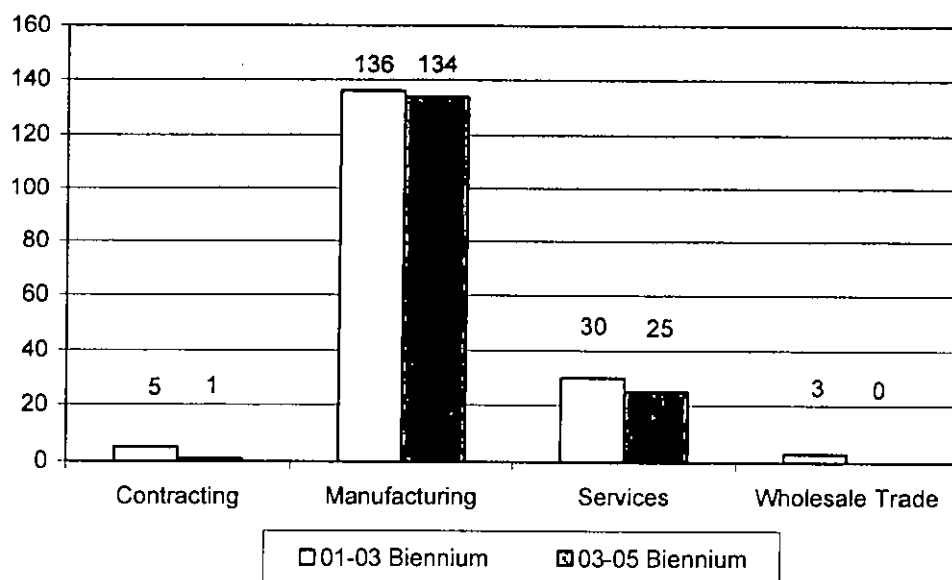


Comment

North Dakota Century Code Section 52-08.1-03 requires encouragement of companies to participate with in-kind contributions. All contracts for the 2003-2005 Biennium are closed and follow-up with the employers has been completed.

For the 2003-2005 Biennium, employers matched at a level of \$7.43 for every grant dollar received from Workforce 20/20. Employers' matching monetary funds are used for the employees' wages and benefits paid during training and portions of the training fees not covered by Workforce 20/20 grants. In addition, the matching funds include valuation of in-kind contributions of training space, training equipment, training supplies, purchases of new equipment, and technical assistance.

Workforce 20/20, Contracts Awarded By Industry; 2001 - 2005



Comment

Under the Workforce 20/20 statute, Job Service North Dakota gives priority to applicants that: 1.) Are compatible with statewide economic development strategies; 2.) Demonstrate business and community financial support and participation; 3.) Coordinate activities and resources with other training programs; 4.) Provide for followup and evaluation of the program; 5.) Provide training in occupations that pay not less than 200% of the federal and state minimum wage; and 6.) Provide training for unemployed and employed residents of North Dakota for new and expanding businesses. As depicted here, the business sector with the most potential for promoting statewide economic development has been the manufacturing sector for the last two Bienniums.

Workforce 20/20, Expenditures on New and Expanding Industry; 2003 - 2005

Comment

In an effort to enhance the growth potential of existing companies and to expand the overall economic growth and development in North Dakota, the Workforce 20/20 program has targeted at least fifty (50) percent of the available funds to new and expanding businesses. During the 2003-2005 Biennium, 63.72% of the funding went to new and expanding businesses to train 1,073 of the 2,019 workers trained during the Biennium.

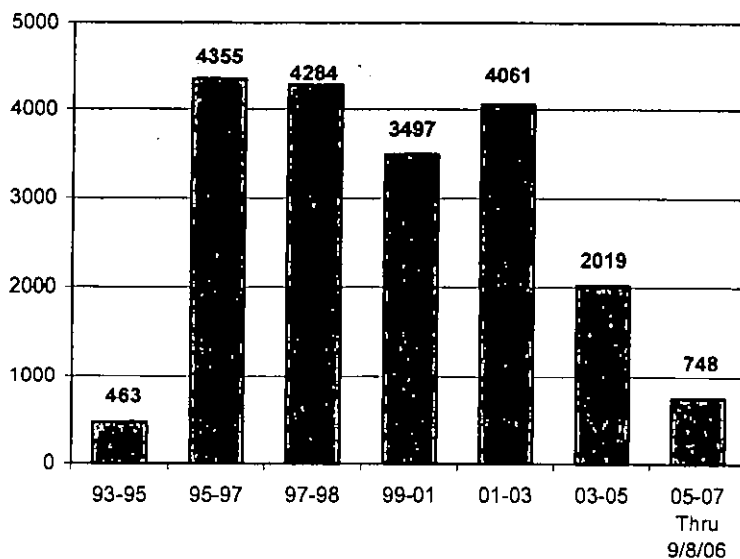
Type of Business	Contracts Awarded	Workers Trained	Expenditures	Percent of Expenditures
New	16	322	\$144,391.87	13.54%
Expanding	57	751	\$535,369.98	50.19%
Subtotal	73	1,073	\$679,761.85	63.72%
Existing	87	946	\$387,000.44	36.28%
Grand Total	160	2,019	\$1,066,762.29	

Workforce 20/20, Employees Trained; Historical Overview 1993 – 2007

Comment

The amount of funding available each Biennium does have some impact on the number of employees who receive training. However, the number of employees trained each Biennium is much more dependent upon the economic viability of the proposals received from employers.

With the large quantity of proposals competing for limited dollars, the selection of employers who will receive grants goes beyond just training a large volume of employees. The overall economic impact must be considered, such as wages, generation of out-of-state revenue, and other economic benefits to the community or state.



Through the Biennium ending June 30, 2005, 19,024 employees have received training using funds from the Workforce 20/20 Program.

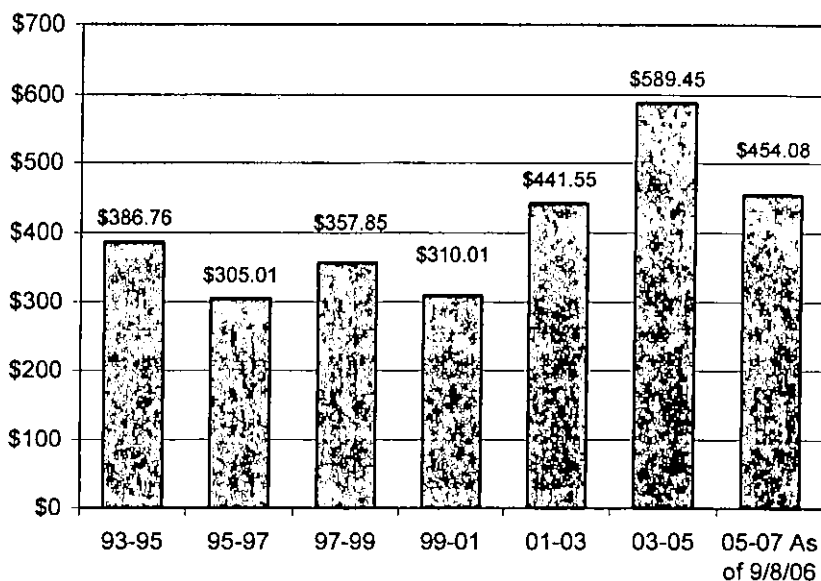
Workforce 20/20, Cost per Employee; Historical Overview 1993 – 2007

Comment

Cost per employee can vary from year to year based on the amount of Workforce 20/20 funds expended, the number of employees trained, and the rising cost of education.

However, compared to other states with similar new employee and incumbent worker training programs, North Dakota's spending appears reasonable.

Please see **Appendix A** for a comparison of how North Dakota's spending compares to other states.

