**2021 SENATE APPROPRIATIONS** 

SB 2016

### Department 380 - Job Service North Dakota Senate Bill No. 2016

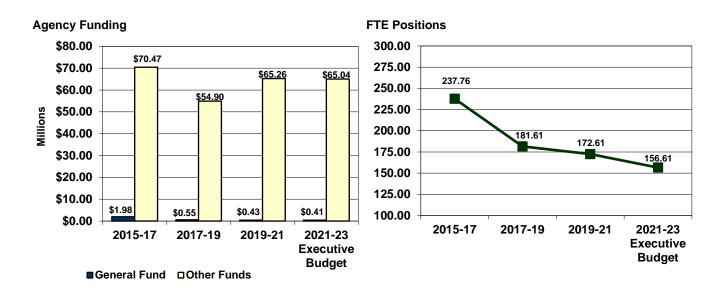
**Executive Budget Comparison to Prior Biennium Appropriations** 

	FTE Positions	General Fund	Other Funds	Total
2021-23 Executive Budget	156.61	\$410,561	\$65,040,160	\$65,450,721
2019-21 Legislative Appropriations	172.61	430,624	65,255,570	65,686,194
Increase (Decrease)	(16.00)	(\$20,063)	(\$215,410)	(\$235,473)

<sup>&</sup>lt;sup>1</sup>The 2019-21 biennium agency appropriation amounts have not been adjusted for additional federal Coronavirus (COVID-19) funds authority of \$372,381,213, resulting from Emergency Commission action during the 2019-21 biennium.

**Ongoing and One-Time General Fund Appropriations** 

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2021-23 Executive Budget	\$410,561	\$0	\$410,561
2019-21 Legislative Appropriations	430,624	0	430,624
Increase (Decrease)	(\$20,063)	\$0	(\$20,063)



**Executive Budget Comparison to Base Level** 

	General Fund	Other Funds	Total
2021-23 Executive Budget	\$410,561	\$65,040,160	\$65,450,721
2021-23 Base Level	430,624	64,643,718	65,074,342
Increase (Decrease)	(\$20,063)	\$396,442	\$376,379

Attached as an appendix is a detailed comparison of the executive budget to the agency's base level appropriations.

#### **Executive Budget Highlights**

	General Fund	Other Funds	iolai
1. Provides funding for state employee salary and benefit increases, of which \$758,705 is for salary increases, \$7,396 is for health insurance increases, and \$124,919 is for retirement contribution increases	. ,	\$889,552	\$891,020
2. Transfers 16 FTE information technology positions to the	\$0	\$1.122.622	\$1.122.622

Coporal Fund

Other Funds

 Transfere to TTE information toothlology positione to the
Information Technology Department (ITD) for an information
technology unification initiative. Of these FTE positions, 6 were
unfunded in previous bienniums, resulting in federal funding of
\$2,368,775 being removed in the salaries and wages line item
relating to the 10 funded FTE positions. Federal funding of
\$3,491,397 is added in the operating expenses line item to pay
ITD for the use of all 16 FTE positions if federal funding becomes
available.

Total

<ol> <li>Adds funding from federal funds (\$21,888) and the Job Service North Dakota operating fund (\$1,355) for Microsoft Office 365 license expenses</li> </ol>	\$0	\$23,243	\$23,243
<ol> <li>Reduces funding for operating expenses, primarily related to information technology data processing, information technology contractual services and repairs, and information technology equipment</li> </ol>	(\$21,679)	(\$4,248,062)	(\$4,269,741)
5. Adds federal funding for trade assistance grants (\$1,080,063) and Workforce Investment Act grants (\$1,034,876) to provide total grant funding of \$2,177,118 and \$6,103,933, respectively.	\$0	\$2,114,939	\$2,114,939
6. Adds federal funding for the unemployment insurance system modernization project to provide a total of \$17,420,906 for the project, of which \$6,475,780 is in the operating expenses line item and \$10,945,126 is in the Reed Act - Unemployment insurance computer modernization line item	\$0	\$470,012	\$470,012

### Other Sections Recommended to be Added in the Executive Budget (As Detailed in the Attached Appendix)

**Reed Act funds** - Section 3 would provide \$10,945,126 of funding appropriated in Section 1 is from federal Reed Act funds made available to the state by the federal Reed Act distributions made in federal fiscal years 1957, 1958, 1999, and 2002, pursuant to Section 903 of the federal Social Security Act for the purpose of developing a modernized unemployment insurance computer system.

**Federal funds appropriation** - Section 4 would appropriate all federal funds received by Job Service North Dakota in excess of those funds appropriated in Section 1.

#### **Continuing Appropriations**

**Federal advance interest repayment fund** - North Dakota Century Code 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 tax fund** - Section 52-03-04 - Collection of unemployment taxes and the payments of unemployment benefits.

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

#### **Significant Audit Findings**

The financial statement audit for Job Service North Dakota conducted by Brady, Martz and Associates, PC for the period ending June 30, 2019, identified no significant audit findings.

#### **Major Related Legislation**

At this time, no major related legislation has been introduced affecting this agency.

#### Job Service North Dakota - Budget No. 380 Senate Bill No. 2016 Base Level Funding Changes

Executive	Budget	Recommendation
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	FTE Positions	General Fund	Other Funds	Total
2021-23 Biennium Base Level	172.61	\$430,624	\$64,643,718	\$65,074,342
2021-23 Ongoing Funding Changes				
Base payroll changes		\$148	\$24,136	\$24,284
Salary increase		1,250	757,455	758,705
Health insurance increase		12	7,384	7,396
Retirement contribution increase		206	124,713	124,919
Transfers FTE information technology positions to ITD	(16.00)		1,122,622	1,122,622
Adds funding for Microsoft Office 365 license expenses			23,243	23,243
Reduces funding for operating expenses		(21,679)	(4,248,062)	(4,269,741)
Adds funding for trade assistance and Workforce Investment Act grants			2,114,939	2,114,939
Adds federal funding for the unemployment insurance system project			470,012	470,012
Total ongoing funding changes	(16.00)	(\$20,063)	\$396,442	\$376,379
One-time funding items				
No one-time funding items				\$0
Total one-time funding changes	0.00	\$0	\$0	\$0
Total Changes to Base Level Funding	(16.00)	(\$20,063)	\$396,442	\$376,379
2021-23 Total Funding	156.61	\$410,561	\$65,040,160	\$65,450,721
Total ongoing changes as a percentage of base level	(9.3%)	(4.7%)	0.6%	0.6%
Total changes as a percentage of base level	(9.3%)	(4.7%)	0.6%	0.6%

#### Other Sections in Job Service North Dakota - Budget No. 380

Reed Act funds

Federal funds appropriation

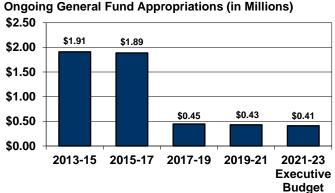
#### **Executive Budget Recommendation**

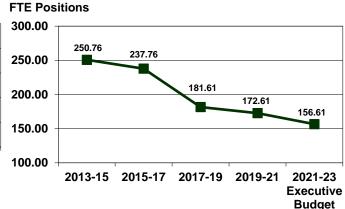
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Section 4 would appropriate all federal funds received by Job Service North Dakota in excess of those funds appropriated in Section 1.

#### **Historical Appropriations Information**

#### **Ongoing General Fund Appropriations Since 2013-15**





Ongoing General Fund Appropriations						
	2013-15	2015-17	2017-19	2019-21	2021-23 Executive Budget	
Ongoing general fund appropriations Increase (decrease) from previous biennium	\$1,910,235 N/A	\$1,888,080 (\$22,155)	\$445,793 (\$1,442,287)	\$430,624 (\$15,169)	\$410,561 (\$20,063)	
Percentage increase (decrease) from previous biennium	N/A	(1.2%)	(76.4%)	(3.4%)	(4.7%)	
Cumulative percentage increase (decrease) from 2013-15 biennium	N/A	(1.2%)	(76.7%)	(77.5%)	(78.5%)	

#### Major Increases (Decreases) in Ongoing General Fund Appropriations

#### 2015-17 Biennium

 Added funding for Virtual OneStop application to allow access to Job Service North Dakota job listings \$100,000

#### 2017-19 Biennium

1. Removed funding for the Workforce 20/20 program

(\$1,432,316)

#### 2019-21 Biennium

1. Removed 9 FTE unfunded positions and related operating expenses of \$22,290

(\$22,290)

#### 2021-23 Biennium (Executive Budget Recommendation)

 Reduces funding for operating expenses related to information technology contractual services and repairs (\$21,679)

#### GOVERNOR'S RECOMMENDATION FOR JOB SERVICE NORTH DAKOTA AS SUBMITTED BY THE OFFICE OF MANAGEMENT AND BUDGET

**SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds as may be necessary, are appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, and from special funds derived from federal funds and other income, to job service North Dakota for the purpose of defraying the expenses of job service North Dakota, for the biennium beginning July 1, 2021 and ending June 30, 2023, as follows:

		Adjustments or	
	Base Level	<u>Enhancements</u>	<u>Appropriation</u>
Salaries and Wages	\$30,572,221	(\$1,453,475)	\$29,118,750
Operating Expenses	17,840,895	(755,101)	17,085,794
Capital Assets	20,000	0	20,000
Grants	6,166,112	2,114,939	8,281,051
Reed Act–UI Computer Modernization	<u>10,475,114</u>	470,012	<u>10,945,126</u>
Total All Funds	\$65,074,342	\$ 376,379	\$65,450,721
Less Estimated Income	64,643,718	<u>396,442</u>	<u>65,040,160</u>
Total General Fund	\$ 430,624	(\$ 20,063)	\$ 410,561
Full-time Equivalent Positions	172,61	(16.00)	156.61

**SECTION 2. ONE-TIME FUNDING.** The following amounts reflect the one-time funding items approved by the sixty-sixth legislative assembly for the 2019-21 biennium:

One-Time Funding Description	<u>2019-21</u>	<u>2021-23</u>
Unemployment Insurance Modernization Project	<u>\$611,852</u>	\$0
Total All Funds	\$611,852	\$0
Total Special Funds	<u>611,852</u>	<u>0</u>
Total General Fund	\$ 0	\$0

SECTION 3. APPROPRIATION - REED ACT FUNDS - UNEMPLOYMENT INSURANCE COMPUTER MODERNIZATION. The special fund appropriation of \$10,945,126 in section 1 of this Act is from federal Reed Act funds made available to the state by the federal Reed Act distributions made in federal fiscal years 1957, 1958, 1999, and 2002, pursuant to section 903 of the Social Security Act. This sum, or so much of the sum as may be necessary, is for the purpose of developing a modernized unemployment insurance computer system, for the biennium beginning July 1, 2021 and ending June 30, 2023.

**SECTION 4. APPROPRIATION.** All federal funds received by job service North Dakota in excess of those funds appropriated in section 1 of this Act are appropriated for the biennium beginning July 1, 2021 and ending June 30, 2023.

#### 2021 SENATE STANDING COMMITTEE MINUTES

#### **Appropriations Committee**

Roughrider Room, State Capitol

SB 2016 1/11/2021 Senate Appropriations Committee

A BILL for an Act to provide an appropriation for defraying the expenses of job service North Dakota.

**Senator Holmberg** opened the hearing on SB 2016 at 3:33 pm. Senators Holmberg,

Krebsbach, Wanzek, Bekkedahl, Poolman, Erbele, Dever, Oehlke, Rust, Davison, Hogue,

Sorvaag, Mathern, and Heckaman were present.

#### **Discussion Topics:**

- Agency Overview
- Strategic Initiatives
- Workforce Needs
- Pandemic Accomplishments

**Bryan Klipfel, Executive Director, ND Job Service** presented the agency overview – testimony # 310.

#### Additional written testimony:

Jennifer Greuel, Exec. Director, Economic Development Association of North Dakota submitted written testimony in favor – #340.

**Senator Holmberg** closed the hearing at 4:34 PM.

Rose Laning, Committee Clerk



Senate Appropriations Committee

# JOB SERVICE NORTH DAKOTA TESTIMONY



Senate Bill 2016 Bryan Klipfel January 11, 2021



# JOB SERVICE NORTH DAKOTA TESTIMONY

# SENATE APPROPRIATIONS COMMITTEE SB 2016

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# TESTIMONY

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WELCOME (slide 1)

Good afternoon Mr. Chairman and members of the Senate Appropriations Committee. My name is Bryan Klipfel and I am the Executive Director of Job Service North Dakota (JSND) and Director of Workforce Safety & Insurance (WSI). I am here today, along with Nicole Vorachek, our Finance Manager and a member of our leadership team, to provide the appropriations testimony.

INTRODUCTION (slide 2)

JSND was established under North Dakota Century Code 52 and is charged with administering the unemployment compensation program and the state's employment services. When most people hear or think about Job Service North Dakota, the first thing that comes to mind is Unemployment Insurance. While that is one of the main functions of our agency, we do so much more. JSND really is where workforce meets main street. We are the regional workforce experts who are knowledgeable of local communities and current events, have developed strong connections within our communities, and built solid partnerships with employers, schools, regional Economic Development Councils and local chambers across the state.

We meet workforce needs by removing barriers to employment and connecting employers to employees. We keep main street open by providing Unemployment Insurance benefits during downturns, and we turn data into insights and educate and provide labor and economic information to businesses and job seekers to make informed decisions.

#### STRATEGIC PLANNING

(slide 3)

When I first started at JSND in late 2018, I introduced the Balanced Scorecard methodology for use in strategic planning. This was the same model I implemented at WSI in 2009 to create the framework for our strategic plan. I met with the leadership team to review the current organizational strategy. With changes throughout the organization, as well as at the executive level, we recognized the need to modify the current plan. With an understanding of our vast reach throughout the state, the impact we have on people and business, the meaningful connections we have with each other and those we serve, we felt it was critical to establish clarity in our purpose, values, strategic anchors, and our business definition.

With many different departments and competing priorities, we wanted a powerful message that will guide us forward, shape our culture, drive action, and create exceptional customer and employee experiences.

#### **OUR PURPOSE**

We have a strong foundation in our purpose: *Meeting Workforce Needs*. It guides us in everything we do, ensuring both stability and alignment. The simplicity of our purpose isolates what is most important to us, allowing us to maintain focus and deliver what we should to our customers throughout the state.



#### **OUR VALUES**

Our core values are the guiding principles of our organization. Our values: *Purposeful, Respectful, Collaborative, Loyal,* reflect what we value in business, in relationships, and in everything we do. Our values represent who we are and what we stand for.

#### **OUR STRATEGIC ANCHORS**

Strategic anchors are the basis for how work is performed in our organization: *Integrity First, Service Before Self, Excellence in All We Do.* Whether serving internal or external customers, creating a spreadsheet, facilitating a workshop, or entering data, these anchors guide us forward and securely fasten us to our purpose.

#### **OUR BUSINESS**

We have many different departments with competing priorities, but what we do never changes. We are *Providing Workforce and Unemployment Services* to citizens across the state.

(slide 4)

The four perspectives, Customer, Finance, Business Process, and Employees are what makes the balanced scorecard framework so effective for moving an organization forward. For each perspective there are objectives that require initiatives to accomplish. Having these initiatives helps us to deliver on North Dakota's core missions, connect to the state's strategic initiatives, culture, and values to ultimately deliver on the state's purpose to Empower People, Improve Lives, and Inspire Success. [See Appendix A for the full strategic plan and alignment to the State of the North Dakota]

With the pandemic that began in 2020, much of our strategic plan was placed on hold, though we continued to make progress in some areas. Our leadership team felt it was important to revisit our plan to determine if any of our initiatives had changed based on the current environment, but also, we felt it was necessary to establish priorities to keep the agency moving forward. Through those discussions, a thematic goal emerged. Our thematic goal is to *Identify Alterative Funding Sources*, a critical effort that will ensure sustainability of our agency.

#### ORGANIZATIONAL STRUCTURE

(slide 5)

Our agency is structured to provide the best service to our constituents and deliver on our purpose of *Meeting Workforce Needs*. We have a strong leadership team leading each of our business units. [See Appendix B for our Leadership Team Structure]

#### **WORKFORCE SERVICES**

Workforce Services includes both our Workforce Centers and Workforce Programs Departments. We have nine Workforce Centers across the state delivering key services to the citizens of North Dakota. Prior to the pandemic, our Workforce Centers served an average of eight-to ten-thousand customers per month. We operate several programs within our Workforce Centers, and we have, without a doubt, some of the best workforce experts throughout the state who impact the workforce in North Dakota in many ways.



#### Removing Barriers to Employment:

Typically, the clients we work with have one or more significant barriers impacting the ability to be hired and maintain employment. Barriers may be as simple as obtaining the necessary tools or transportation or may be as complex as having mental health issues or overcoming a substance abuse problem. Every client we work with is different and we strive to impact our clients by helping them remove those barriers to obtain meaningful employment and become self-sufficient.

We are able to help citizens of our state remove barriers under the Workforce Innovation and Opportunity Act (WIOA) and the Jobs for Veterans State Grant (JVSG). Additionally, we also have three state contracts with the Department of Human Services (DHS).

- WIOA serves three main demographics: youth, adult, and dislocated workers. During the 2019 program year, we served 974 participants. Over 80% of these participants were either employed or in training one year after exiting the program.
- JVSG supports veterans who have barriers to employment. From 2018-2020, we served 2,245 participants with 61% being employed one year after exiting the program.
- The DHS contracts are aimed at helping those within various DHS programs prepare for and obtain meaningful employment.
  - The Basic Employment Skills Training (BEST) Program is intended to introduce participating Supplemental Nutrition Assistance Program (SNAP) recipients to job seeking and retention skills including skill development, employment opportunities, and employment retention. It is operational in Burleigh and Cass counties.
  - The Job Opportunity and Basic Skills Program (JOBS) combines education, training, job readiness services and employment to enable Temporary Assistance for Needy Families (TANF) participants to become self-sufficient.
  - The Parental Responsibility Initiative For The Development of Employment Program (PRIDE) helps noncustodial parents find employment or better paying jobs so they can meet their child support obligations. PRIDE is a collaboration between Job Service ND, the district courts, and the ND Department of Human Services.

#### Connecting Employers and Job Seekers:

Utilizing federal funds under Wagner-Peyser, we provide services in several ways to both job seekers and employers.

- For our Job Seekers, we offer career services which may include resume building, interview preparation, identifying transferrable skills, or removing barriers to employment. We also facilitate workshops to provide education and guidance on a variety of workforce topics.
- For our Employers, we offer services related to job postings, job fairs, skill assessments and testing, and virtual recruitment. We also partner with the Economic Development Corporations, Chambers, and others in the community to provide rapid response services to businesses which are closing. Additionally, through the H2A program, a foreign labor certification program, we help employers fill job orders and inspect employer housing conditions.
- JSND also utilizes a virtual job bank to connect job seekers and employers and offers two tax incentive programs to employers when creating new positions or hiring individuals with barriers to employment.



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#### Statewide Workforce Events:

JSND provides a venue for employers to host in-house hiring events. In 2019, 503 such events occurred within our Workforce Centers. We also facilitate external workforce events including second-chance job fairs and multi-industry job fairs.

#### **Community Immersion:**

JSND has a strong presence in the communities we serve with many of our employees serving on boards and committees. Our staff also partners with employers, schools, chambers and EDC's to expose middle- and high-school students to career options, facilitate presentations in schools and at community events, and conduct outreach to tribal communities, New Americans, and those living in our rural communities.

With the number of grants and contracts we work with, our Workforce Programs Department is responsible for compliance, oversight, and administration, including the systems used within our Workforce Centers. [See Appendix C for additional information on our Workforce Services area including numbers served and performance measurements]

#### UNEMPLOYMENT INSURANCE

The Unemployment Insurance Department consists of several smaller departments including benefits, administration, tax, quality control, appeals, and support. These departments work collaboratively to establish tax rates, process claims and benefit payments. The work they do serves a dual purpose as both a workforce and an economic stabilizer.

Under ND statute, 12-26 weeks of benefits are allowed for workers who lost their job through no fault of their own. On average, claim duration is typically 12 weeks. Approximately 70% of North Dakota's claims are a result of seasonal employment and unemployment insurance minimizes the workforce loss by allowing employers to retain workers thereby stabilizing the workforce. From an economic standpoint, unemployment insurance provides income replacement to laid off workers and those workers will typically stay in North Dakota and spend their money here as well.

#### Claims:

Prior to the pandemic, unemployment claims in the state were on a 3-year downward trend. In 2016, we were coming out of the oil downturn and claims decreased by just over 24% by 2017. This decline in claims continued through 2019 resulting in close to a 42% decrease in benefits paid from over a 2-year period.

Since the pandemic began in March of 2020, there have been over 228K claims filed.<sup>[1]</sup> This type of claim volume has never been seen before in North Dakota and the large surge has greatly skewed the unemployment numbers. While it is yet unknown as to how we come out of this pandemic, we have worked in collaboration with the Emergency Commission and Budget Section to take action to maintain an appropriate balance in the trust fund.

<sup>[1]</sup> Represents the number of claims filed between March 16, 2020 and January 8, 2021



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This rise in claims has created many challenges in administering the program, not the least of which is staffing. Coming into the pandemic, our staffing levels were at a level sufficient to support the 2018-2019 claim level. Recognizing the overwhelming volume of claims coming as a result of the pandemic, we immediately reallocated all the staff we could toward unemployment insurance activities. As volumes continued to rise, we collaborated with other agencies for assistance with many of our core unemployment insurance activities, things like answering claim calls, investigating wage information for federal claims, and even adjudicating eligibility where possible. With no end to the rising claims, we also ramped up our hiring of temporary staff to help with the claim processing and engaged with a private sector vendor to augment our appeals staff. Despite having additional staff in place, our current regular full-time employees continue to work long hours and weekends to keep up with the demand.

In spite of the many challenges faced, North Dakota was positioned better than most states to respond to a dramatic increase in claims. Prior to the pandemic, JSND had spent years transitioning many services online and providing self-service functionality for unemployed individuals and employers. Without the investments in technology and business process improvements we would have had much more difficultly in making it through the pandemic.

From a monetary perspective, there are two primary sources of funding utilized by the Unemployment Insurance program:

#### Tax Rates:

Taxes paid by North Dakota employers provide all funds utilized to pay benefits to unemployed individuals. Tax funds collected cannot be utilized for any purpose other than the payment of benefits and are housed within the UI Trust Fund. JSND sets tax rates yearly for employers utilizing a formula defined in statute. This calculation is complex and considers the trust fund balance, projected statewide and taxable wages, projected benefit payments, and the taxable wage base. The two years prior to the pandemic, North Dakota employers realized a tax rate reduction. The actions of the Emergency Commission and Budget Section of allocating Coronavirus Relief Funding (CRF) dollars to the UI Trust fund served to ensure that the fund remained solvent and allowed us to keep 2021 rates at the same level as 2020—A critical action to support North Dakota employers.

#### Administrative Funding:

The Unemployment Insurance program is 100% federally funded. Federal funding is based off of congressional budgets and United States Department of Labor (USDOL) allocations grounded upon Administration priorities. With congress continuing to fund government operations via continuing resolutions (CR), UI administrative funding has remained for the most part flat over the last decade or longer.

The exception to the flat funding is the above-base funds received in 2020 of \$5.6M to account for an injection of pandemic related funding. Under normal circumstances, the USDOL provides above-base dollars when they have not expended their entire federal appropriation and workloads in the states has exceeded projected workloads. The funding is sporadic and when provided comes one quarter



after the associated increase in workload occurs. [See Appendix D for additional information on Unemployment Services]

#### LABOR MARKET INFORMATION

JSND also impacts the North Dakota workforce by providing workforce data and education to a variety of audiences through our Labor Market Information department. Under a contract with the Federal Bureau of Labor Statistics, we turn data into insights by providing labor market and economic information to job seekers, students, employers, economic developers, and other workforce professionals so they in turn can make informed decisions. We also provide outreach and education so users can better understand the information and how it can be used.

#### **Employers:**

Employers will use our data for a variety of reasons including setting wages or conducting wage studies, supply and demand, and also to review local and national economic conditions.

#### Job Seekers, Students, and Educators:

The most common data used by this group includes job openings and in demand positions. They also look at the necessary education and skills needed for jobs, occupational wages, and employment projections.

#### **Economic Developers:**

Economic Developers will often use our data to look at wages by a specific area, whether that be statewide, regional, or by a metro area. They will also analyze information related to the availability of the labor force, and demographic and industry trends.

#### **Policy Makers:**

Like economic developers, policy makers will often break down local economic data and look at workforce trends by area.

Our Labor Market Information department has been working on developing dashboards for use by their audience. When the pandemic hit North Dakota and the influx of unemployment claims resulted, LMI was asked to develop an interactive dashboard. This dashboard became a go-to for many around the state and has been praised for its ability to filter by just about any level of detail including occupation, industry, or gender, or by region or county. [See Appendix E for additional information on Labor Market Information Services]

#### **ACCOMPLISHMENTS**

(slide 6)

JSND made significant accomplishments in creating a streamlined infrastructure, as well as advancing our operations automated processes to continuing seeking efficiencies to better serve the citizens of North Dakota. These are identified herein using the perspectives from our strategic plan:

#### Customer:

Increased and promoted second-chance job fairs



- Created Labor Market Information dashboards for Labor Force, Employment and Wages by Occupation, and Labor Demand
- Increased social media presence to engage our communities
- Maximized website features for a better customer experience

#### Finance:

- No financial audit findings
- > Co-Located with partners and agencies in offices across the state

#### **Business Processes:**

- > Streamlined policies and procedures for efficiencies
- > Transitioned to Unisys cloud management services
- Automated internal processes:
  - Implementation of Foreign Labor Agriculture Tracking system, which is designed to track and process Department of Labor Foreign Labor requirements to include housing inspection results and corresponding job orders
  - o Automated claim submission & adjudication
  - Transitioned to employer electronic reporting
  - Automated employer UI registration
  - New Jobs Training for Employers customized system

#### **Employees:**

Completed Job Analysis project which creates the foundation for an integrated talent management system and is fundamental to individual and organizational success by allowing for effective processes in recruiting employees, establishing performance standards, growing and developing the workforce, and preparing employees for key roles within the organization.

(slide 7)

In March of 2020, the pandemic resulted in a flurry of activity. As businesses shut down and the federal government passed the Coronavirus Aid, Relief, and Economic Security (CARES) act, JSND was thrust into the spotlight and charged with responding to new legislation and processing an unprecedented number of claims. Our team stepped up to the many challenges we faced and made significant accomplishments in meeting workforce needs for both employers and citizens of our state.

#### **Customer:**

- > Drafted and requested multiple executive orders to benefit ND employers and citizens
- Processed 218,979 claims equating to 10 years' worth of work in 9 months
- ➤ Injected over \$920M into North Dakota's economy
- Provided leadership and staffing for the Workforce Coordination Center
- > Applied for and received grant funding to help ND citizens transition back to work
- > Implemented virtual tools to continue providing workforce services
- Established new protocols to reopen the workforce center's safely

#### Finance:



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- One of only three states to meet federal payment targets
- Collaborated with the Emergency Commission and Budget Section to ensure a solvent trust fund
- Protection of assets by implementing fraud prevention measures

#### **Business Processes:**

- Reprogrammed systems for CARES Act
- > One of the first states to implement programs
- > Developed Labor Market Information interactive dashboard
- Collaborated with other agencies to address claim volume

#### **Employees:**

- > Coordinated the transition of 80% of our staff to a virtual environment
- Successfully transitioned workforce staff to help with claims center
- Hired over 100 temporary staff to assist with claim filing, adjudication, appeals and administrative functions
- > Entered into a contract with vendor for appeal processing

This list provides a summary of the accomplishments of our staff, but it is not all inclusive and it was only accomplished through the many personal sacrifices made by our employees including working long hours, evenings, overnights, weekends, and holidays in response to the increased workload. Their dedication to the citizens of the state in accomplishing all that they have is nothing short of incredible.

#### PANDEMIC FUNDING

(slide 8)

In response to the COVID-19 pandemic, Congress passed the CARES Act with several components involving changes to the Unemployment Insurance program administered by JSND. JSND received several grant awards which are outlined by program on slide 8 with definitions included herein. Of all funds received, JSND redistributed 96% of those funds back to the citizens which equates to \$921,378,774 as of December 31, 2020.

- 1. <u>Coronavirus Relief Fund (CRF)</u> This fund represents JSND's share of the state funds received from the federal government under the CARES Act. These funds were used to infuse the trust fund and cover a portion of administrative expenses. JSND received \$372,368,713 in CRF funds and distributed those funds as follows:
  - a. Trust Fund = \$355,653,643
  - b. Reimbursement to nonprofits, local/state government employers of 50% benefits paid = \$12,356,213
  - c. Administrative Expenses = \$4,358,857
- 2. <u>Federal Pandemic Unemployment Compensation (FPUC)</u> This program provides for the addition of flat dollar amounts each week to each unemployment insurance benefit payment made to an individual, whether on the regular unemployment insurance program or any of the new programs within the CARES Act.



- 3. <u>Pandemic Emergency Unemployment Compensation (PEUC)</u> This program provides 13 weeks of additional benefits for individuals who may have exhausted all rights to state unemployment insurance.
- 4. Pandemic Unemployment Assistance (PUA) This program provides assistance for individuals not eligible for regular, extended benefits, or Pandemic Emergency Unemployment Compensation (PEUC), including individuals who have exhausted benefits, independent contractors, self-employed workers, gig workers, etc. This program will provide 13 weeks of benefits to participants.
- 5. <u>Extended Benefits (EB)</u> This is an extension of benefits paid to certain claimants that is funded by the federal government. This is an ongoing program that was triggered in July 2020.
- 6. <u>Lost Wages Assistances (LWA)</u> This was a temporary program that provided an additional \$300 payment to claimants who were affected directly by the pandemic.
- 7. <u>Temporary Compensation</u> When North Dakota made the decision to waive the waiting week, the federal government reimbursed us for the first week paid to claimants.
- 8. <u>Emergency Unemployment Insurance Stabilization and Access Act (EUISAA)</u> These are funds provided by the federal government under the CARES Act for emergency relief for unemployment insurance administrative costs.
- 9. <u>US Relief</u> Federal funds used to support nonprofit employers, local and state governments, and recognized Indian tribes by providing 50% relief of UI tax payments under the reimbursement method.
- 10. <u>National Dislocated Worker Grant (DW)</u> Additional grant awarded to JSND to assist with training and workforce preparation for those dislocated by the pandemic.