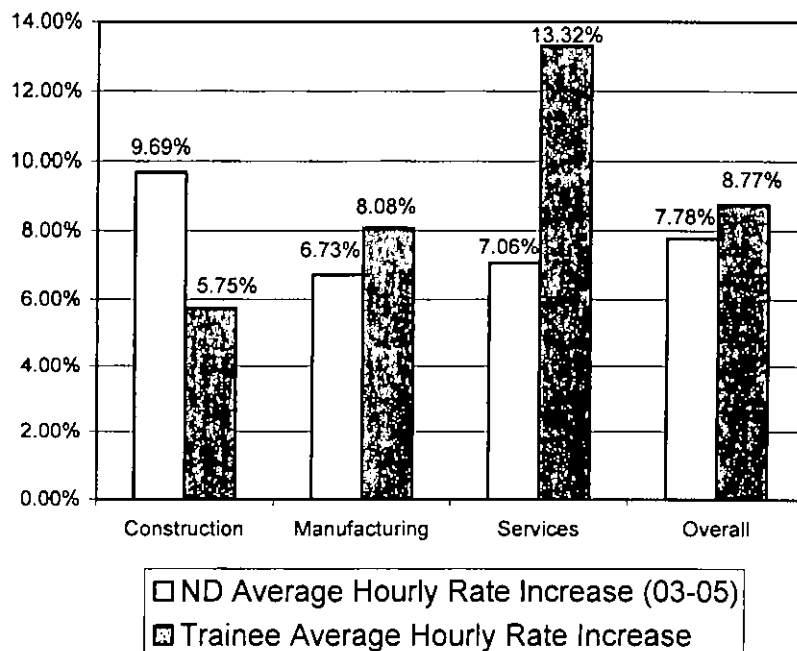


Workforce 20/20, Average Hourly Wage Rate Increases by Industry; 2003 – 2005

Comment

Hourly wage rates are collected prior to training and one year after training. The chart at the left shows how employees receiving training had average hourly wage rate increases at levels exceeding North Dakota's statewide industry averages in 2 of 3 industry sectors. During the 2003-2005 Biennium, only 7 of 2,019 trainees were from the construction industry.

Under the Workforce 20/20 Program, North Dakota Century Code Section 52-08.1-02 gives priority to customized training, retraining, and upgrade training in occupations that pay not less than 200% of the federal and state minimum wage. Two hundred percent of the federal and state minimum wage is \$10.30 per hour.



In 2005, the statewide average wage for the contracting, manufacturing, and service industry sectors was \$17.72 per hour. The average pre-training hourly wage for employees from all companies receiving funding was \$17.26 per hour for 2,019 employees. One year after training, the average hourly wage for the 1,445 employees still retained by the same employer was \$20.81, a **16% increase** over the previous Biennium's post-training average hourly wage.

Source: North Dakota Workforce 20/20 Program follow-up monitoring reports and Job Service North Dakota's Labor Market Information publications; *North Dakota Employment & Wages; 2003 Annual Wages*, and *North Dakota Employment & Wages; 2005 Annual Wages*

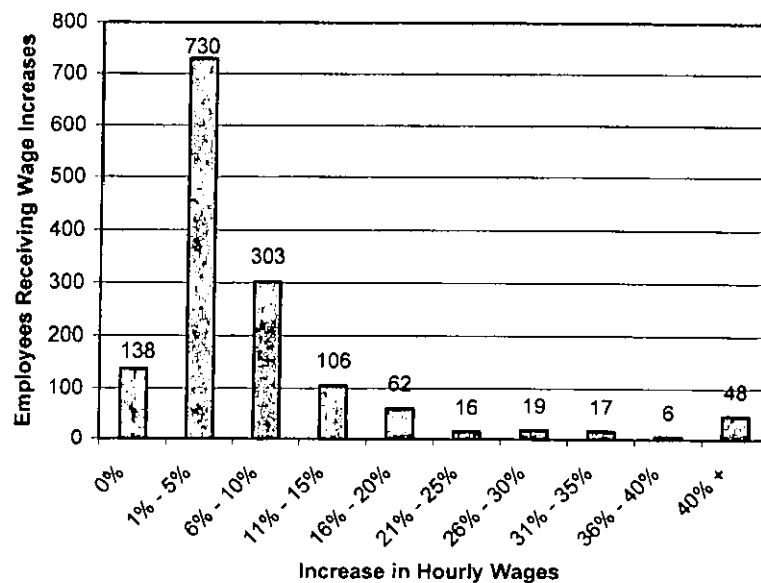
Workforce 20/20, Distribution of Pay Raises One Year after Training; 2003 - 2005

Comment

Out of the 160 contracts granted during 2003 - 2005, 133 (83%) reported an increase in hourly wages for the 1,445 employees retained one year after training.

Of those contracts reporting increases, 123 (92%) reported average increases of 1 to 25 percent and 10 (8%) reported average increases of 26 percent or more.

Only 138 (9%) employees, from 13 different contracts, retained one year after training had not received an increase in hourly wages. In 2005, the statewide North Dakota average hourly wage was \$14.40. However, the average wage for these 138 employees who had not received a pay increase was \$19.42 an hour.



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Effect of the Workforce 20/20 Program on North Dakota's Economy; 2003 - 2005

Employee Wage Increases and Retention

Measuring the effect of the Workforce 20/20 Program in North Dakota, to say the least, is a complex undertaking. However, the worth of the Workforce 20/20 Program can be measured by wages and employee retention. During the 2003-2005 Biennium, information provided by the employers show the trained employees' wages increased an average of \$3.55 per hour and employers retained 71.6% (1,445/2,019) of the employees one year after training. During the 2001-2003 Biennium, Workforce 20/20 trainees had an average wage increase of \$1.93 per hour and a retention rate of 76.9% (3,122/4,061).

Economic Impact on North Dakota

The state funded cost per trainee during the 2003-2005 Biennium averaged \$589.45. One way to calculate a rate of return on this investment, or the effectiveness of the program, is to project the increased North Dakota income tax and sales tax collections that result from higher wages. However, one should remember these projections are based on the average wage increases of 1,445 individuals trained under one of one hundred sixty (160) contracts, and still employed with the same employer at one year after training. Employees in 3 different industry categories received training; Construction, Manufacturing, and Service. The cumulative average wage increase for the trainees in these three categories after training was 8.77%. For the general population of North Dakota, the average wage increase in these three categories was 3.39%. On average, the trainees under the Workforce 20/20 Program received wage increase of two and one-half times the general population.

As wages go up, North Dakota should expect increased state income tax collections. During the 2003-2005 Biennium, the average Workforce 20/20 trainee received an average hourly pay increase of \$3.55. An employee working a full-time job (2,080 hours) and receiving the average pay raise of \$3.55 would earn an additional \$7,384.00 a year. Assuming this employee is married, has a family, and falls into North Dakota's first tax bracket of 2.1%, the increased wages nets North Dakota an extra \$155.06 ($\$7,384.00 \times 2.1\%$) in state income tax each year. If this same employee fell into North Dakota's second tax bracket of 3.92%, the increased tax collection would be \$289.45 per year ($\$7,384.00 \times 3.92\%$).

In addition, let's assume this same person has 20% withheld for payroll taxes. After taxes, the employee has an estimated \$5,907.20 of extra disposable income. Assuming this individual spends at least 50% of the disposable income on taxable sales and services, the state will stand to collect an additional \$295.36 through the 5% sales tax.

Depending upon an employee's tax bracket and spending habits, on average it will take North Dakota 1.01 ($\$589.45 / (\$289.45 + \$295.36)$) to 1.31 ($\$589.45 / (\$155.06 + \$295.36)$) years to recover the funds spent on each individual trained with Workforce 20/20 dollars. This calculation does not even take into consideration increased property taxes, motor vehicle excise taxes, fuel taxes, state fees, or other excise taxes an individual may incur as a result of earning higher wages. In the previous Biennium, using the same calculations, the recovery period was calculated to be 1.8 to 2.5 years.

The 1.01 to 1.31 years needed for North Dakota to break-even on its investment are actually conservative figures. Why? Because, Workforce 20/20 only requires employers to report an hourly wage rate for each employee. When employers report wages for North Dakota Unemployment Insurance, they are reporting employee gross wages. Gross wages include overtime pay, performance bonuses, and commissions in addition to the employee's base hourly wage. Since many of the employees trained were in the manufacturing sector, actual wages earned will be greater when overtime, bonuses, and commissions are factored into the formula.

In addition to the state getting a monetary return on its investment in the short-term, the bigger picture should be the long-term contribution of the trained individual to the state's economy. Having a highly trained labor force means higher taxable wages, but serves as an incentive for new or out-of-state businesses to locate in North Dakota. Knowing that trained employees are available in North Dakota could entice businesses to take a second look at our state.