The CARES Act included much needed monetary support through a number of programs designed to positively impact a broad spectrum of workers.

FUNDING (slide 9)

JSND is 98% federally funded. The federal funds are complex and siloed, meaning the buckets of federal dollars do not allow transfers between programs so while one program may have an excess of funds, those dollars must be spent only within that program. Our major funding sources include the Workforce Innovation and Opportunity Act (WIOA), Wagner-Peyser, and Unemployment Insurance. From 2009 through 2019, the JSND budget decreased from \$51M to \$42M. For the 2019-2021 Biennium, the budget is \$52,252,978 which reflects above-base dollars and funding specifically related to the pandemic. [See Appendix F for detailed information on historical funding]

(slide 10)

The decrease noted previously is attributed to fairly flat federal funding, the lack of adjustments in federal funding to support state-level program increases, such as legislative wage adjustments and IT cost increases, and inflationary costs to operating expenses. During the time frame noted, there has been a cumulative inflation of 17.3%, or an average of 1.57%. The expenses related to system operating costs do not fluctuate based on the number served so those are the same for North Dakota as compared to larger states who process more claims.



\_\_\_\_\_

STAFFING (slide 11)

Since 2001, technology improvements and the decrease in funding for our programs has resulted in a reduction of 215 regular full-time employees. We are currently authorized for 172.61 FTE and we supplement our staff with temporary positions; However, the significant decrease has resulted in a limited capacity to serve the citizens of the state.

To adequately respond to the pandemic, JSND has 84 temporary staff to assist our regular employees with the increased workload. [See Appendix G for temporary hiring activities in 2020] JSND also transitioned the Workforce Center staff and engaged with other agencies including WSI and the North Dakota Information Technology Department, as well as other vendors to assist with processing unemployment claims.

CONSTRAINTS (slide 12)

While our current efforts are focused on addressing the impacts on the workforce caused by the pandemic, we have many constraints that force us to change the way in which we work.

#### **Funding:**

As mentioned, JSND is 98% federally funded. The federal funding streams are siloed, not allowing for transfers from one program to another. All programs offered by JSND must meet negotiated levels of performance and every grant and contract has a myriad of reporting requirements that are carried out by our staff monthly, quarterly, and annually. Many other surrounding states receive state dollars to help offset the additional costs in both workforce and unemployment insurance services, however, JSND operates with minimal general fund dollars. While funding remains flat, operational costs continue to increase resulting in a reduction of funds available to serve the citizens of North Dakota. [See Appendix H for state comparisons]

#### Infrastructure:

While we have made gains in improving our processes and procedures for efficiency, we continue to support the legacy mainframe-based IT system. The system itself is antiquated, which makes finding personnel to operate the system a challenge. We continue to seek potential paths for system replacement; However, the limited funding available to invest in needed systems creates a challenge.

#### **Employees:**

Again, with limited funding available and the strict requirements with federal funding, it is difficult to reward employees for their work and accomplishments. Minimally, we follow the state's legislative increases, but are restrained due to the lack of additional funds to provide meaningful rewards. The reduction in approved staffing levels also forces us to hire temporary employees of which we see a higher level of declined offers for employment due to the temporary status. Retaining newer employees has also been a challenge as we experience a higher rate of turnover, often losing those employees to better opportunities in the state or the private sector. Additionally, we project that 45% of our employees are eligible to retire within the next 10 years. Not only will this impact the need to hire multiple employees, but the potential loss of institutional knowledge is concerning.



#### **External Factors:**

Over the last 20 years, changes in how we provide services has changed due to technology improvements, the changing landscape of the workforce, and the changing demographics within the state. Though the pandemic has raised the unemployment rate, we still have one of the lowest unemployment rates in the nation at 4.1% as of November 2020. This low unemployment and the pandemic have resulted in over 13,000 job openings across the state, with the highest demand in healthcare, administration, and transportation occupations.

While JSND staff work hard to connect employers to employees, the change in demographics we see today is much different than it was 10-15 years ago. Typically, the citizens we see have barriers to employment. Overcoming one barrier to employment is difficult on its own, but most clients have more than one. These barriers can range from something simple such as lack of transportation to more complex cases which may include substance abuse, a criminal record, lack of housing or childcare, lack of access to technology, or a lack of technical or soft skills to succeed in today's workplace.

APPROPRIATIONS (slide 13)

Slide 13 summarizes our base level, change package adjustments, Governor's recommendations, and our 2021-23 appropriation request. JSND is operating with relatively stable costs with a few changes as noted below:

#### <u>Salary</u>

- Increased salary appropriations in the unemployment department due to increased temporary staffing
- Adjustments as recommended in the Governor's budget for the 2% per year salary and 1% retirement contribution increase
- Decrease to the salary and wages line item for IT unification as provided in the Governor's recommended budget

#### Operating Expenses

- Increase to the operating expense line item for IT unification as provided in the Governor's recommended budget
- Decrease in operating expenses due to iUS grant funds

#### Grants

 An adjustment related to training dollars paid to citizens which was increased under our WIOA, TAA, ATAA, and TRA grants.

The 5% general fund reduction is reflected in the general fund request which if offset by salary and wages line item increases mentioned herein.

(slide 14)

JSND does receive limited general and special funds as follows:



\_\_\_\_\_\_

#### **General Funds:**

The limited general funds support the following activities and services.

- 1. Job Spidering Technology Job spidering is a sophisticated technology tool which provides job seekers with thousands of jobs to choose from within one state website. Jobs are integrated from corporate websites from businesses with 25 or more employees, online job boards, regional hospitals, government sites, local newspapers, and community job boards. Job Spidering represents about 75% of the job listings with JSND, or 104,670/year (8,700/month).
- 2. Mobile App The mobile app is an extension of the employment services systems and is offered at no charge to job seekers. This app expands the work search reach, is flexible and increases the use of the job search portal. Job seekers are able to update resumes, search for jobs, and communicate with staff. Approximately 400 unique users are registered monthly with a typical user being in the 19-40 age group with an average session time of 82 minutes.
- 3. State Social Security Administration Liaison These dollars fund 25% FTE to assist state and local government employers with issues related to Social Security and Medicare wage reporting.

#### **Special Funds:**

For more than 25 years, the state has administered the New Jobs Training Program (NJT) which provides incentives to primary-sector businesses who are creating new employment opportunities through business expansion or relocation to North Dakota. The program allows businesses to receive funding in the form of a loan, grant, or self-financing option for up to ten years to offset the cost of training new employees. Funds are available through capturing state income tax generated from newly-created, permanent, full-time positions.

#### Federal Funds:

In addition to these funds, we are requesting language in our appropriation bill which will allow us to accept all federal funds received by JSND in excess of those funds appropriated in section 1 of our bill for the biennium beginning July 1, 2021 and ending June 30, 2023. This allows JSND to spend additional federal funds received for increased workloads.

CONCLUSION (slide 15)

I've been with Job Service North Dakota for approximately two years and I can honestly say that I'm continually impressed by the hard work of the employees. The pandemic has highlighted the important work we do in building a skilled workforce and limiting the impact of downturns for healthy vibrant communities.

I thank you for your time today and will entertain questions from the committee at this time.



# S L I D E D E C K



# APPROPRIATIONS TESTIMONY

JOB SERVICE NORTH DAKOTA – SB 2016 BRYAN KLIPFEL JANUARY 11, 2021



# WHO WE ARE



# WHERE WORKFORCE MEETS MAIN STREET



Wahpeton, ND

#### WHO WE ARE:

- Regional workforce experts
- Strong partners with employers, schools, local EDC's and chambers
- Knowledgeable of local communities and current events
- Knowledgeable about local economics

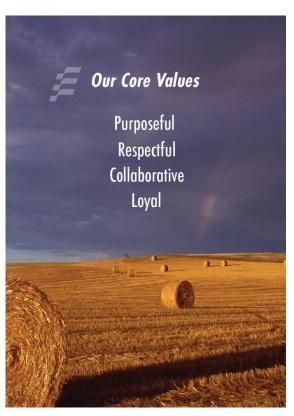
#### WHAT WE DO:

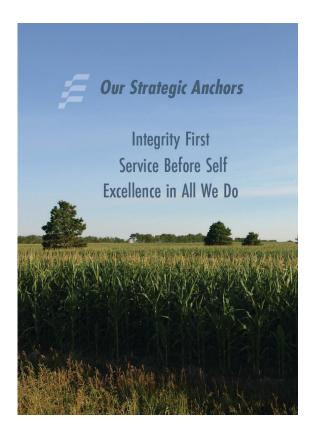
- Meet workforce needs by removing barriers to employment and connecting employers to employees
- Keep main street open by providing Unemployment Insurance benefits during downturns
- Educate and provide labor market and economic information to businesses and job seekers to make informed decisions

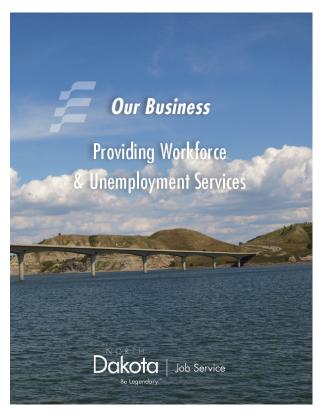
# MEETING WORKFORCE NEEDS



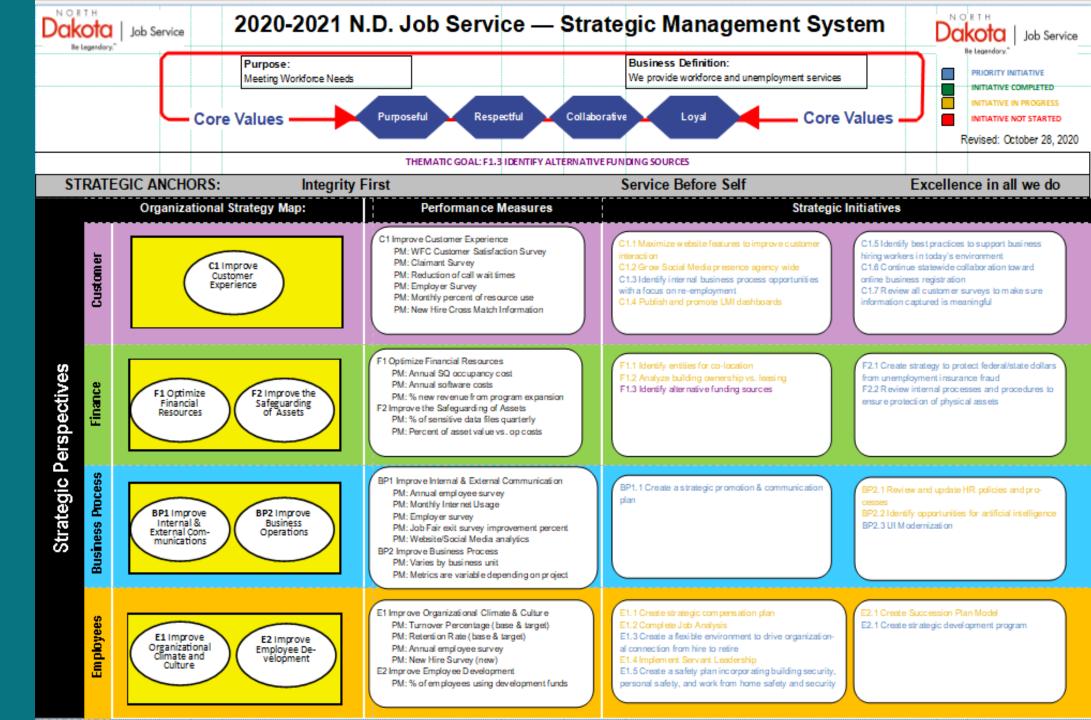








# Our Strategic Direction











# ACCOMPLISHMENTS





#### **Customer**

- Second Chance Job Fairs
- Labor Market Dashboards
- Increased social media presence
- Maximized website features



#### **Finance**

- No financial audit findings
- Colocation



#### **Business Process**

- Streamlined policies and procedures
- Transitioned to Unisys Cloud Managed Services
- Automated Processes
- Foreign Labor Agriculture Tracking system
- Unemployment Insurance Processes for Claimants and Employers
- New Jobs Training



#### **Employees**

 Completion of Job Analysis Project

# Pandemic

# **ACCOMPLISHMENTS**





#### Customer

- Drafted multiple EO's to benefit ND employers and citizens
- Processed 10 Years' of claims in 9 months
- Injected over \$920M into ND's Economy
- Provided staff & leadership for Workforce Coordination Center
- Obtained Grant for Dislocated Workers
- Implemented virtual tools to continue providing workforce services



#### **Finance**

- One of only three states to meet federal payment targets
- Collaborated with Emergency Commission and Budget Section to ensure a solvent trust fund
- Protection of assets by implementing fraud prevention measures



#### **Business Process**

- Reprogrammed systems for CARES Act
- One of the first states to implement programs
- Developed labor market interactive dashboard
- Collaborated with other agencies to address claim volume

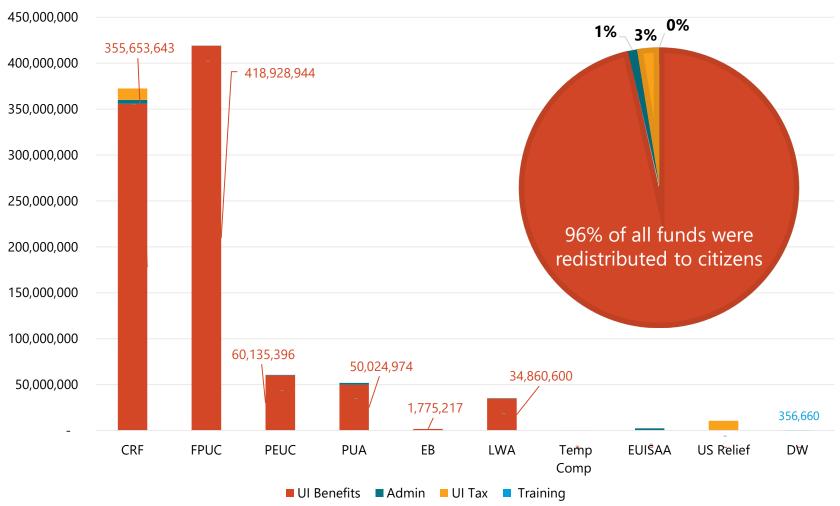


#### **Employees**

- Coordinated transition of 80% of staff to virtual environment
- Transitioned staff to priority areas
- Hired over 100 temporary employees
- Entered into a contract with vendor for appeal processing

# COVID-19 PANDEMIC FUNDING

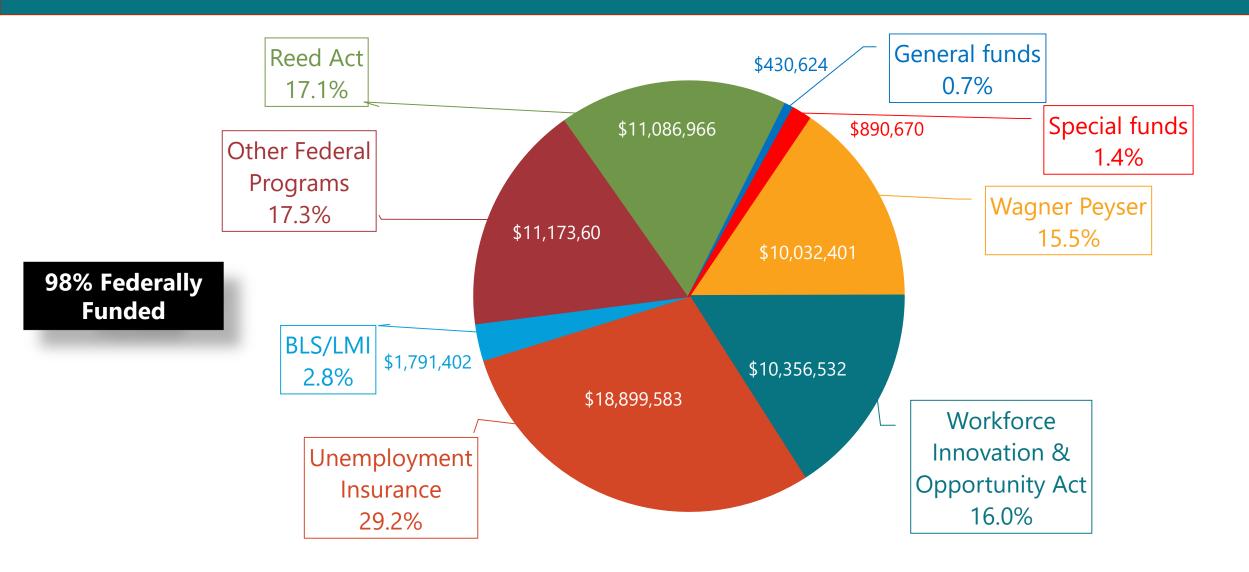
#### COVID-19 Federal Funds





# **FUNDING 2019-2021**





# **FUNDING HISTORY**





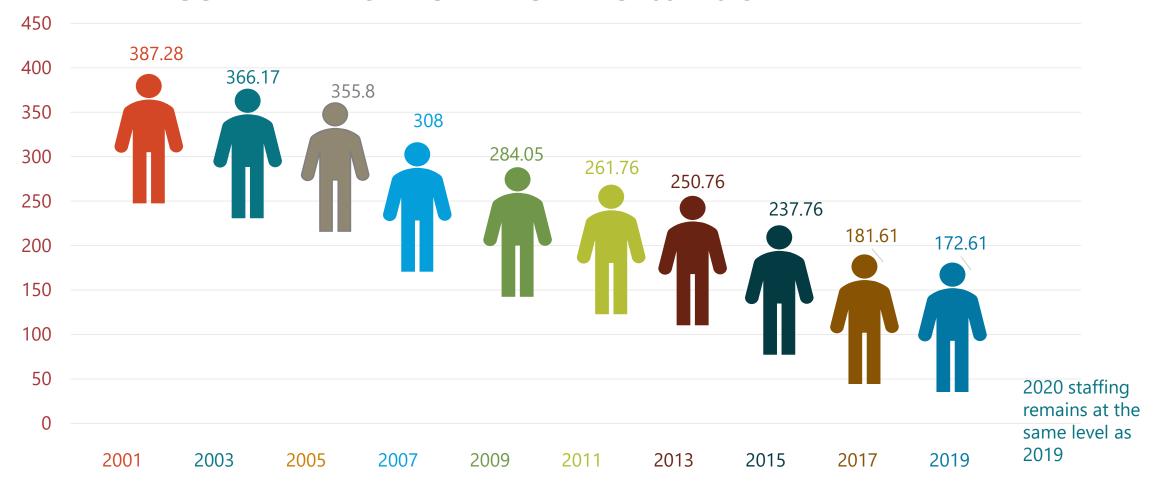


- Federal funding is not adjusted for state expenses such as pay increases and IT cost increases
- Inflationary costs to operating expenses
  - Inflation averages 1.57% per year
- Expenses do not fluctuate based on the number served:
  - Example System costs are essentially the same whether we have 30K claims or 300K claims

### OUR TEAM OVER THE YEARS







# CONSTRAINTS





**Funding** 

#### • 98% Federally funded

- Siloed funding streams
- Flat funding while operational costs continue to increase



# nfrastructure

- Supporting the legacy mainframebased IT system
- Limited funding to invest in needed systems and replacements
- Aging facilities



# Employees

- Difficult to reward employees
- Projected 45% retirements w/in 10 years
- Potential loss of institutional knowledge due to attrition
- Lack of funding for training and other state activities



# ctors

- Openings
- Barriers to

# Q Ľ Externa

- Workforce/Skill Shortage
- Low Unemployment
- Over 13,000 Job
- Employment



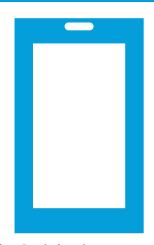


	2(	021-23 Base	ange Packages & Governor's commendations	2021-23 Appropriation
Salaries and Wages	<b>-</b> `	30,572,221	\$ (1,453,475)	\$ 29,118,750
Operating Expenses	\$	17,840,895	\$ (755,101)	\$ 17,085,794
Capital Assets	\$	20,000	\$ - -	\$ 20,000
Grants	\$	6,166,112	\$ 2,114,939	\$ 8,281,051
Reed Act-UI Computer Modernization	\$	10,475,114	\$ 470,012	\$ 10,945,126
Total All Funds	\$	65,074,342	\$ 376,379	\$ 65,450,721
Less Estimated Income	\$	64,643,718	\$ 396,442	\$ 65,040,160
Total General Fund	\$	430,624	\$ (20,063)	\$ 410,561
Full-Time Equivalent Positions		172.61	(16)	156.61





#### **GENERAL FUNDS**



- Job Spidering
- Mobile App
- State SSA Liaison

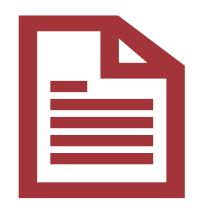
#### SPECIAL FUNDS



New Jobs Training:

Worker education and training when employers create new jobs

#### FEDERAL FUNDING



Appropriations Bill:

Continuation of language allowing acceptance of funds

## WHO WE ARE



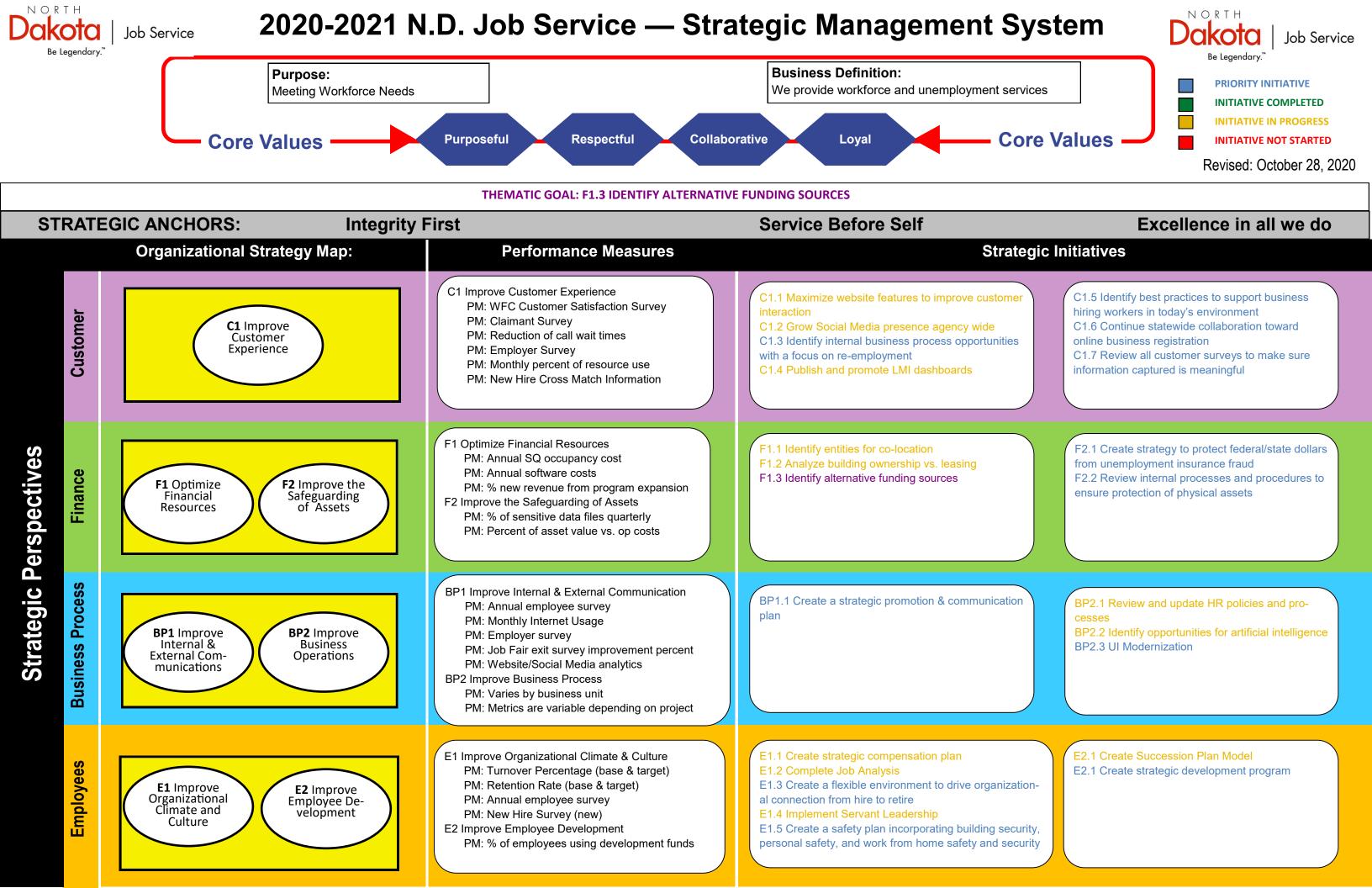




## APPENDIX

## APPENDIX A Strategic Plan





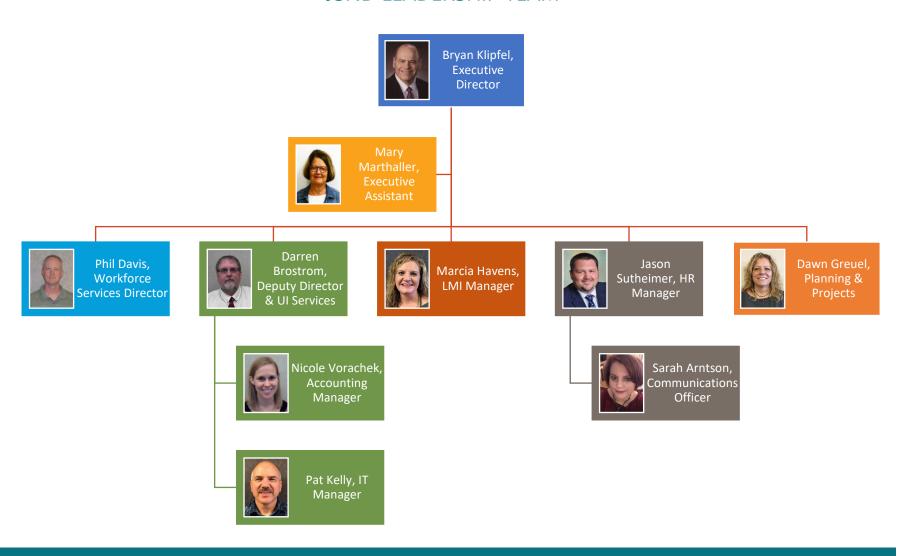
JSND's core purpose	Meeting Workforce Needs												
our core values	Purposeful			Respectful				Collaborative			Be Legendary." Loyal		
our Strategic Anchors	Integrity First			Service B			Befo	Before Self Ex			xcellence in all we do		
our Strategic Perspectives	Customer		Finance				Business Process			Employees			
We deliver on ND's core missions	Health, safety, and security of all citizens	Attract, engage, a retain workford	and	Safely move people and goods	people and throu		and na	onserve, use, and manage retain, and expand, and cultural protect resources wealth		(learners) for 1		Ensure fiscal responsibility	
by connecting to ND's strategic initiatives	Main Street Beha		aviorai Heairn			nting Transformir ment Education			I Irinai Partnershins				
with an aspire to culture	Work as One Ci		itizen Focus		Growth Mindset		Make a Difference		Leadership Everywhere				
grounded in values	Gratitude			Hur	Humility Cur			riosity Courage					
and driven by ND's purpose	Empower People, Improve Lives, Inspire Success												

## APPENDIX B Leadership Team



#### **APPENDIX B**

#### JSND LEADERSHIP TEAM



## APPENDIX C Workforce Services

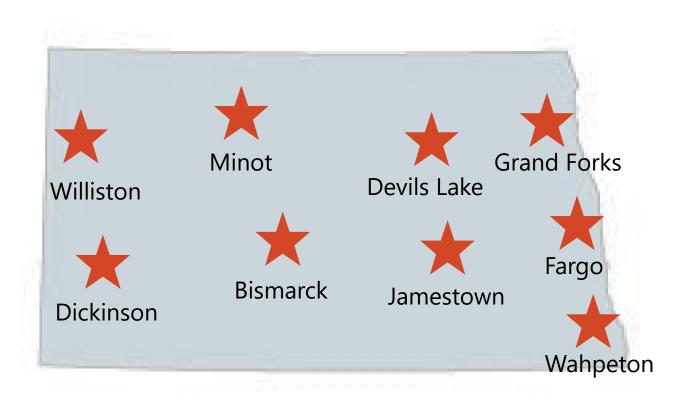






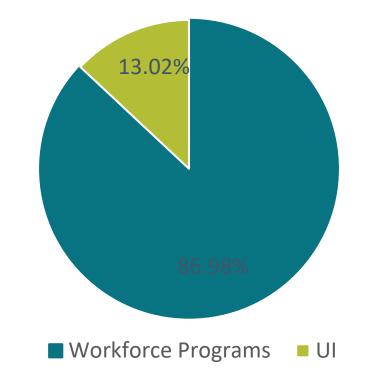
IMPACTING NORTH DAKOTA'S WORKFORCE





Average of 8-10K customers per month in the Workforce Centers prior to COVID

#### **JANUARY 2019-MARCH 2020 CUSTOMERS**









#### FEDERAL PROGRAMS

#### **WIOA YOUTH**

344 Participants 81.4% Employed or in Training 1 year after program exit

#### **WIOA ADULT**

523 Participants82.7% Employed 1 year after program exit

#### **WIOA DISLOCATED WORKER**

107 Participants80.0% employed 1 year after program exit







#### **FEDERAL PROGRAMS**

#### **JOBS FOR VETERANS STATE GRANT**

- Program supports veterans who have barriers to employment
- 2,245 Participants in last 3 years
  - 61.06% employed 1 year after program exit
- 5 DVOPs
  - Serve veterans across the state
  - Including Tribal outreach

\*Veterans receive priority of service in all of our programs







#### **DHS CONTRACTS**

#### **BASIC EMPLOYMENT SKILLS TRAINING**

Participants on SNAP
Cass & Burleigh counties only
32% in unsubsidized employment 6 months after program exit

#### **JOBS OPPORTUNITY & BASIC SKILLS**

Participants on TANF
Southeast ND - Primarily Cass & Richland counties
Average of 76 served/month w/79% in work opportunities