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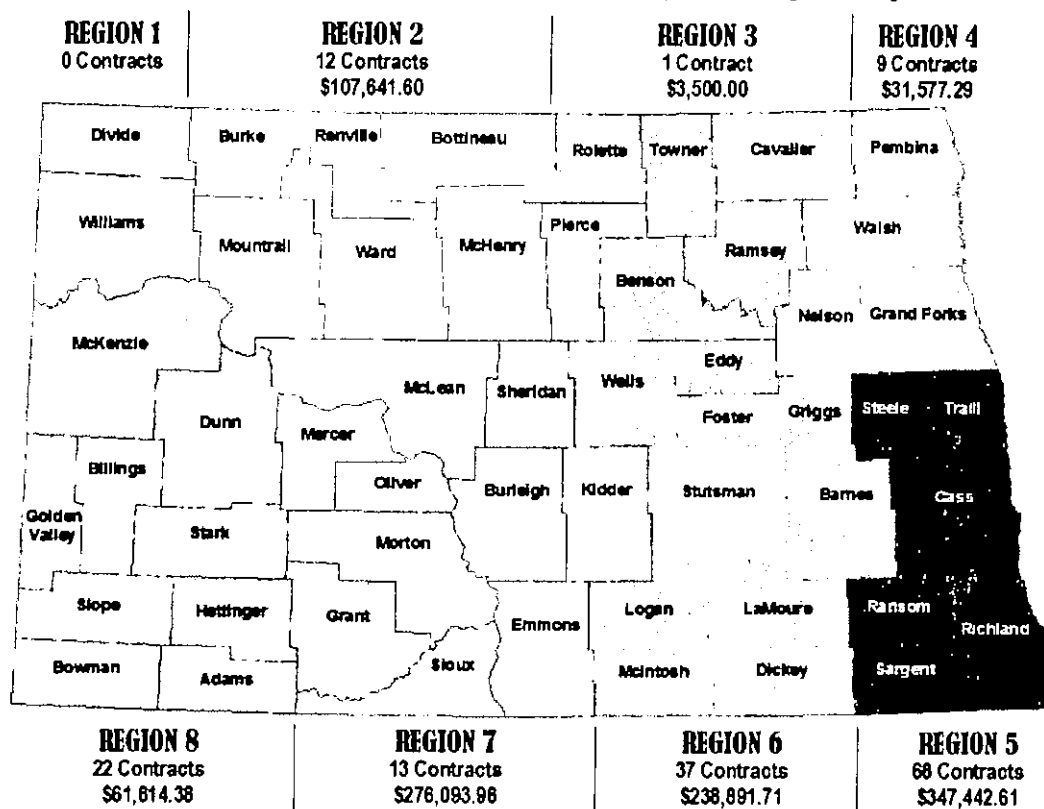
Geographical Distribution Workforce 20/20 Grants; 2003 - 2005

Comment

This map depicts the geographical distribution of Workforce 20/20 funds for the 2003-2005 Biennium. This Biennium is highlighted because it is the most recent Biennium for which all contracts are closed and future fund adjustments are not required.

WORKFORCE 20/20 PROGRAM

Funds Spent by Service Region During the '03 - '05 Biennium



Other Indicators Relating to the Effectiveness of the Workforce 20/20 Program

Comment

The effectiveness of a program goes beyond just measuring the increased numbers of businesses and employees benefiting from the program. The effectiveness of a program can also be gauged by comments of those customers using the program. The following employer comments attest to the success of the Workforce 20/20 Program during the 2003–2005 Biennium.

Contract WF-04-03

"All of the personnel at JSND were informative and provided assistance in completion of the required paper work. We feel fortunate that we were given the opportunity to participate in this program and hope to continue to be included in future funding programs as they become available."

Contract WF-19-03

"We will be able to increase our customer base and do business with customers that require their suppliers to be ISO 9001-2000 certified."

Contract WF-31-03

"We are now able to troubleshoot and test our own product, creating a much quicker turnaround time."

Contract WF-44-03

"Workforce funding greatly helps cover the cost of this type of specialized training."

Contract WF-52-03

"The assistance provided by the program increases employee skills leading to the overall success of the company."

Contract WF-58-03

"Use of Oracle's ERP system will help us become a \$3.3 billion firm in 5 years. Keep the program running."

Contract WF-71-03

"Continue the program, it definitely helps businesses prepare for future needs."

Contract WF-80-03

"We are thankful for the Workforce 20/20 Funding. This has allowed us to branch out and seek new avenues of employment for all people living on and near Fort Berthold Reservation and the cities of Parshall, New Town, Mandaree, White Shield, Roseglen, Plaza, and Makoti."

Contract WF-85-03

"Excellent program, it has enabled us to provide training for our people that otherwise would not be available."

Contract WF-159-03

"We are very pleased and grateful for the assistance we have received under this program. All filing requirements are concise and payments are made promptly which helps our cash flow."

Appendix A

Workforce 20/20; How North Dakota Spending Compares to Other States

State	Name of Program	Program Year	Expenditures	Trainees	Cost Per Trainee
¹ Nebraska	Worker Training Program	2005 - 2006	\$1,476,128.00	17,471	\$84.49
² Kentucky	Grant-in-Aid	2004 - 2005	\$3,106,780.02	16,029	\$193.82
³ Florida	Florida's Incumbent Worker Training Program	2003 - 2004	\$2,692,379.00	12,534	\$214.81
⁴ Hawaii	Employment and Training Fund Program	2004 - 2005	\$645,267.00	2,030	\$317.87
⁵ Iowa	Iowa's Jobs Training Program	2004 - 2005	\$2,345,405.00	4,859	\$482.69
⁶ Vermont	The Vermont Training Program	2004 - 2005	\$1,230,606.00	2,443	\$503.73
⁷ Minnesota	Minnesota Job Skills Partnership	2004 - 2005	\$13,600,000.00	26,313	\$516.85
North Dakota	Workforce 20/20	2003 - 2005	\$1,190,098.29	2,019	\$589.45
⁸ Texas	Skills Development Fund	2004 - 2005	\$8,562,419.00	12,247	\$699.14
⁹ Wyoming	Workforce Development Training Fund	2004 - 2005	\$2,164,004.00	3,018	\$717.03
¹⁰ Massachusetts	Workforce Training Fund	2004 - 2005	\$22,793,737.00	27,227	\$837.17
¹¹ Indiana	Incumbent Worker Training Fund	2004 - 2005	\$7,112,403.84	7,404	\$960.62
¹² California	Employment Training Panel Program	2004 - 2005	\$69,300,000.00	66,614	\$1,040.32
¹³ Kansas	Investments In Major Projects and Comprehensive Training & Kansas Industrial Retraining Programs	2004 - 2005	\$21,000,000.00	13,296	\$1,522.18

¹Nebraska Workforce Development, Department of Labor; Worker Training Program Annual Report July 2002 - June 2003

²Annual Report 2004-2005; Bluegrass Skills Corporation, Kentucky Cabinet for Economic Development

³Florida's Incumbent Worker Training Program; Annual Report FY 2002-2003

⁴2005 Annual Report; Employment and Training Fund Program

⁵Iowa Department of Economic Development, FY 2005 Workforce - Business Service Training Annual Report

⁶ThinkVermont.Com; Vermont Department of Economic Development

⁷Minnesota Job Skills Partnership, Annual Program Summary

⁸Texas Workforce Commission Skills Development Fund; Annual Report Fiscal Year 2005

⁹Workforce Development Training Fund, Annual Report FY 2005

¹⁰Massachusetts Workforce Training Fund; Annual Report Fiscal Year 2005

¹¹Training Indiana's Workforce, 2004-2005, State of Indiana Annual Report; December 1, 2005

¹²Employment Training Panel; Annual Report 2004-2005

¹³Kansas Department of Commerce, FY 2005; Annual Report

STATUTE

FUNDS FLOW UNDER WORKFORCE INVESTMENT ACT (WIA) OF 1998

Chart B1

APPROPRIATION

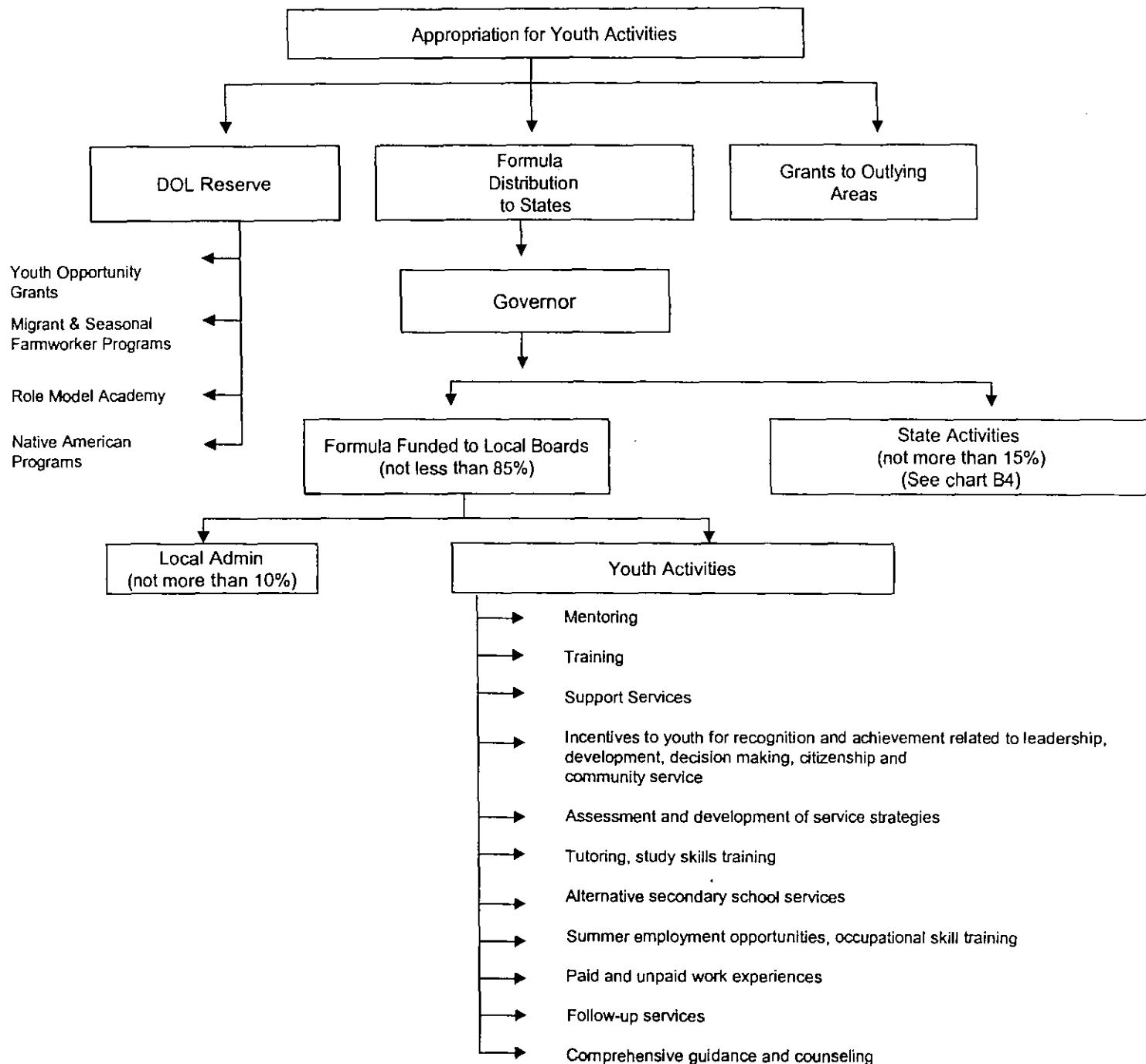
FEDERAL
ALLOCATION

STATE RECIPIENT

STATE ALLOCATION

LOCAL RECIPIENT

SERVICE DELIVERY



APPROPRIATION

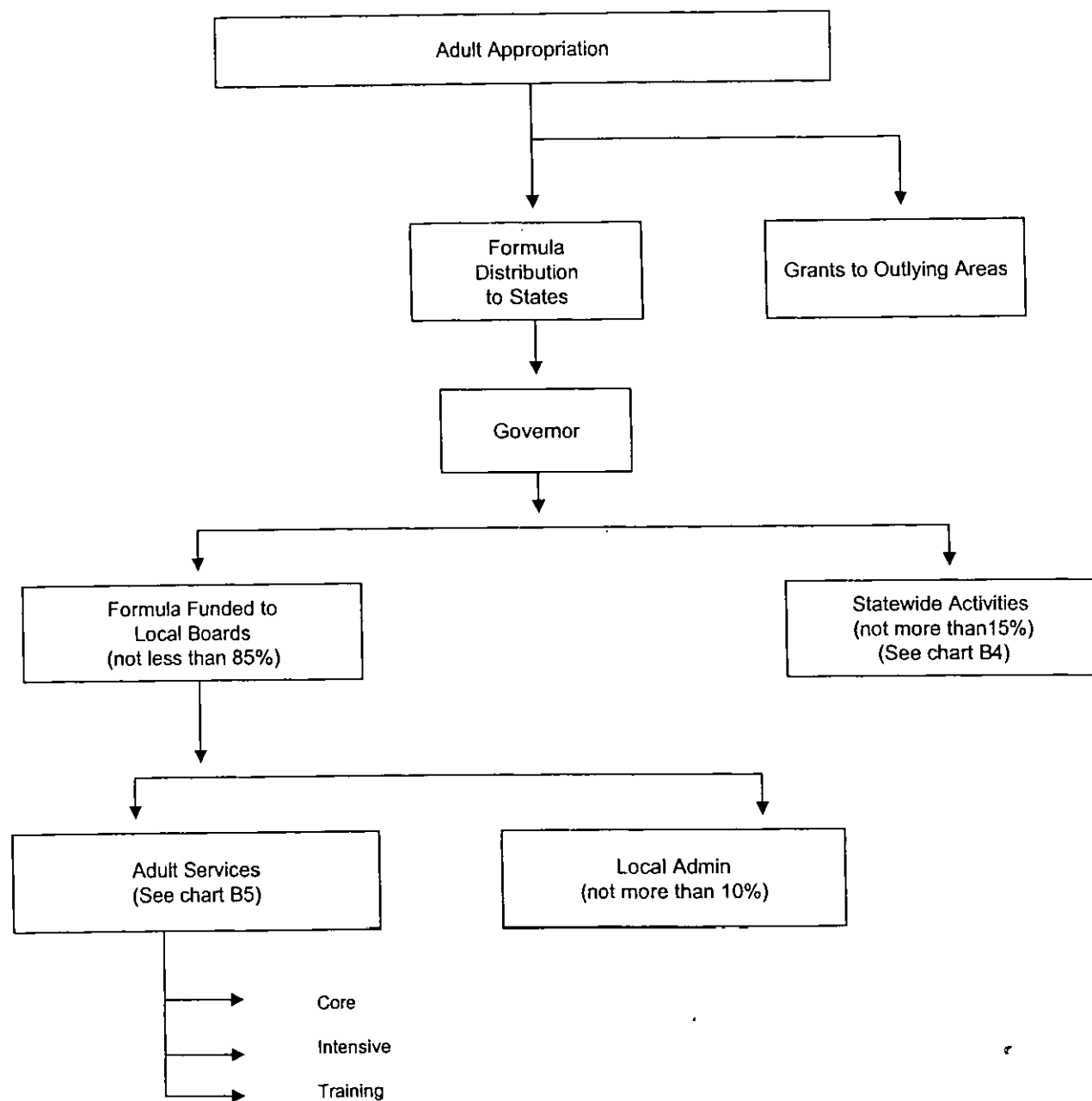
FEDERAL ALLOCATION

STATE RECIPIENT

STATE ALLOCATION

LOCAL RECIPIENT

SERVICE DELIVERY



STATUTE

FUNDS FLOW UNDER WORKFORCE INVESTMENT ACT (WIA) OF 1998

Chart B3

APPROPRIATION

Dislocated Worker
Appropriation

FEDERAL ALLOCATION

DOL Reserve

Formula
Distribution
to States

Grants to Outlying Areas

STATE RECIPIENT

Technical
Assistance

Dislocated
Worker Projects

SERVICE DELIVERY

National Emergency
Grants

Governor

STATE ALLOCATION

Formula Funded
to Local Boards
(not less than 60%)

Rapid Response
(not more than 25%)

Statewide
Activities
(not more than 15%)
(See chart B4)

LOCAL RECIPIENT

Dislocated Worker Services
(See chart B5)

Local Admin
(not more than 10%)

Rapid Response Activities

Emergency Assistance for
disasters, mass layoffs,
plant closings

Core

Intensive

Training

APPROPRIATION

Appropriation for
Youth Activities
(See chart B1)

Adult
Appropriation
(See chart B2)

Dislocated Worker
Appropriation
(See chart B3)

STATE ALLOCATION

State Activities
(Not more than 15% From Each
Funding Stream)

Mandatory Activities

Allowable Activities

SERVICE DELIVERY

- Disseminating a list of eligible providers of youth activities
- Providing additional assistance to local areas that have high concentrations of eligible youth
- Disseminating State list of eligible providers of training services
- Conducting evaluations of WIA activities
- Providing incentive grants to local areas
- Providing technical assistance
- Assisting in establishment and operation of one-stop delivery systems
- Operating a fiscal and management accountability information system

- Carrying out on a statewide basis, youth activities described as local elements and requirements
- State administration of WIA programs (not more than 5%)
- Capacity building and technical assistance to local areas
- Conduct research and demonstrations
- Implement innovative incumbent worker training programs
- Establish and implement programs targeted to empowerment zones and enterprise communities
- Support for identification of eligible providers
- Implementation of innovative programs for displaced homemakers
- Implementation of programs to increase the number of people training for or placed in non-traditional employment
- Carrying out other activities necessary to assist local areas to carry out required or optional local employment and training activities