## PARENTAL RESPONSIBILITY INITIATIVE FOR THE DEVELOPMENT OF EMPLOYMENT

325 new enrollments in calendar year 2019 89% increase in child support payments through June of 2019





**In-Person Services** 

Connecting Employers & Job Seekers

Services for Job Seekers

Virtual One Stop (Jobsnd.com)

Job Seeker Education

#### 1:1 Career Counseling

 Job search, labor market, transferable skills, resume building, job applications, interview preparation, barriers to employment, and other related discussion points specific to each individual

#### **One Stop System for Job Seekers**

- Create resumes, search for work, apply for jobs
- 29,151 In/out of state <u>new</u> users registered with Job Service in 2019
- 27,267 job applications completed through VOS in 2019

#### **Workshop Facilitation in all 9 Workforce Centers**

• Job Searches, Resume Writing, Transferable Skills, Interviewing, Job scams, and other relevant subjects





Connecting
Employers &
Job Seekers

Services for Employers **Employer Services** 

Virtual One-Stop (Jobsnd.com)

**Rapid Response** 

H<sub>2</sub>A

 Assist employers with employment needs including job posting, job fairs, assessments, skill testing, virtual recruiter, and assist with other employer needs

• 32,013 Job orders created by employers in 2019 for a total of 60,229 positions

- Support to employees affected by business closings
- UI education, employment support, workshops, and reverse job fairs
- Partner with EDC, chambers, and others as needed

• 710 Job Orders & Housing Inspections

- 1,988 hours conducting inspections
- 51,190 miles driven



#### **STATE PROGRAM**

#### **NEW JOBS TRAINING**



Connecting Employers & Job Seekers

Services for Employers

- 10-year income tax reimbursement
- Available to primary sector employers
- Offsets costs of providing workers with education and training for newly created positions

#### FEDERAL PROGRAM

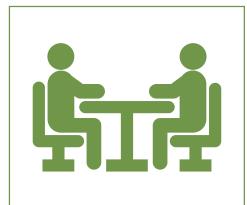
## WORK OPPORTUNITY TAX CREDIT (WOTC)

- One-Time Federal tax credit calculated on first-year wages
- Must hire individuals with barriers, including: Veterans, Ex-Felons, SNAP, TANF, and SSI recipients, and those in designated empowerment and rural renewal areas
- 14,099 Applications Received in 2019
  - Approximately 55% are certified





#### In-House Hiring Events



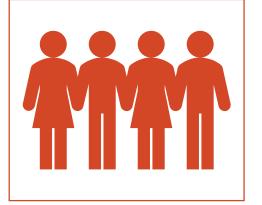
- 503 during2019
- Increase of 25% from 2018

#### Second-Chance Job Fairs



- Fargo, Grand Forks, and Bismarck
- 70 Employers
- 339 Participants

#### Multi-Industry Job Fairs



- 596 Employers
- 4,154 Participants
- Employers indicated they would hire 57%





### **Community & School Presentations**

 Employees provide presentations of available services along with workforce information throughout the communities

#### **Career Expos**

Partner with employers, schools, chambers and EDC's to expose middle- and high-school students to career options across the state

1,850 sophomores attended the Northern Valley Career Expo in Grand Forks

### **Community & Board Presence**

• Employees serve on boards and community advisory committees as subject matter experts on workforce issues

### **Community Outreach**

Employees provide community outreach to tribal communities,
 New Americans, and those living in rural communities

# APPENDIX D Unemployment Services



## **OUR BUSINESS - UNEMPLOYMENT**



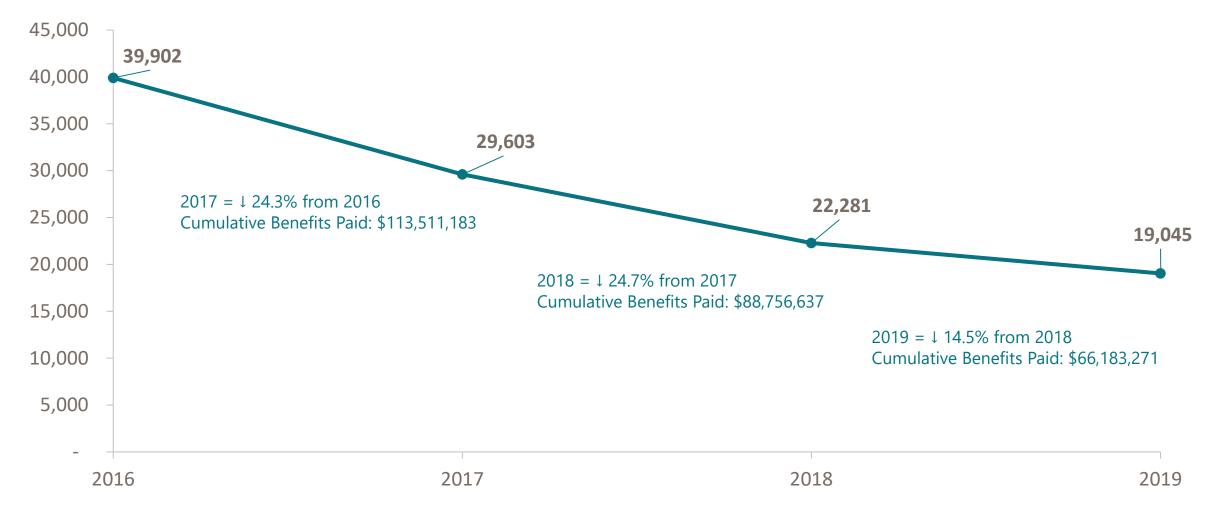


IMPACTING NORTH DAKOTA'S ECONOMY & WORKFORCE

### **OUR BUSINESS - UNEMPLOYMENT**



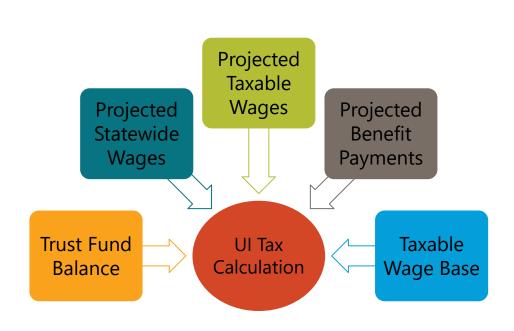




### **OUR BUSINESS - UNEMPLOYMENT**



#### TAX RATES AND THE UI TRUST FUND

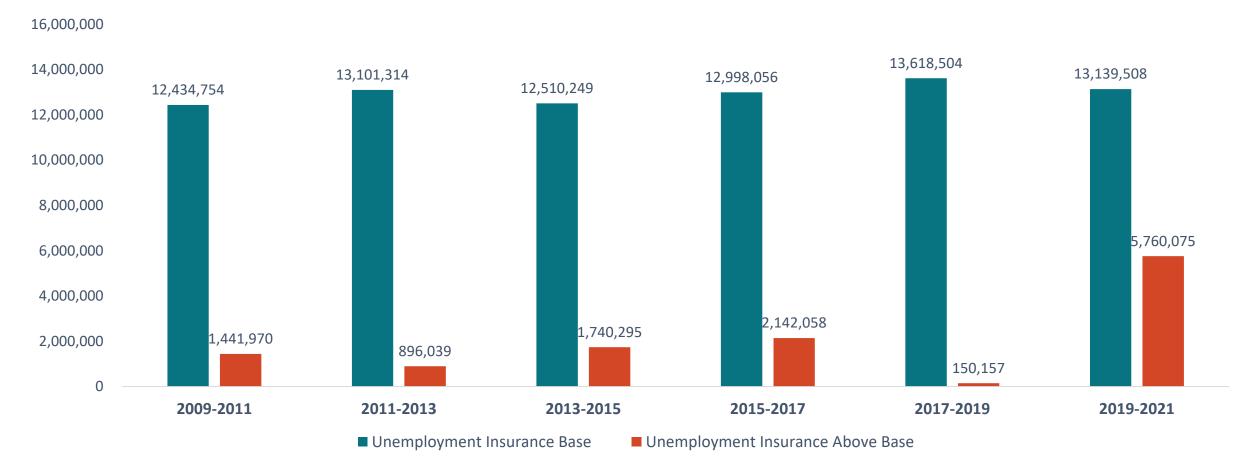


The actions of the Emergency
Commission and Budget Section
allowed us to keep rates the
same in 2021 to protect
employers

## UNEMPLOYMENT INSURANCE FUNDING



#### 2009-2021 UNEMPLOYMENT INSURANCE BUDGET

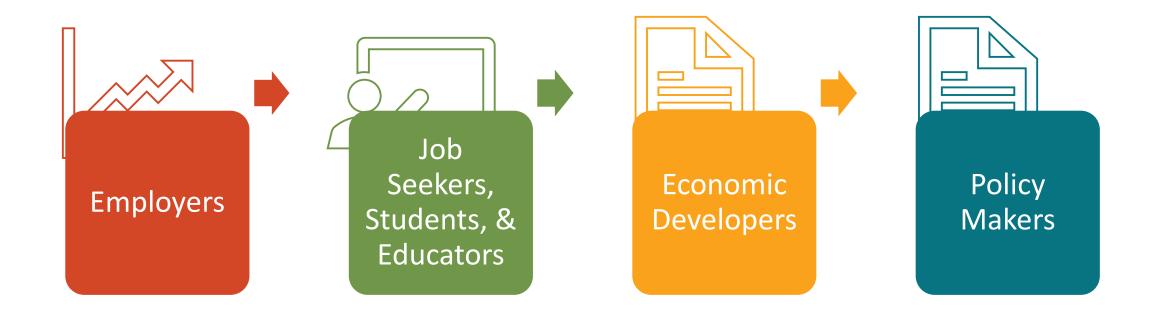


## APPENDIX E Labor Market Information



## OUR BUSINESS — LABOR MARKET INFORMATION





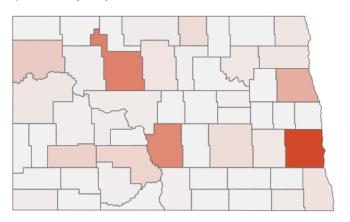
IMPACTING NORTH DAKOTA'S WORKFORCE

## OUR BUSINESS – LABOR MARKET INFORMATION



#### North Dakota **WEEKLY UNEMPLOYMENT** Initial Claims Data released every Thursday morning

Click on the map to filter data by county

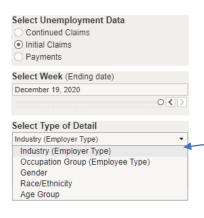


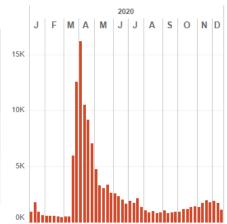
Week ending Dec 19, 2020 ND Total initial claims 1,170

Click on the tree map to filter data by level of detail



Dakota | Job Service





#### UNEMPLOYMENT INTERACTIVE DASHBOARD

Filters provide level of detail by occupation, industry, gender, race, age group

Last Updated 12/24/2020 7:30 AM

## APPENDIX F Historical Funding



#### APPENDIX C

JSND HISTORICAL FEDERAL FUNDING*												
Biennium	2009-2011		2011-2013		2013-2015		2015-2017		2017-2019		2019-2021	
Wagner Peyser	\$5,302,783	\$5,302,783	\$5,292,177	\$5,282,176	\$5,005,887	\$5,005,890	\$4,992,444	\$5,111,188	\$5,046,612	\$5,016,412	\$4,997,358	\$5,035,043
WIOA	5,294,922	5,104,054	4,446,938	4,438,612	4,207,404	4,464,523	4,535,464	4,896,212	5,052,953	5,139,909	5,155,726	5,200,806
UI Base	6,117,771	6,316,983	6,729,310	6,372,004	6,534,481	5,975,768	6,413,040	6,585,016	6,919,384	6,699,120	6,593,205	6,546,303
UI Above Base	947,363	494,607	319,479	576,560	616,343	1,123,952	1,751,963	390,095	106,649	43,508	3,360,075	2,400,000
LMI	947,317	928,392	938,958	865,457	873,675	872,971	847,502	863,004	873,198	871,289	900,965	890,437
Other Federal Programs	8,877,015	5,724,745	5,972,136	4,497,699	4,107,466	2,373,978	6,106,596	2,683,638	3,595,046	2,995,377	5,745,269	5,427,791
Total Federal Funding*	27,487,171	23,871,564	23,698,998	22,032,508	21,345,256	19,817,082	24,647,009	20,529,153	21,593,842	20,765,615	26,752,598	25,500,380
Total for Biennium*	\$51,358,735		\$45,731,506		\$41,162,338		\$45,176,162		\$42,359,457		\$52,252,978	

<sup>\*</sup>Does not include Reed Act Funds as shown in the Appropriations graph as these are carried forward from year to year

# APPENDIX G Temporary Staffing 2020



#### APPENDIX B

JSND TEMPORARY STAFFING 2020								
Area	Position	# employed pre-pandemic	# hired in 2020	# currently employed	# lost due to attrition			
Unemployment Insurance	Appeals Referee	1	9	6	4			
Unemployment Insurance	Claims Center Adjudicators	6	58	47	17			
Unemployment Insurance	Data Entry Specialists	0	8	7	1			
Workforce Centers	Employment Advisors	4	5	4	5			
Human Resources	Human Resource Support Specialist	0	1	1	0			
Labor Market Information	Labor Market Analyst	1	0	1	0			
Unemployment Insurance	PUA Claims Adjudicators	0	8	6	2			
Unemployment Insurance	Quality Assurance Support Specialist	0	10	10	0			
Unemployment Insurance	UI Support Specialist	0	1	1	0			
Workforce Programs	Workforce Programs Support Specialist	1	2	1	2			
	TOTAL:	13	102*	84	31			

 $<sup>^{\</sup>star}$  13% of our offers have been declined due to applicant's salary & benefit expectations.



## APPENDIX H State Comparisons



#### STATES WITH TAXES FOR UI ADMINISTRATION AND NON-UI PURPOSES

## STATE COMPARISONS





	State Workforce Comparison	Population	Workforce Centers	State Funds
Workforce Services	North Dakota	762,062	9	No
	Wyoming	577,737	22	Yes
	South Dakota	882,235	16	Yes
Dakota   Job Service  Be Legendary.**	Montana	1,062,305	17	Yes

## Our Business

Unemployment



# Neighboring State Unemployment Comparison

North Dakota

South Dakota



Montana

## Maximum Weekly Benefit Amount (WBA)

National Average \$457

\$640

Rank 11

\$414

Rank 36

\$740

Rank 3

\$552

Rank 18

## Average Weekly Benefit Amount (WBA)

National Average \$339

\$435

Rank 4

\$296

Rank 35

\$391

Rank 7

\$357

Rank 13



PO Box 1091 • Bismarck, ND 58502

701-355-4458 • www.ednd.org

# Testimony of Jennifer Greuel Economic Development Association of North Dakota In Support of SB 2016 January 11, 2021

Chair Holmberg and members of the Senate Appropriations Committee:

EDND represents more than 80 state economic development organizations on the front line of economic development efforts throughout North Dakota. The primary purpose of the organization is to promote the creation of new wealth throughout North Dakota to develop more vibrant communities and improve quality of life. It is for these reasons our organization and its members want to express support for SB 2016, the Job Service North Dakota appropriation bill.