STATUTE

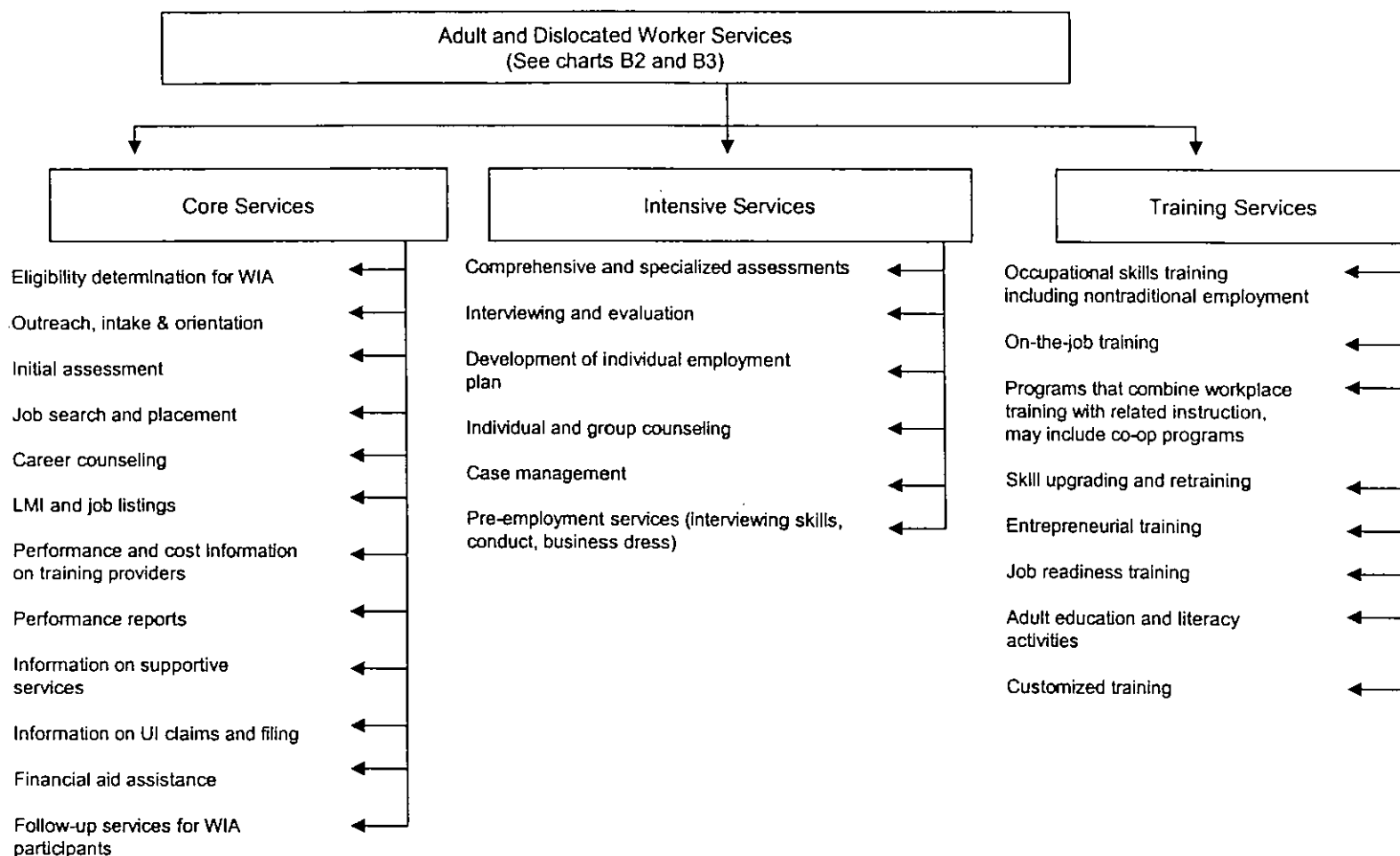
FUNDS FLOW UNDER WORKFORCE INVESTMENT ACT (WIA) OF 1998

Chart B5

APPROPRIATION

STATE ALLOCATION

SERVICE DELIVERY



WORKFORCE INVESTMENT ACT

Negotiated and Actual Performance Measures Summary

For the Program Year 2005 - 06

Performance Measure	Negotiated Performance Level	Actual Performance Level	Percent of Negotiated Level Achieved
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Adult (ages 18 and older) Program Results At-A-Glance

Exit Period Covered by Measures: October 04 to September 05

Entered Employment Rate	73.5%	77.6%	105.6%
Employment Retention Rate*	82.0%	78.8%	96.1%
Six Months Earnings Increase*	\$2,300.00	\$3,610.00	157.0%
Employment and Credential Rate	56.0%	61.9%	110.5%
Average	100.0%		117.3%

Dislocated Worker Program Results At-A-Glance

Exit Period Covered by Measures: October 04 to September 05

Entered Employment Rate	81.5%	89.0%	109.2%
Employment Retention Rate*	88.0%	92.7%	105.3%
Six Months Earnings Increase*	(\$1,230.00)	(\$352.40)	171.3%
Employment and Credential Rate	60.0%	66.3%	110.5%
Average	100.0%		124.1%

Older Youth (ages 19-21) Program Results At-A-Glance

Exit Period Covered by Measures: October 04 to September 05

Entered Employment Rate	76.0%	71.6%	94.2%
Employment Retention Rate*	82.0%	89.9%	109.6%
Six Months Earnings Increase*	\$2,800.00	\$3,274.00	116.9%
Employment and Credential Rate	42.0%	40.3%	96.0%

Younger Youth (ages 14-18) Program Results At-A-Glance

Exit Period Covered by Measures: April 05 to March 06

Skill Attainment Rate**	72.5%	71.1%	98.1%
Diploma or Equivalent Rate**	74.0%	69.3%	93.6%
Retention Rate*	75.0%	79.8%	106.4%
Total Youth Average	100.0%		102.1%

WIA Youth Program Results At-A-Glance - Common Measures

Exit Period Covered by Measures: October 04 to September 05

Placement In Employment or Education	N/A	65.9%	N/A
Attainment of Degree or Certificate	N/A	49.3%	N/A

Customer Satisfaction

Exit Period Covered by Measures: January 05 to December 05

Participant Satisfaction	78.5	82.5	105.1%
Employer Satisfaction	77.0	79.4	103.1%
Average	100.0%		104.1%

* PY 05 Exit Period Covered – April 04 to March 05

**PY 05 Exit Period Covered – April 05 to March 06

C. Workforce 20/20 (Through September 2006)

Exhibit C: Appropriations/Expenditures/Balance Report EXHIBIT C

Exhibit D: 2005-2007 Biennium Wage Increase and Follow-Up Report EXHIBIT D

Appropriations for the Biennium - \$1,480,231 (\$1,346,970 is budgeted for training projects)									
Target	New			Expanding			Existing		
	Standard =50% or greater of total expended; Actual expended = 81.7%								
	Amount	# of Firms	# of Individuals/ Average Cost	Amount	# of Firms	# of Individuals/ Average Cost	Amount	# of Firms	# of Individuals/ Average Cost
Obligated (includes expended)	\$185,054.80	12	273/\$678	\$541,457.15	93	1,410/\$384	\$108,887.77	31	141/\$772
Expended	\$ 79,808.00	7	168/\$475	\$340,709.18	68	691/\$493	\$94,462.77	28	111/\$851
Unobligated Balance	-\$53,026.96						\$564,597.23		

Return On Investment (ROI) for Workforce 20/20 – The worth of the Workforce 20/20 Program can be measured by wages and employee retention. During the 2003-2005 Biennium, information provided by the employers show the trained employees' wages increased an average of \$3.55 per hour and employers retained 71.6% (1,445/2,019) of the employees one year after training. During the 2001-2003 Biennium, Workforce 20/20 trainees had an average wage increase of \$1.93 per hour and a retention rate of 76.9% (3,122/4,061). The Workforce 20/20 program is funded with state dollars. It is important to note that the program requires a match from the business. The state-funded portion of the Workforce 20/20 cost per trainee during the 2003-2005 Biennium averaged \$589.45. Depending upon an employee's tax bracket and spending habits, on average it will take North Dakota 1.01 to 1.31 years to recover the funds spent on each individual trained with Workforce 20/20 dollars. This calculation does not consider increased property taxes, motor vehicle excise taxes, fuel taxes, or other excise taxes an individual may incur as a result of higher wages. In the previous Biennium, using the same calculations, the recovery period was calculated to be 1.8 to 2.5 years.

D. Labor Exchange for Year Ended June 30, 2006

Exhibit E: ETA 9002 C 06/30/2006 Report

Measurement	Number	Actual Performance Level	GPRA Goal	Success Rate
Entered Employment (EER)-Line 1/Line 6=Line 7 on Exhibit E Cumulative for Four Quarters Ending 09/30/2005	<u>15,213</u> 21,511	71%	64%	111%
Retention (ERR)-Line 8/Line 9 =Line 10 Exhibit E Cumulative for Four Quarters Ending 03/31/2005	<u>17,621</u> 21,349	83%	81%	102%
Six Months Earnings Increase-Line 11 on Exhibit E Cumulative for Four Quarters Ending 03/31/05	N/A	\$1,209	N/A	N/A

Note – Benchmark Year so no target performance levels established, Government Performance Results Act (GPRA) goals are used for comparison.

E. Employment Statistics in North Dakota

LABOR FORCE, incl. Unemployment Rate

- North Dakota's nonseasonally adjusted unemployment rate for the month of September 2006 was 2.4%.
- This rate is the lowest among all states.
- Second place was occupied by Hawaii and Utah at 2.6%
- All plains states September 2006 rates are below their year ago levels.
- The seasonally adjusted US rate for September 2006 was 4.6%; down 0.5% from prior year.

NORTH DAKOTA LABOR FORCE DATA

	September	August	September
	2006	2006	2005
Unemployment Rate	2.4%	3.2%	2.7%
Unemployed	8,644	11,777	9,764
Employed	357,012	360,372	352,021
Labor Force	365,656	372,149	361,785

UNEMPLOYMENT RATES – Plains States

South Dakota	2.8%	2.9%	3.3%
Minnesota	3.6%	3.3%	3.7%
Iowa	3.1%	3.3%	4.2%
Kansas	4.1%	4.8%	4.9%
Missouri	4.8%	4.9%	4.9%
Nebraska	2.8%	3.1%	3.3%

U.S. UNEMPLOYMENT RATE	4.6%	4.7%	5.1%
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The employed and unemployed above are persons by place of residence.

The unemployment rate is the ratio of people actively seeking work compared to those in the labor force (employed plus unemployed).

The U.S. rate is seasonally adjusted; all others are not seasonally adjusted.

NONFARM EMPLOYMENT (estimates)

- Overall, employment increased 5,450 from the same month a year ago, a 1.6% increase.
- During the same 12-month period, U.S. employment grew by 1.7 million jobs, a 1.3% increase.
- Twelve of the thirteen major industries in North Dakota showed an increase over the year.
- Government had the greatest over the month percent increase (3.5%) with schools entering new sessions. This also created the largest numeric increase (2,250)
- Natural Resources and Mining had the greatest percent increase over the year (5.6%). Activity in the oil fields, coal mines and related processes (e.g. alternative energy production) are primarily responsible for these increases.
- Retail Trade had the greatest increase in the number of employees over the past year (1,750). The state's three metro areas can account for all but 100 of these job increases. During the past year, multiple new businesses were established and numerous existing businesses expanded in Retail Trade.

	CURRENT MONTH SEPTEMBER 2006	PREVIOUS MONTH AUGUST 2006	CHANGE FROM AUGUST 2006		ONE YEAR AGO SEPTEMBER 2005	CHANGE FROM SEPTEMBER 2005	
Total Nonfarm	347,600	344,950	2,650	0.8%	342,150	5,450	1.6%
Natural Res & Mining	4,700	4,600	100	2.2%	4,450	250	5.6%
Construction	19,750	19,850	(100)	-0.5%	20,300	(550)	-2.7%
Manufacturing	26,600	26,700	(100)	-0.4%	26,400	200	0.8%
Wholesale Trade	19,050	19,000	50	0.3%	19,000	50	0.3%
Retail Trade	43,750	43,750	-	0.0%	42,000	1,750	4.2%
Trans, Warehouse, Util	13,700	13,550	150	1.1%	13,300	400	3.0%
Information	7,850	7,750	100	1.3%	7,750	100	1.3%
Financial Activities	19,600	19,550	50	0.3%	19,050	550	2.9%
Professional and Busin	27,700	27,600	100	0.4%	27,450	250	0.9%
Educational and Health	49,900	49,750	150	0.3%	49,000	900	1.8%
Leisure and Hospitalit	33,350	33,400	(50)	-0.1%	32,450	900	2.8%
Other Services	15,200	15,300	(100)	-0.7%	14,900	300	2.0%
Government	66,400	64,150	2,250	3.5%	66,050	350	0.5%
Bismarck MSA							
Total Nonfarm	57,850	58,100	(250)	-0.4%	56,600	1,250	2.2%
Fargo Moorhead MSA							
Total Nonfarm	113,800	113,050	750	0.7%	112,100	1,700	1.5%
Grand Forks MSA							
Total Nonfarm	52,250	52,000	250	0.5%	50,550	1,700	3.4%

Talking Points for September 2006 Quarterly Report Card

A. Unemployment Insurance (UI)

Trust Fund Activity - The difference in **benefits** paid is due to the ratio of benefits paid to total wages was projected to increase slightly during calendar 2006. As of this time, the trend is not occurring and the ratio of benefits paid to total wages is slightly decreasing. The **interest** for FY 2006 was \$600,000 more than projected. Two different items occurred to affect interest. First, the interest rate dropped from the projected 5.78% to a high 4% range, which translates to a \$700,000 shortfall. Second, the feds changed the timing of interest deposits from the first month of the following quarter to the last month of the current quarter. This was effective for 2006-3, so the interest for 2006-2 was included in 7-2006 and the interest for 2006-3 of \$1.3M was included in 9-2006. This will also decrease the amount of disparity between the trust fund balance and the trust fund reserve. **Income** for FY 2006 was \$1.9M more than projected. The **growth** in the trust fund balance excluding Reed Act Cash for FY 2006 was \$23.5M. There was a projected growth for FY 2006 of \$16.1M, which was the 9-30-2006 projection of \$90.6M minus the 9-30-2005 actual balance of \$74.5M. The balance as of 9-30-2006 was \$7.4M more than projected. So, the \$16.1M projected growth plus the \$7.4M above the projection is the total growth of \$23.5M.

B. Workforce Investment Act (WIA)

North Dakota's performance for PY 2005 (July 2005 – June 2006) was at or above the expected levels. Of the 17 performance measures, North Dakota exceeded 12 measures, and met performance in 5 measures. For a state to be considered as exceeding a goal, it must exceed 100% of the negotiated goal. For it to be considered as meeting a goal, a state must achieve at least 80% of the negotiated goal.

Programs funded under this legislation should increase employment, retention in employment, and the earnings of program participants; in doing so, it should improve the quality of the workforce to sustain economic growth, enhance productivity and competitiveness, and reduce welfare dependency. To monitor these results, WIA identifies core indicators of performance as follows:

Placement in Employment or Education measures the degree to which participants are getting jobs or enter post-secondary education –individuals in secondary school are included.

Attainment of a Degree or Certificate measures the extent to which participants are attaining recognized education and skill credentials –individuals in secondary school are included.

Literacy and Numeracy Gains measures the degree to which basic skills-deficient participants increase one or more educational functioning levels –in-school individuals are excluded from this measure.

Youth Diploma or Equivalent indicates participants' educational progress.

Skill Attainment Rate indicates the degree to which participants are attaining basic educational, work readiness, and/or occupational skills.

Entered Employment Rate measures the degree to which participants are getting jobs.

Employment and Credential Or Credential Rate measures the extent to which participants that get jobs, stay in school, or get into advanced training, are attaining recognized education and skill credentials.

Retention Rate indicates whether participants who find employment stay employed. For the younger youth, indicates whether youth are employed or in education and/or training after program participation.

Six Months Earning Increase compares earnings of individuals before and after program participation. Negative dollar amounts are likely for WIA Dislocated Workers since dislocated workers usually are workers who have lost a job as a result of a plant closing or layoff that resulted in turn from some form of economic restructuring, such as technological change, changes in product demand, or changing patterns of international trade. Such workers usually earned high wages and had considerable seniority in their former job.

Participant/Employer Satisfaction is measured through surveys. The surveys are to include, at a minimum, the three questions included in the American Customer Satisfaction Index (ACSI) developed by the University of Michigan. These questions address overall satisfaction with service, the degree to which services met expectations, and the extent to which services were consistent with the respondents' definition of "ideal" services. Customer satisfaction is reported on a 1-100 scale.