EDND recognizes the importance of connecting businesses and education through expanded career counseling, career and technical education, and post-secondary education and training programs that support the state's most critical occupational needs. Job Service North Dakota serves as the conduit between job seekers and employers, and EDND urges the funding for continuation of their programming.

Job Service provides many essential services for economic developers, including regional and company-specific job fairs, and is also a great resource for wage-related information for economic developers and businesses. We see the agency as the state's premier job source organization. Programs such as New Jobs Training provides worker education and training specifically required for jobs in new and expanding primary-sector businesses and encourages employers to create new highwage jobs in our state.

Although North Dakota's unemployment rate has gone up slightly due to the pandemic (4.5 percent in Nov. 2020), the state's unemployment rate is still lower than 38 other states and workforce availability remains a significant challenge facing North Dakota businesses, limiting the growth potential of the economy. North Dakota especially needs job seekers to be connected with resources and education in order to be placed in a high demand career path. EDND supports the development of workforce attraction, development and training strategies that address the needs of the state's companies. The investments included in this bill will continue to help grow and diversify our state's economy.

Thank you for this opportunity to address your committee and express our support for SB 2016.

#### 2021 SENATE STANDING COMMITTEE MINUTES

#### **Appropriations Committee**

Roughrider Room, State Capitol

SB 2016 1/26/2021 Senate Appropriations Committee

A BILL for an Act to provide an appropriation for defraying the expenses of job service North Dakota.

**Vice-Chair Kresbach** opened the meeting at 3:06 p.m.

Senators present: Holmberg, Krebsbach, Wanzek, Bekkedahl, Poolman, Erbele, Dever, Oehlke, Rust, Davison, Hogue, Sorvaag, Mathern, and Heckaman.

#### **Discussion Topics:**

- Upcoming sub-committee meeting
- Concerns about budget

Vice-Chair Kresbach discussed the sub-committee on SB 2016.

Vice-Chair Kresbach closed the meeting at 3:07 p.m.

Rose Laning, Committee Clerk

#### 2021 SENATE STANDING COMMITTEE MINUTES

#### **Appropriations Committee**

Roughrider Room, State Capitol

SB 2016 2/3/2021 Job Service Sub-Committee

A BILL for an Act to provide an appropriation for defraying the expenses of job service North Dakota.

**Senator Krebsbach** opened the hearing at 3:30 pm. **Senators Krebsbach, Oehlke** and **Poolman** were present.

#### **Discussion Topics:**

- Location of Job Service offices
- Translation Services

**Levi Kinnischtzke, Legislative Council** presented testimony #5272.

Bryan Klipfel, Exec. Director, Job Service North Dakota – answering committee questions.

Nicole Vorachek, Finance Manager, Job Service North Dakota – submitted testimony #5281.

**Senator Krebsbach** closed the hearing at 3:49 pm.

Rose Laning, Committee Clerk

#### Job Service North Dakota - Budget No. 380 Senate Bill No. 2016 Base Level Funding Changes

	Executive Budget Recommendation			Senate version				
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2021-23 Biennium Base Level	172.61	\$430,624	\$64,643,718	\$65,074,342	172.61	\$430,624	\$64,643,718	\$65,074,342
2021-23 Ongoing Funding Changes								
Base payroll changes		\$148	\$24,136	\$24,284				\$0
Salary increase		1,250	757,455	758.705				0
Health insurance increase		12	7,384	7,396				0
Retirement contribution increase		206	124,713	124,919				0
Transfers FTE information technology positions to ITD	(16.00)		1,122,622	1,122,622				0
Adds funding for Microsoft Office 365 license expenses			23,243	23,243				0
Reduces funding for operating expenses		(21,679)	(4,248,062)	(4,269,741)				0
Adds funding for trade assistance and Workforce Investment Act grants			2,114,939	2,114,939				0
Adds federal funding for the unemployment insurance system project			470,012	470,012				0
Total ongoing funding changes	(16.00)	(\$20,063)	\$396,442	\$376,379	0.00	\$0	\$0	\$0
One-time funding items								
No one-time funding items				\$0				\$0
Total one-time funding changes	0.00	\$0	\$0	\$0	0.00	\$0	\$0	\$0
Total Changes to Base Level Funding	(16.00)	(\$20,063)	\$396,442	\$376,379	0.00	\$0	\$0	\$0
2021-23 Total Funding	156.61	\$410,561	\$65,040,160	\$65,450,721	172.61	\$430,624	\$64,643,718	\$65,074,342
Total ongoing changes as a percentage of base level	(9.3%)	(4.7%)	0.6%	0.6%	0.0%	0.0%	0.0%	0.0%
Total changes as a percentage of base level	(9.3%)	(4.7%)	0.6%	0.6%	0.0%	0.0%	0.0%	0.0%
Other Sections in Job Service North Dakota - Budget No. 380								

**Executive Budget Recommendation** 

Reed Act funds

Federal funds appropriation

#### **Executive Budget Recommendation**

Section 3 would provide \$10,945,126 of funding appropriated in Section 1 is from federal Reed Act funds made available to the state by the federal Reed Act distributions made in federal fiscal years 1957, 1958, 1999, and 2002, pursuant to Section 903 of the federal Social Security Act for the purpose of developing a modernized unemployment insurance computer system.

Section 4 would appropriate all federal funds received by Job Service North Dakota in excess of those funds appropriated in Section 1.

**Senate Version** 

What percent of salary is covered by regular Unemployment Insurance (UI) benefits and Federal Pandemic Unemployment Compensation (FPUC)?

Comparison uses average UI amounts, along with ND 'normal' wages:

- Average Weekly Benefit Amount (WBA) claimants receive: \$435/week
- Average annual wage from employment for workers in North Dakota: \$55,000

#### FPUC Additional Weekly Benefit of \$600/Week

- 98% Average Wage Replacement
- Average yearly benefit when combined with WBA: \$53,820

#### FPUC Additional Weekly Benefit of \$300/Week

- 69% Average Wage Replacement
- Average yearly benefit when combined with WBA: \$38,220

#### Biden Proposal of FPUC Additional Benefit of \$400/Week

- 79% Average Wage Replacement
- Average yearly benefit when combined with WBA: \$43,420

#### 2021 SENATE STANDING COMMITTEE MINUTES

#### **Appropriations Committee**

Roughrider Room, State Capitol

SB 2016 2/12/2021 Senate Appropriations Committee

A BILL for an Act to provide an appropriation for defraying the expenses of job service North Dakota.

**Chairman Holmberg** opened the hearing at 10:02 a.m.

Senators present: Holmberg, Krebsbach, Wanzek, Bekkedahl, Erbele, Poolman, Dever, Oehlke, Rust, Davison, Hogue, Sorvaag, Mathern, and Heckaman.

#### **Discussion Topics:**

Amendments to the Budget

Senator Krebsbach presented amendment [LC 21.0298.01002]; testimony #6538

**Senator Krebsbach** made a motion to adopt amendment [LC 21.0298.01002] **Senator Bekkedahl** seconded the motion

Senators		Senators	
Senator Holmberg	Υ	Senator Hogue	Υ
Senator Krebsbach	Υ	Senator Oehlke	Υ
Senator Wanzek	Υ	Senator Poolman	Υ
Senator Bekkedahl	Υ	Senator Rust	Υ
Senator Davison	Υ	Senator Sorvaag	Υ
Senator Dever	Υ	Senator Heckaman	Υ
Senator Erbele	Υ	Senator Mathern	Υ

Motion Passes 14-0-0

**Senator Krebsbach** made a motion DO PASS AS AMENDED **Senator Bekkedahl** seconded the motion

Senators		Senators	
Senator Holmberg	Y	Senator Hogue	Y
Senator Krebsbach	Υ	Senator Oehlke	Υ
Senator Wanzek	Υ	Senator Poolman	Y
Senator Bekkedahl	Υ	Senator Rust	Y
Senator Davison	Y	Senator Sorvaag	Y
Senator Dever	Υ	Senator Heckaman	Y
Senator Erbele	Y	Senator Mathern	Υ

Motion Passes 14-0-0

Chairman Holmberg closed the meeting at 10:09 a.m.

Rose Laning, Committee Clerk



#### PROPOSED AMENDMENTS TO SENATE BILL NO. 2016

Page 1, replace lines 9 through 20 with:

n .		Adjustments or	
	Base Level	<b>Enhancements</b>	<b>Appropriation</b>
Salaries and wages	\$30,572,221	(\$1,611,069)	\$28,961,152
Operating expenses	17,840,895	(665,598)	17,175,297
Capital assets	20,000	0	20,000
Grants	6,166,112	2,114,939	8,281,051
Reed Act - unemployment insurance computer modernization	<u>10,475,114</u>	470,012	10,945,126
Total all funds	\$65,074,342	\$308,284	\$65,382,626
Less estimated income	<u>64,643,718</u>	<u>328,603</u>	64,972,321
Total general fund	\$430,624	(\$20,319)	\$410,305
Full-time equivalent positions	172.61	(16.00)	156.61"

Page 2, line 10, replace "\$10,475,114" with "\$10,945,126"

Renumber accordingly

#### STATEMENT OF PURPOSE OF AMENDMENT:

#### Senate Bill No. 2016 - Job Service North Dakota - Senate Action

	Base Budget	Senate Changes	Senate Version
Salaries and wages	\$30,572,221	(\$1,611,069)	\$28,961,152
Operating expenses	17,840,895	(665,598)	17,175,297
Capital assets	20,000		20,000
Grants	6,166,112	2,114,939	8,281,051
Reed Act - Computer modernization	10,475,114	470,012	10,945,126
Total all funds	\$65,074,342	\$308,284	\$65,382,626
Less estimated income	64,643,718	328,603	64,972,321
General fund	\$430,624	(\$20,319)	\$410,305
FTE	172.61	(16.00)	156.61

#### Department 380 - Job Service North Dakota - Detail of Senate Changes

Salaries and wages Operating expenses Capital assets	Adjusts Funding for Base Payroll Changes <sup>1</sup> \$24,284	Adds Funding for Salary and Benefit Increases <sup>2</sup> \$733,422	Transfers Positions to ITD for IT Unification <sup>2</sup> (\$2,368,775) 3,580,900	Adjusts Funding for Operating Expenses <sup>4</sup> (\$4,246,498)	Adds Funding for Grants <sup>§</sup>	Adds Funding for Unemployment Insurance Project <sup>§</sup>
Grants Reed Act - Computer modernization					\$2,114,939	\$470,012
Total all funds Less estimated income General fund	\$24,284 24,136 \$148	\$733,422 732,210 \$1,212	\$1,212,125 	(\$4,246,498) (4,224,819) (\$21,679)	\$2,114,939 2,114,939 \$0	\$470,012 470,012 \$0
FTE	0.00	0.00	(16.00)	0.00	0.00	0.00

223

	Total Senate Changes
Salaries and wages Operating expenses Capital assets	(\$1,611,069) (665,598)
Grants Reed Act - Computer modernization	2,114,939 470,012
Total all funds Less estimated income General fund	\$308,284 328,603 (\$20,319)
FTE	(16.00)

<sup>&</sup>lt;sup>1</sup> Funding is adjusted for base payroll changes.

<sup>&</sup>lt;sup>2</sup> The following funding is added for 2021-23 biennium salary adjustments of 2 percent on July 1, 2021, with a minimum monthly increase of \$80 and a maximum monthly increase of \$300 and 2 percent on July 1, 2022, and increases in health insurance premiums from \$1,427 to \$1,429 per month:

	<u>General Fund</u>	Other Funds	Total
Salary increase	\$1,200	\$724,826	\$726,026
Health insurance increase	<u>12</u>	7,384	7,396
Total	\$1,212	\$732,210	\$733,422

<sup>&</sup>lt;sup>3</sup> Funding is adjusted for the information technology unification initiative. Adjustments include the reduction of 16 FTE information technology positions which will be transferred to the Information Technology Department, a reduction of \$2,368,775 of federal funds in the salaries and wages line item for 11 funded FTE positions, and an increase of \$3,580,900 of federal funds in the operating expenses line item to pay the Information Technology Department for the services of up to 16 FTE positions to the extent federal funds are available. Of the 16 FTE positions in Job Service North Dakota, 5 were unfunded.

<sup>&</sup>lt;sup>4</sup> Funding is adjusted for operating expenses, including an addition of \$23,243 for Microsoft Office 365 license expenses and a reduction of \$4,269,741 of other operating expenses, primarily related to information technology data processing, information technology contractual services and repairs, and information technology equipment.

<sup>&</sup>lt;sup>5</sup> Federal funding is added for trade assistance grants (\$1,080,063) and Workforce Investment Act grants (\$1,034,876) to provide total grant funding of \$2,177,118 and \$6,103,933, respectively.

<sup>&</sup>lt;sup>6</sup> Federal funding is added for the unemployment insurance system modernization project to provide a total of \$10,945,126 in the Reed Act - Unemployment insurance computer modernization line item.

Module ID: s\_stcomrep\_13\_032 Carrier: Krebsbach Insert LC: 21.0298.01002 Title: 02000

#### REPORT OF STANDING COMMITTEE

SB 2016: 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). SB 2016 was placed on the Sixth order on the calendar.

Page 1, replace lines 9 through 20 with:

п		Adjustments or	
	Base Level	<u>Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$30,572,221	(\$1,611,069)	\$28,961,152
Operating expenses	17,840,895	(665,598)	17,175,297
Capital assets	20,000	Ó	20,000
Grants	6,166,112	2,114,939	8,281,051
Reed Act - unemployment insurance computer modernization	<u>10,475,114</u>	470,012	<u>10,945,126</u>
Total all funds	\$65,074,342	\$308,284	\$65,382,626
Less estimated income	64,643,718	<u>328,603</u>	64,972,321
Total general fund	\$430,624	(\$20,319)	\$410,305
Full-time equivalent positions	172.61	(16.00)	156.61"

Page 2, line 10, replace "\$10,475,114" with "\$10,945,126"

Renumber accordingly

#### STATEMENT OF PURPOSE OF AMENDMENT:

#### Senate Bill No. 2016 - Job Service North Dakota - Senate Action

	Base Budget	Senate Changes	Senate Version
Salaries and wages	\$30,572,221	(\$1,611,069)	\$28,961,152
Operating expenses	17,840,895	(665,598)	17,175,297
Capital assets	20,000	` '	20,000
Grants	6,166,112	2,114,939	8,281,051
Reed Act - Computer modernization	10,475,114	470,012	10,945,126
Total all funds	\$65,074,342	\$308,284	\$65,382,626
Less estimated income	64,643,718	328,603	64,972,321
General fund	\$430,624	(\$20,319)	\$410,305
FTE	172.61	(16.00)	156.61

#### Department 380 - Job Service North Dakota - Detail of Senate Changes

Salaries and wages Operating expenses Capital assets	Adjusts Funding for Base Payroll Changes <sup>1</sup> \$24,284	Adds Funding for Salary and Benefit Increases <sup>2</sup> \$733,422	Transfers Positions to ITD for IT Unification <sup>3</sup> (\$2,368,775) 3,580,900	Adjusts Funding for Operating Expenses <sup>4</sup> (\$4,246,498)	Adds Funding for Grants <sup>§</sup>	Adds Funding for Unemployment Insurance Project <sup>©</sup>
Grants Reed Act - Computer modernization					\$2,114,939	\$470,012
Total all funds Less estimated income General fund	\$24,284 24,136 \$148	\$733,422 732,210 \$1,212	\$1,212,125 1,212,125 \$0	(\$4,246,498) (4,224,819) (\$21,679)	\$2,114,939 2,114,939 \$0	\$470,012 470,012 \$0
FTE	0.00	0.00	(16.00)	0.00	0.00	0.00

Module ID: s\_stcomrep\_13\_032 Carrier: Krebsbach Insert LC: 21.0298.01002 Title: 02000

Salaries and wages
Operating expenses
Capital assets
Grants
Reed Act - Computer modernization
Total all funds
Less estimated income
General fund
FTE

Total Senate (	Changes
	(\$1,611,069)
	(665,598)
	2,114,939
	470,012
	\$308,284
	328,603
	(\$20,319)
	(16.00)

<sup>&</sup>lt;sup>2</sup> The following funding is added for 2021-23 biennium salary adjustments of 2 percent on July 1, 2021, with a minimum monthly increase of \$80 and a maximum monthly increase of \$300 and 2 percent on July 1, 2022, and increases in health insurance premiums from \$1,427 to \$1,429 per month:

	General Fund	Other Funds	Total
Salary increase	\$1,200	\$724,826	\$726,026
Health insurance increase	<u>12</u>	<u>7,384</u>	<u>7,396</u>
Total	\$1.212	\$732.210	\$733,422

<sup>&</sup>lt;sup>3</sup> Funding is adjusted for the information technology unification initiative. Adjustments include the reduction of 16 FTE information technology positions which will be transferred to the Information Technology Department, a reduction of \$2,368,775 of federal funds in the salaries and wages line item for 11 funded FTE positions, and an increase of \$3,580,900 of federal funds in the operating expenses line item to pay the Information Technology Department for the services of up to 16 FTE positions to the extent federal funds are available. Of the 16 FTE positions in Job Service North Dakota, 5 were unfunded.