C. Workforce 20/20 - With 15 months into the biennium, the 81.7% expenditure rate for new or expanding businesses is exceeding the target of expending 50% or more for new or expanding businesses.

D. Labor Exchange - Labor Exchange/Wagner-Peyser Act programs meet the needs of businesses and job seekers as the point of entry to the workforce investment system. All job seekers and businesses have universal access to labor exchange services. The Labor Exchange has specified accountability outcomes that include rates of entering (i.e. gaining) employment (or shorter durations of search/unemployment), retention (or low turnover) rates and earnings increase

C. Workforce 20/20 (Through December 2006)

Exhibit C: Appropriations/Expenditures/Balance Report EXHIBIT C

Exhibit D: 2005-2007 Biennium Wage Increase and Follow-Up Report Exhibit D

Appropriations for the Biennium - \$1,480,231 (\$1,346,970 is budgeted for training projects)									
Target	New			Expanding			Existing		
	Standard =50% or greater of total expended; Actual expended = 85.9%								
	Amount	# of Firms	# of Individuals/ Average Cost	Amount	# of Firms	# of Individuals/ Average Cost	Amount	# of Firms	# of Individuals/ Average Cost
Obligated (includes expended)	\$178,304.80	12	273/\$653	\$865,842.54	129	1,917/\$452	\$106,447.77	31	137/\$777
Expended	\$131,404.80	10	238/\$552	\$517,307.39	101	1,129/\$458	\$106,447.77	31	137/\$777
Unobligated Balance	-\$370,662.34						\$567,037.23		

Return On Investment (ROI) for Workforce 20/20 – The worth of the Workforce 20/20 Program can be measured by wages and employee retention. During the 2003-2005 Biennium, information provided by the employers show the trained employees' wages increased an average of \$3.55 per hour and employers retained 71.6% (1,445/2,019) of the employees one year after training. During the 2001-2003 Biennium, Workforce 20/20 trainees had an average wage increase of \$1.93 per hour and a retention rate of 76.9% (3,122/4,061). The Workforce 20/20 program is funded with state dollars. It is important to note that the program requires a match from the business. The state-funded portion of the Workforce 20/20 cost per trainee during the 2003-2005 Biennium averaged \$589.45. Depending upon an employee's tax bracket and spending habits, on average it will take North Dakota 1.01 to 1.31 years to recover the funds spent on each individual trained with Workforce 20/20 dollars. This calculation does not consider increased property taxes, motor vehicle excise taxes, fuel taxes, or other excise taxes an individual may incur as a result of higher wages. In the previous biennium, using the same calculations, the recovery period was calculated to be 1.8 to 2.5 years.

D. Labor Exchange for Year Ended June 30, 2006

Exhibit E: ETA 9002 C 06/30/2006 Report

Measurement	Number	Actual Performance Level	GPRA Goal	Success Rate
Entered Employment (EER)-Line 1/Line 6=Line 7 on Exhibit E Cumulative for Four Quarters Ending 09/30/2005	<u>15,213</u> 21,511	71%	64%	111%
Retention (ERR)-Line 8/Line 9 =Line 10 Exhibit E Cumulative for Four Quarters Ending 03/31/2005	<u>17,621</u> 21,349	83%	81%	102%
Six Months Earnings Increase-Line 11 on Exhibit E Cumulative for Four Quarters Ending 03/31/05	N/A	\$1,209	N/A	N/A

Note – Benchmark Year so no target performance levels established, Government Performance Results Act (GPRA) goals are used for comparison.

E. Employment Statistics in North Dakota

LABOR FORCE, incl. Unemployment Rate

- North Dakota's nonseasonally adjusted unemployment rate for the month of December 2006 was 3.2%.
- This rate is the ninth lowest among all states in a tie with South Dakota and Idaho.
- The lowest rate continues to be reported by Hawaii at 1.6%
- All plains states, except Minnesota, posted December 2006 rates below their year ago levels.
- The seasonally adjusted US rate for December 2006 was 4.5%; down 0.4% from prior year and unchanged from prior month.

NORTH DAKOTA LABOR FORCE DATA

	December 2006	November 2006	December 2005
Unemployment Rate	3.2%	2.9%	3.2%
Unemployed	11,436	10,534	11,165
Employed	351,072	352,698	343,027
Labor Force	362,508	363,232	354,192

UNEMPLOYMENT RATES -- Plains States

South Dakota	3.2%	3.0%	3.8%
Minnesota	4.2%	3.6%	4.0%
Iowa	3.7%	3.2%	4.6%
Kansas	4.1%	4.2%	4.3%
Missouri	4.6%	4.8%	4.8%
Nebraska	2.9%	2.8%	3.6%

U.S. UNEMPLOYMENT RATE	4.5%	4.5%	4.9%
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The employed and unemployed above are persons by place of residence.

The unemployment rate is the ratio of people actively seeking work compared to those in the labor force (employed plus unemployed).

The U.S. rate is seasonally adjusted; all others are not seasonally adjusted.

NONFARM EMPLOYMENT (estimates)

- Overall, employment increased 5,900 from the same month a year ago, a 1.7% increase.
- During the same 12-month period, U.S. employment grew by 1.8 million jobs, a 1.4% increase.
- Twelve of the thirteen major industries in North Dakota showed an increase over the year.
- Transportation, Warehousing and Utilities is slightly below year ago levels.
- Retail Trade had the greatest numeric increase over the month and year (550 and 1,650 respectively). It also posted the largest percent increase over the month with its final period of holiday season hiring.
- Mining continues to post the largest percent increase over the year.
- Construction continues its seasonal layoff pattern shedding 1,850 from November.

	CURRENT MONTH DECEMBER 2006	PREVIOUS MONTH NOVEMBER 2006	CHANGE FROM NOVEMBER 2006		ONE YEAR AGO DECEMBER 2005	CHANGE FROM DECEMBER 2005	
Total Nonfarm	356,950	358,350	(1,400)	-0.4%	351,050	5,900	1.7%
Natural Res & Mining	4,700	4,750	(50)	-1.1%	4,300	400	9.3%
Construction	16,200	18,050	(1,850)	-10.2%	16,150	50	0.3%
Manufacturing	25,950	26,200	(250)	-1.0%	25,750	200	0.8%
Wholesale Trade	19,300	19,150	150	0.8%	19,200	100	0.5%
Retail Trade	45,700	45,150	550	1.2%	44,050	1,650	3.7%
Trans, Warehouse, Util	13,600	13,550	50	0.4%	14,100	(500)	-3.5%
Information	7,950	7,800	150	1.9%	7,850	100	1.3%
Financial Activities	19,800	19,700	100	0.5%	19,150	650	3.4%
Professional and Business	27,550	27,700	(150)	-0.5%	27,100	450	1.7%
Educational and Health	50,150	49,900	250	0.5%	49,400	750	1.5%
Leisure and Hospitality	31,900	32,300	(400)	-1.2%	31,100	800	2.6%
Other Services	15,350	15,300	50	0.3%	15,100	250	1.7%
Government	78,750	78,850	(100)	-0.1%	77,850	900	1.2%
Bismarck MSA							
Total Nonfarm	58,700	58,650	50	0.1%	57,950	750	1.3%
Fargo Moorhead MSA							
Total Nonfarm	117,150	117,150	0	0.0%	115,100	2,050	1.8%
Grand Forks MSA							
Total Nonfarm	55,650	56,000	-350	-0.6%	53,850	1,800	3.3%

Talking Points for December 2006 Quarterly Report Card

A. Unemployment Insurance (UI)

Trust Fund Activity - The benefits for 2006-4 were \$1,144,000 (17.37%) more than projected. Several major short-term temporary layoffs affected the UI benefits paid.

Claims Center Metrics - Several major short-term temporary layoffs affected the volume of calls in the claim center which in turn affected the average speed of answer and average talk times.

B. Workforce Investment Act (WIA)

North Dakota's performance for PY 2005 (July 2005 – June 2006) was at or above the expected levels. Of the 17 performance measures, North Dakota exceeded 12 measures, and met performance in 5 measures. For a state to be considered as exceeding a goal, it must exceed 100% of the negotiated goal. For it to be considered as meeting a goal, a state must achieve at least 80% of the negotiated goal.

Programs funded under this legislation should increase employment, retention in employment, and the earnings of program participants; in doing so, it should improve the quality of the workforce to sustain economic growth, enhance productivity and competitiveness, and reduce welfare dependency. To monitor these results, WIA identifies core indicators of performance as follows:

Placement in Employment or Education measures the degree to which participants are getting jobs or enter post-secondary education – individuals in secondary school are included.

Attainment of a Degree or Certificate measures the extent to which participants are attaining recognized education and skill credentials – individuals in secondary school are included.

Literacy and Numeracy Gains measures the degree to which basic skills-deficient participants increase one or more educational functioning levels – in-school individuals are excluded from this measure.

Youth Diploma or Equivalent indicates participants' educational progress.

Skill Attainment Rate indicates the degree to which participants are attaining basic educational, work readiness, and/or occupational skills.

Entered Employment Rate measures the degree to which participants are getting jobs.

Employment and Credential Or Credential Rate measures the extent to which participants that get jobs, stay in school, or get into advanced training, are attaining recognized education and skill credentials.

Retention Rate indicates whether participants who find employment stay employed. For the younger youth, indicates whether youth are employed or in education and/or training after program participation.

Six Months Earning Increase compares earnings of individuals before and after program participation. Negative dollar amounts are likely for WIA Dislocated Workers since dislocated workers usually are workers who have lost a job as a result of a plant closing or layoff that resulted in turn from some form of economic restructuring, such as technological change, changes in product demand, or changing patterns of international trade. Such workers usually earned high wages and had considerable seniority in their former job.

Participant/Employer Satisfaction is measured through surveys. The surveys are to include, at a minimum, the three questions included in the American Customer Satisfaction Index (ACSI) developed by the University of Michigan. These questions address overall satisfaction with service, the degree to which services met expectations, and the extent to which services were consistent with the respondents' definition of "ideal" services. Customer satisfaction is reported on a 1-100 scale.

C. **Workforce 20/20** - With 18 months into the biennium, the 85.9% expenditure rate for new or expanding businesses is exceeding the target of expending 50% or more for new or expanding businesses.

D. **Labor Exchange** - Labor Exchange/Wagner-Peyser Act programs meet the needs of businesses and job seekers as the point of entry to the workforce investment system. All job seekers and businesses have universal access to labor exchange services. The Labor Exchange has specified accountability outcomes that include rates of entering (i.e. gaining) employment (or shorter durations of search/unemployment), retention (or low turnover) rates and earnings increase



ND New Jobs Training Program Reported Through December 31, 2005

North Dakota New Jobs Training Program Background

The 1993 Legislative Assembly enacted the North Dakota New Jobs Training Program into law. This state-funded workforce training program provides a mechanism for primary-sector businesses and industries to secure funding to help offset the cost of training new employees. Primary-sector business means an individual, corporation, limited liability company, partnership, or an association, which through the employment knowledge or labor adds value to a product, process, or service that results in the creation of new wealth. The term includes tourism, but does not include production agriculture.

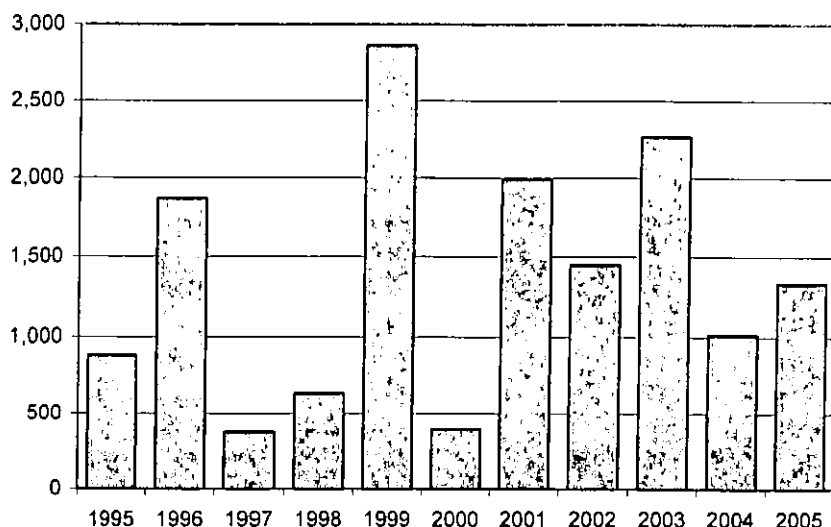
Other qualifying criteria includes: 1.) Be a new employer locating in North Dakota with a minimum of five new jobs or an existing business expanding its base employment level by a minimum of one new job; 2.) An employer must not be closing or reducing its operation in one area of the state and relocating substantially the same operation to another area of the state; and 3.) Employees in the eligible new positions must be paid a minimum of \$7.50 per hour plus benefits by the end of the first year of employment in the new position created.

In order to apply for assistance to cover the cost of training new employees under the North Dakota New Jobs Training Program, an employer must first obtain funds in the form of a loan, grant, or self-financing option. The loan, repayable grant, or self-financing amounts are then repaid through the capture of the state income tax withholding generated from the permanent, full-time new positions that are created. Under the self-financing option, only sixty percent of the allowable state income tax withholding can be reimbursed directly to the participating business. Employer may use the state income tax withholding credits for up to ten years or until the loan is repaid, or the self-financing or grant obligations have been met, whichever comes first.

Between calendar years 1994 and 2005, the New Jobs Training Program entered into 181 training agreements that have projections for 15,362 workers to be trained for new positions. Through the Fiscal Year ending June 30, 2005, the North Dakota State Tax Department has issued income tax withholding credits totaling \$9.97 million to employers. If all the tax credits available to employers were paid out, and the full projection of 15,362 new positions is realized, the average cost per position would be \$1,923.89.

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New Jobs Training Program, Projected New Positions by Calendar Years 1995 - 2005



Comment

These figures represent the projected number of new positions to be created by employers who enter into New Jobs Training agreements with Job Service North Dakota. The actual number of new positions created can fluctuate. During the life of an agreement, amendments can increase or decrease the projected number of new positions.

Employers report the actual number of new positions filled each quarter when they claim their North Dakota income tax withholding credit from the North Dakota State Tax Department.

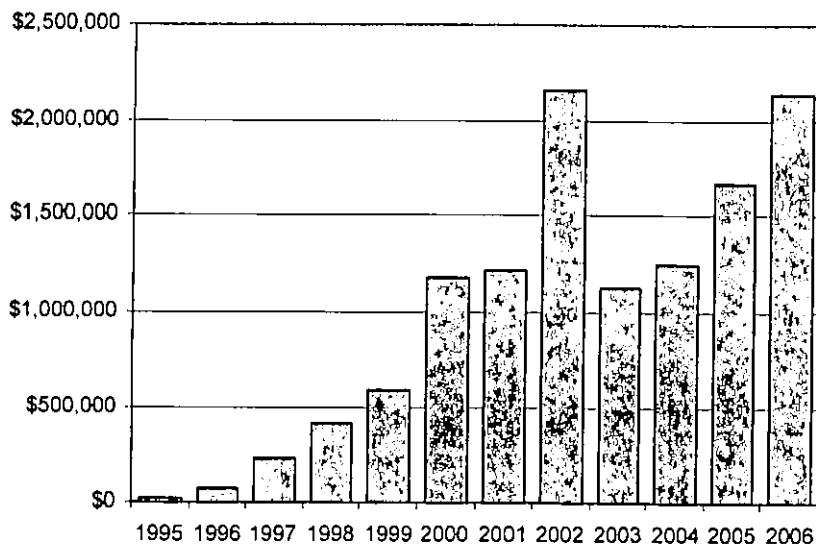
Since North Dakota state income tax is not withheld from the payroll of out-of-state residents, employers are not allowed to claim a credit for positions filled by out-of-state residents.

New Jobs Training Program, Tax Credits Claimed By Fiscal Years; 1995 - 2006

Comment

The amount of state income tax withholding credit available to an employer is based on the following criteria:

- The number of permanent, full-time new positions created.
- The wage rate paid to individuals filling new positions.
- An income tax withholding rate provided by the North Dakota State Tax Department is applied to the actual annual salary of the new jobs being created.
- The North Dakota income tax-withholding rate is applied to the annual gross wages of the new jobs created, and is then multiplied by the number of new positions in each pay category.
- This figure is then multiplied by 10 (the maximum number of years under the program) to establish the maximum state income tax withholding credit available under a ND New Jobs Training Program.



Under a ND New Jobs Training agreement, an employer has up to 10 years from the effective date of the agreement to claim the North Dakota income tax withholding credit. Employers claim their income tax withholding credits through filing quarterly reports with the ND State Tax Department. Through the Fiscal Year ending June 30, 2006, the ND State Tax Department issued income tax withholding credits totaling \$12.1 million to employers. For this same time frame, \$33.8 million has been projected to be available to employers participating in the North Dakota New Jobs Training Program. In some cases, employers will not claim their full projected income tax withholding credit. This can occur when the employer falls short on the projected number of new positions created, the employer fails to file required documents, or upon the early termination of a New Jobs Training agreement.