<sup>&</sup>lt;sup>1</sup> Funding is adjusted for base payroll changes.

<sup>&</sup>lt;sup>4</sup> Funding is adjusted for operating expenses, including an addition of \$23,243 for Microsoft Office 365 license expenses and a reduction of \$4,269,741 of other operating expenses, primarily related to information technology data processing, information technology contractual services and repairs, and information technology equipment.

<sup>&</sup>lt;sup>5</sup> Federal funding is added for trade assistance grants (\$1,080,063) and Workforce Investment Act grants (\$1,034,876) to provide total grant funding of \$2,177,118 and \$6,103,933, respectively.

<sup>&</sup>lt;sup>6</sup> Federal funding is added for the unemployment insurance system modernization project to provide a total of \$10,945,126 in the Reed Act - Unemployment insurance computer modernization line item.

21.0298.01002 Title. Fiscal No. 2 Prepared by the Legislative Council staff for Senator Krebsbach February 12, 2021

#### PROPOSED AMENDMENTS TO SENATE BILL NO. 2016

Page 1, replace lines 9 through 20 with:

п			
	Base Level	<b>Enhancements</b>	<b>Appropriation</b>
Salaries and wages	\$30,572,221	(\$1,611,069)	\$28,961,152
Operating expenses	17,840,895	(665,598)	17,175,297
Capital assets	20,000	Ó	20,000
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Page 2, line 10, replace "\$10,475,114" with "\$10,945,126"

Renumber accordingly

#### STATEMENT OF PURPOSE OF AMENDMENT:

#### Senate Bill No. 2016 - Job Service North Dakota - Senate Action

	Base Budget	Senate Changes	Senate Version
Salaries and wages	\$30,572,221	(\$1,611,069)	\$28,961,152
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FTE	172.61	(16.00)	156.61

#### Department 380 - Job Service North Dakota - Detail of Senate Changes

Salaries and wages Operating expenses Capital assets	Adjusts Funding for Base Payroll Changes <sup>1</sup> \$24,284	Adds Funding for Salary and Benefit Increases <sup>2</sup> \$733,422	Transfers Positions to ITD for IT Unification <sup>3</sup> (\$2,368,775) 3,580,900	Adjusts Funding for Operating Expenses <sup>4</sup> (\$4,246,498)	Adds Funding for Grants <sup>§</sup>	Adds Funding for Unemployment Insurance Project <sup>§</sup>
Grants Reed Act - Computer modernization					\$2,114,939	\$470,012
Total all funds Less estimated income General fund	\$24,284 24,136 \$148	\$733,422 732,210 \$1,212	\$1,212,125 1,212,125 \$0	(\$4,246,498) (4,224,819) (\$21,679)	\$2,114,939 2,114,939 \$0	\$470,012 470,012 \$0
FTE	0.00	0.00	(16.00)	0.00	0.00	0.00

	Total Senate Changes
Salaries and wages	(\$1,611,069)
Operating expenses Capital assets	(665,598)
Grants	2,114,939
Reed Act - Computer modernization	470,012
Total all funds	\$308,284
Less estimated income	328,603
General fund	(\$20,319)
FTE	(16.00)

<sup>&</sup>lt;sup>1</sup> Funding is adjusted for base payroll changes.

<sup>&</sup>lt;sup>2</sup> The following funding is added for 2021-23 biennium salary adjustments of 2 percent on July 1, 2021, with a minimum monthly increase of \$80 and a maximum monthly increase of \$300 and 2 percent on July 1, 2022, and increases in health insurance premiums from \$1,427 to \$1,429 per month:

	General Fund	Other Funds	Total
Salary increase	\$1,200	\$724,826	\$726,026
Health insurance increase	12	7,384	7,396
Total	\$1,212	\$732.210	\$733,422

<sup>&</sup>lt;sup>3</sup> Funding is adjusted for the information technology unification initiative. Adjustments include the reduction of 16 FTE information technology positions which will be transferred to the Information Technology Department, a reduction of \$2,368,775 of federal funds in the salaries and wages line item for 11 funded FTE positions, and an increase of \$3,580,900 of federal funds in the operating expenses line item to pay the Information Technology Department for the services of up to 16 FTE positions to the extent federal funds are available. Of the 16 FTE positions in Job Service North Dakota, 5 were unfunded.

<sup>&</sup>lt;sup>4</sup> Funding is adjusted for operating expenses, including an addition of \$23,243 for Microsoft Office 365 license expenses and a reduction of \$4,269,741 of other operating expenses, primarily related to information technology data processing, information technology contractual services and repairs, and information technology equipment.

<sup>&</sup>lt;sup>5</sup> Federal funding is added for trade assistance grants (\$1,080,063) and Workforce Investment Act grants (\$1,034,876) to provide total grant funding of \$2,177,118 and \$6,103,933, respectively.

<sup>&</sup>lt;sup>6</sup> Federal funding is added for the unemployment insurance system modernization project to provide a total of \$10,945,126 in the Reed Act - Unemployment insurance computer modernization line item.

**2021 HOUSE APPROPRIATIONS** 

SB 2016

### Department 380 - Job Service North Dakota Senate Bill No. 2016

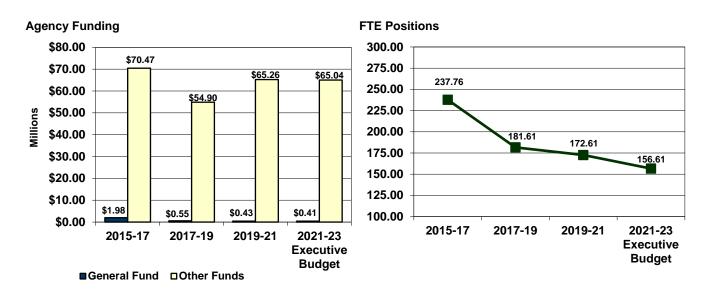
**Executive Budget Comparison to Prior Biennium Appropriations** 

	FTE Positions	General Fund	Other Funds	Total
2021-23 Executive Budget	156.61	\$410,561	\$65,040,160	\$65,450,721
2019-21 Legislative Appropriations	172.61	430,624	65,255,570	65,686,194
Increase (Decrease)	(16.00)	(\$20,063)	(\$215,410)	(\$235,473)

<sup>&</sup>lt;sup>1</sup>The 2019-21 biennium agency appropriation amounts have not been adjusted for additional federal Coronavirus (COVID-19) funds authority of \$372,381,213, resulting from Emergency Commission action during the 2019-21 biennium.

**Ongoing and One-Time General Fund Appropriations** 

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2021-23 Executive Budget	\$410,561	\$0	\$410,561
2019-21 Legislative Appropriations	430,624	0	430,624
Increase (Decrease)	(\$20,063)	\$0	(\$20,063)



**Executive Budget Comparison to Base Level** 

	General Fund	Other Funds	Total
2021-23 Executive Budget	\$410,561	\$65,040,160	\$65,450,721
2021-23 Base Level	430,624	64,643,718	65,074,342
Increase (Decrease)	(\$20,063)	\$396,442	\$376,379

#### **First House Action**

Attached is a comparison worksheet detailing first house changes to base level funding and the executive budget.

### Executive Budget Highlights (With First House Changes in Bold)

1. Provides funding for state employee salary and benefit increases, of which \$758,705 is for salary increases, \$7,396 is for health insurance increases, and \$124,919 is for retirement contribution increases. The Senate added funding for salary adjustments of 2 percent on July 1, 2021, with a minimum monthly increase of \$80 and a maximum monthly increase of \$300 and 2 percent on July 1, 2022, and increases in health insurance premiums from \$1,427 to \$1,429 per month. The Senate did not add funding for retirement contribution increases.

General Fund	Other Funds	Total
\$1,468	\$889,552	\$891,020

2. Transfers 16 FTE information technology positions to the Information Technology Department (ITD) for an information technology unification initiative. Of these FTE positions, 6 were unfunded in previous bienniums, resulting in federal funding of \$2,368,775 being removed in the salaries and wages line item relating to the 10 funded FTE positions. Federal funding of \$3,491,397 is added in the operating expenses line item to pay ITD for the use of all 16 FTE positions if federal funding becomes available.	\$0	\$1,122,622	\$1,122,622
<ol> <li>Adds funding from federal funds (\$21,888) and the Job Service North Dakota operating fund (\$1,355) for Microsoft Office 365 license expenses</li> </ol>	\$0	\$23,243	\$23,243
<ol> <li>Reduces funding for unemployment insurance operating expenses, primarily related to information technology data processing, information technology contractual services and repairs, and information technology equipment</li> </ol>	(\$21,679)	(\$4,248,062)	(\$4,269,741)
5. Adds federal funding for trade assistance grants (\$1,080,063) and Workforce Investment Act grants (\$1,034,876) to provide total grant funding of \$2,177,118 and \$6,103,933, respectively	\$0	\$2,114,939	\$2,114,939
<ol> <li>Adds federal funding for the unemployment insurance system modernization project to provide a total of \$10,945,126 in the Reed Act - Unemployment insurance computer modernization line item</li> </ol>	\$0	\$470,012	\$470,012

#### Other Sections in Senate Bill No. 2016

**Federal funds appropriation** - Section 3 appropriates all federal funds received by Job Service North Dakota in excess of those funds appropriated in Section 1.

Reed Act funds - Section 4 identifies \$10,945,126 of funding appropriated in Section 1 is from federal Reed Act funds made available to the state by the federal Reed Act distributions made in federal fiscal years 1957, 1958, 1999, and 2002, pursuant to Section 903 of the federal Social Security Act for the purpose of developing a modernized unemployment insurance computer system.

#### **Continuing Appropriations**

**Federal advance interest repayment fund** - North Dakota Century Code 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 tax fund** - Section 52-03-04 - Collection of unemployment taxes and the payments of unemployment benefits.

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

#### **Significant Audit Findings**

The financial statement audit for Job Service North Dakota conducted by Brady, Martz and Associates, PC for the period ending June 30, 2019, identified no significant audit findings.

#### **Major Related Legislation**

**House Bill No. 1278** - This bill provides military spouses that terminate employment to move due to a military transfer are eligible for unemployment insurance benefits.

**House Bill No. 1395** - This bill provides a 2019-21 biennium appropriation of \$372,381,213 of federal funding to Job Service North Dakota, as approved by the Emergency Commission and Budget Section during the 2019-20 interim, from the state's allocation from the federal Coronavirus Relief Fund for costs related to unemployment insurance benefits payments for various programs in response to the COVID-19 pandemic.

#### Job Service North Dakota - Budget No. 380 Senate Bill No. 2016 **Base Level Funding Changes**

_ acc _coor and angle	Executive Budget Recommendation			Senate Version				
2021-23 Biennium Base Level	FTE Positions 172.61	General Fund \$430,624	Other Funds \$64,643,718	Total \$65,074,342	FTE Positions 172.61	General Fund \$430,624	Other Funds \$64,643,718	Total \$65,074,342
2021-23 Ongoing Funding Changes								
Base payroll changes		\$148	\$24,136	\$24,284		\$148	\$24,136	\$24,284
Salary increase		1,250	757,455	758,705		1,200	724,826	726,026
Health insurance increase		12	7,384	7,396		12	7,384	7,396
Retirement contribution increase		206	124,713	124,919				0
Transfers FTE information technology positions to ITD	(16.00)		1,122,622	1,122,622	(16.00)		1,212,125	1,212,125
Adds funding for Microsoft Office 365 license expenses			23,243	23,243			23,243	23,243
Reduces funding for operating expenses		(21,679)	(4,248,062)	(4,269,741)		(21,679)	(4,248,062)	(4,269,741)
Adds funding for trade assistance and Workforce Investment Act grants			2,114,939	2,114,939			2,114,939	2,114,939
Adds federal funding for the unemployment insurance system project			470,012	470,012			470,012	470,012
Total ongoing funding changes	(16.00)	(\$20,063)	\$396,442	\$376,379	(16.00)	(\$20,319)	\$328,603	\$308,284
One-time funding items								
No one-time funding items				\$0	l			\$0
Total one-time funding changes	0.00	\$0	\$0	\$0	0.00	\$0	\$0	\$0
Total Changes to Base Level Funding	(16.00)	(\$20,063)	\$396,442	\$376,379	(16.00)	(\$20,319)	\$328,603	\$308,284
2021-23 Total Funding	156.61	\$410,561	\$65,040,160	\$65,450,721	156.61	\$410,305	\$64,972,321	\$65,382,626
Total ongoing changes as a percentage of base level	(9.3%)	(4.7%)	0.6%	0.6%	(9.3%)	(4.7%)	0.5%	0.5%
Total changes as a percentage of base level	(9.3%)	(4.7%)	0.6%	0.6%	(9.3%)	(4.7%)	0.5%	0.5%

#### Other Sections in Job Service North Dakota - Budget No. 380

Federal funds appropriation

Reed Act funds

#### **Executive Budget Recommendation**

Section 4 would appropriate all federal funds received by Job Service North Dakota in excess of those funds appropriated in Section 1.

Section 3 would provide \$10,945,126 of funding appropriated in Section 1 is from federal Reed Act funds made available to the state by the federal Reed Act distributions made in federal fiscal years 1957, 1958, 1999, and 2002, pursuant to Section 903 of the federal Social Security Act for the purpose of developing a modernized unemployment insurance computer system.

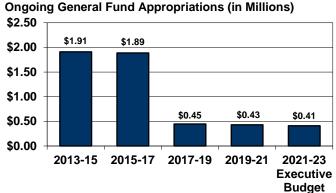
#### Senate Version

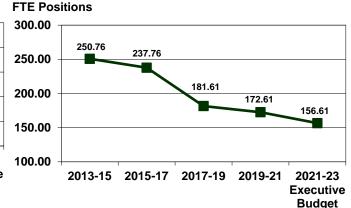
Section 3 appropriates all federal funds received by Job Service North Dakota in excess of those funds appropriated in Section 1.

Section 4 identifies \$10,945,126 of funding appropriated in Section 1 is from federal Reed Act funds made available to the state by the federal Reed Act distributions made in federal fiscal years 1957, 1958, 1999, and 2002, pursuant to Section 903 of the federal Social Security Act for the purpose of developing a modernized unemployment insurance computer system.

#### **Historical Appropriations Information**

#### **Ongoing General Fund Appropriations Since 2013-15**





Ongoing General Fund Appropriations						
	2013-15	2015-17	2017-19	2019-21	2021-23 Executive Budget	
Ongoing general fund appropriations Increase (decrease) from previous biennium	\$1,910,235 N/A	\$1,888,080 (\$22,155)	\$445,793 (\$1,442,287)	\$430,624 (\$15,169)	\$410,561 (\$20,063)	
Percentage increase (decrease) from previous biennium	N/A	(1.2%)	(76.4%)	(3.4%)	(4.7%)	
Cumulative percentage increase (decrease) from 2013-15 biennium	N/A	(1.2%)	(76.7%)	(77.5%)	(78.5%)	

#### Major Increases (Decreases) in Ongoing General Fund Appropriations

#### 2015-17 Biennium

 Added funding for Virtual OneStop application to allow access to Job Service North Dakota job listings \$100,000

#### 2017-19 Biennium

1. Removed funding for the Workforce 20/20 program

(\$1,432,316)

#### 2019-21 Biennium

1. Removed 9 FTE unfunded positions and related operating expenses of \$22,290

(\$22,290)

#### 2021-23 Biennium (Executive Budget Recommendation)

 Reduces funding for operating expenses related to information technology contractual services and repairs (\$21,679)

#### GOVERNOR'S RECOMMENDATION FOR JOB SERVICE NORTH DAKOTA AS SUBMITTED BY THE OFFICE OF MANAGEMENT AND BUDGET

**SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds as may be necessary, are appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, and from special funds derived from federal funds and other income, to job service North Dakota for the purpose of defraying the expenses of job service North Dakota, for the biennium beginning July 1, 2021 and ending June 30, 2023, as follows:

		Adjustments or	
	Base Level	<u>Enhancements</u>	<u>Appropriation</u>
Salaries and Wages	\$30,572,221	(\$1,453,475)	\$29,118,750
Operating Expenses	17,840,895	(755,101)	17,085,794
Capital Assets	20,000	0	20,000
Grants	6,166,112	2,114,939	8,281,051
Reed Act–UI Computer Modernization	<u>10,475,114</u>	470,012	<u>10,945,126</u>
Total All Funds	\$65,074,342	\$ 376,379	\$65,450,721
Less Estimated Income	64,643,718	<u>396,442</u>	<u>65,040,160</u>
Total General Fund	\$ 430,624	(\$ 20,063)	\$ 410,561
Full-time Equivalent Positions	172,61	(16.00)	156.61

**SECTION 2. ONE-TIME FUNDING.** The following amounts reflect the one-time funding items approved by the sixty-sixth legislative assembly for the 2019-21 biennium:

One-Time Funding Description	<u>2019-21</u>	<u>2021-23</u>
Unemployment Insurance Modernization Project	<u>\$611,852</u>	\$0
Total All Funds	\$611,852	\$0
Total Special Funds	<u>611,852</u>	<u>0</u>
Total General Fund	\$ 0	\$0

SECTION 3. APPROPRIATION - REED ACT FUNDS - UNEMPLOYMENT INSURANCE COMPUTER MODERNIZATION. The special fund appropriation of \$10,945,126 in section 1 of this Act is from federal Reed Act funds made available to the state by the federal Reed Act distributions made in federal fiscal years 1957, 1958, 1999, and 2002, pursuant to section 903 of the Social Security Act. This sum, or so much of the sum as may be necessary, is for the purpose of developing a modernized unemployment insurance computer system, for the biennium beginning July 1, 2021 and ending June 30, 2023.

**SECTION 4. APPROPRIATION.** All federal funds received by job service North Dakota in excess of those funds appropriated in section 1 of this Act are appropriated for the biennium beginning July 1, 2021 and ending June 30, 2023.

#### 2021 HOUSE STANDING COMMITTEE MINUTES

#### **Appropriations - Education and Environment Division**

Prairie Room, State Capitol

SB 2016 3/11/2021

House Appropriations Committee - Education and Environment

A BILL for an Act to provide an appropriation for defraying the expenses of job service North Dakota.

Chairman David Monson called the meeting to order at 8:31 a.m.

Representative	Present	Absent
Chairman Monson	Р	
Vice Chairman Schmidt	Р	
Representative Martinson	Р	
Representative Nathe	Р	
Representative Sanford	Р	
Representative Schatz	Р	
Representative Boe	Р	

#### **Discussion Topics:**

• Job Service ND overview

Bryan Klipfel (8:32 a.m.) testified in favor. Testimony #7090 and #7091

Additional written testimony: #7134

**Chairman David Monson** adjourned the meeting at 9:41 a.m.

Klarissa Pudwill, Committee Clerk



House Education & Environment Appropriations Committee

# JOB SERVICE NORTH DAKOTA TESTIMONY



Senate Bill 2016 Bryan Klipfel March 3, 2021



## JOB SERVICE NORTH DAKOTA TESTIMONY

## HOUSE EDUCATION & ENVIRONMENT APPROPRIATIONS COMMITTEE

**SB 2016** 

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- Appendix C: Workforce Services
- Appendix D: Unemployment Services
- Appendix E: Labor Market Information
- Appendix F: Historical Funding
- Appendix G: 2020 Temporary Staffing Activities
- Appendix H: State Comparisons

## TESTIMONY

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WELCOME (slide 1)

Good afternoon Mr. Chairman and members of the House Education and Environment Appropriations Committee. My name is Bryan Klipfel and I am the Executive Director of Job Service North Dakota (JSND) and Director of Workforce Safety & Insurance (WSI). I am here today, along with Nicole Vorachek, our Finance Manager and a member of our leadership team, to provide the appropriations testimony.

INTRODUCTION (slide 2)

JSND was established under North Dakota Century Code 52 and is charged with administering the unemployment compensation program and the state's employment services. When most people hear or think about Job Service North Dakota, the first thing that comes to mind is Unemployment Insurance. While that is one of the main functions of our agency, we do so much more. JSND really is where workforce meets main street. We are the regional workforce experts who are knowledgeable of local communities and current events, have developed strong connections within our communities, and built solid partnerships with employers, schools, regional Economic Development Councils and local chambers across the state.

We meet workforce needs by removing barriers to employment and connecting employers to employees. We keep main street open by providing Unemployment Insurance benefits during downturns, and we turn data into insights and educate and provide labor and economic information to businesses and job seekers to make informed decisions.

#### STRATEGIC PLANNING

(slide 3)

When I first started at JSND in late 2018, I introduced the Balanced Scorecard methodology for use in strategic planning. This was the same model I implemented at WSI in 2009 to create the framework for our strategic plan. I met with the leadership team to review the current organizational strategy. With changes throughout the organization, as well as at the executive level, we recognized the need to modify the current plan. With an understanding of our vast reach throughout the state, the impact we have on people and business, the meaningful connections we have with each other and those we serve, we felt it was critical to establish clarity in our purpose, values, strategic anchors, and our business definition.

With many different departments and competing priorities, we wanted a powerful message that will guide us forward, shape our culture, drive action, and create exceptional customer and employee experiences.

#### **OUR PURPOSE**

We have a strong foundation in our purpose: *Meeting Workforce Needs*. It guides us in everything we do, ensuring both stability and alignment. The simplicity of our purpose isolates what is most important to us, allowing us to maintain focus and deliver what we should to our customers throughout the state.



#### **OUR VALUES**

Our core values are the guiding principles of our organization. Our values: *Purposeful, Respectful, Collaborative, Loyal,* reflect what we value in business, in relationships, and in everything we do. Our values represent who we are and what we stand for.

#### **OUR STRATEGIC ANCHORS**

Strategic anchors are the basis for how work is performed in our organization: *Integrity First, Service Before Self, Excellence in All We Do.* Whether serving internal or external customers, creating a spreadsheet, facilitating a workshop, or entering data, these anchors guide us forward and securely fasten us to our purpose.

#### **OUR BUSINESS**

We have many different departments with competing priorities, but what we do never changes. We are *Providing Workforce and Unemployment Services* to citizens across the state.

(slide 4)

The four perspectives, Customer, Finance, Business Process, and Employees are what makes the balanced scorecard framework so effective for moving an organization forward. For each perspective there are objectives that require initiatives to accomplish. Having these initiatives helps us to deliver on North Dakota's core missions, connect to the state's strategic initiatives, culture, and values to ultimately deliver on the state's purpose to Empower People, Improve Lives, and Inspire Success. [See Appendix A for the full strategic plan and alignment to the State of the North Dakota]

With the pandemic that began in 2020, much of our strategic plan was placed on hold, though we continued to make progress in some areas. Our leadership team felt it was important to revisit our plan to determine if any of our initiatives had changed based on the current environment, but also, we felt it was necessary to establish priorities to keep the agency moving forward. Through those discussions, a thematic goal emerged. Our thematic goal is to *Identify Alterative Funding Sources*, a critical effort that will ensure sustainability of our agency.

#### ORGANIZATIONAL STRUCTURE

(slide 5)

Our agency is structured to provide the best service to our constituents and deliver on our purpose of *Meeting Workforce Needs*. We have a strong leadership team leading each of our business units. [See Appendix B for our Leadership Team Structure]

#### **WORKFORCE SERVICES**

Workforce Services includes both our Workforce Centers and Workforce Programs Departments. We have nine Workforce Centers across the state delivering key services to the citizens of North Dakota. Prior to the pandemic, our Workforce Centers served an average of eight-to ten-thousand customers per month. We operate several programs within our Workforce Centers, and we have, without a doubt, some of the best workforce experts throughout the state who impact the workforce in North Dakota in many ways.



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#### Removing Barriers to Employment:

Typically, the clients we work with have one or more significant barriers impacting the ability to be hired and maintain employment. Barriers may be as simple as obtaining the necessary tools or transportation or may be as complex as having mental health issues or overcoming a substance abuse problem. Every client we work with is different and we strive to impact our clients by helping them remove those barriers to obtain meaningful employment and become self-sufficient.

We are able to help citizens of our state remove barriers under the Workforce Innovation and Opportunity Act (WIOA) and the Jobs for Veterans State Grant (JVSG). Additionally, we also have three state contracts with the Department of Human Services (DHS).

- WIOA serves three main demographics: youth, adult, and dislocated workers. During the 2019 program year, we served 974 participants. Over 80% of these participants were either employed or in training one year after exiting the program.
- JVSG supports veterans who have barriers to employment. From 2018-2020, we served 2,245 participants with 61% being employed one year after exiting the program.
- The DHS contracts are aimed at helping those within various DHS programs prepare for and obtain meaningful employment.
  - The Basic Employment Skills Training (BEST) Program is intended to introduce participating Supplemental Nutrition Assistance Program (SNAP) recipients to job seeking and retention skills including skill development, employment opportunities, and employment retention. It is operational in Burleigh and Cass counties.
  - The Job Opportunity and Basic Skills Program (JOBS) combines education, training, job readiness services and employment to enable Temporary Assistance for Needy Families (TANF) participants to become self-sufficient.
  - The Parental Responsibility Initiative For The Development of Employment Program
     (PRIDE) helps noncustodial parents find employment or better paying jobs so they can
     meet their child support obligations. PRIDE is a collaboration between Job Service ND,
     the district courts, and the ND Department of Human Services.

#### Connecting Employers and Job Seekers:

Utilizing federal funds under Wagner-Peyser, we provide services in several ways to both job seekers and employers.

- For our Job Seekers, we offer career services which may include resume building, interview preparation, identifying transferrable skills, or removing barriers to employment. We also facilitate workshops to provide education and guidance on a variety of workforce topics.
- For our Employers, we offer services related to job postings, job fairs, skill assessments and testing, and virtual recruitment. We also partner with the Economic Development Corporations, Chambers, and others in the community to provide rapid response services to businesses which are closing. Additionally, through the H2A program, a foreign labor certification program, we help employers fill job orders and inspect employer housing conditions.
- JSND also utilizes a virtual job bank to connect job seekers and employers and offers two tax incentive programs to employers when creating new positions or hiring individuals with barriers to employment.



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#### **Statewide Workforce Events:**

JSND provides a venue for employers to host in-house hiring events. In 2019, 503 such events occurred within our Workforce Centers. We also facilitate external workforce events including second-chance job fairs and multi-industry job fairs.

#### **Community Immersion:**

JSND has a strong presence in the communities we serve with many of our employees serving on boards and committees. Our staff also partners with employers, schools, chambers and EDC's to expose middle- and high-school students to career options, facilitate presentations in schools and at community events, and conduct outreach to tribal communities, New Americans, and those living in our rural communities.

With the number of grants and contracts we work with, our Workforce Programs Department is responsible for compliance, oversight, and administration, including the systems used within our Workforce Centers. [See Appendix C for additional information on our Workforce Services area including numbers served and performance measurements]

#### UNEMPLOYMENT INSURANCE

The Unemployment Insurance Department consists of several smaller departments including benefits, administration, tax, quality control, appeals, and support. These departments work collaboratively to establish tax rates, process claims and benefit payments. The work they do serves a dual purpose as both a workforce and an economic stabilizer.

Under ND statute, 12-26 weeks of benefits are allowed for workers who lost their job through no fault of their own. On average, claim duration is typically 12 weeks. Approximately 70% of North Dakota's claims are a result of seasonal employment and unemployment insurance minimizes the workforce loss by allowing employers to retain workers thereby stabilizing the workforce. From an economic standpoint, unemployment insurance provides income replacement to laid off workers and those workers will typically stay in North Dakota and spend their money here as well.

#### Claims:

Prior to the pandemic, unemployment claims in the state were on a 3-year downward trend. In 2016, we were coming out of the oil downturn and claims decreased by just over 24% by 2017. This decline in claims continued through 2019 resulting in close to a 42% decrease in benefits paid from over a 2-year period.

Since the pandemic began in March of 2020, there have been over 228K claims filed.<sup>[1]</sup> This type of claim volume has never been seen before in North Dakota and the large surge has greatly skewed the unemployment numbers. While it is yet unknown as to how we come out of this pandemic, we have worked in collaboration with the Emergency Commission and Budget Section to take action to maintain an appropriate balance in the trust fund.

<sup>[1]</sup> Represents the number of claims filed between March 16, 2020 and January 8, 2021



This rise in claims has created many challenges in administering the program, not the least of which is staffing. Coming into the pandemic, our staffing levels were at a level sufficient to support the 2018-2019 claim level. Recognizing the overwhelming volume of claims coming as a result of the pandemic, we immediately reallocated all the staff we could toward unemployment insurance activities. As volumes continued to rise, we collaborated with other agencies for assistance with many of our core unemployment insurance activities, things like answering claim calls, investigating wage information for federal claims, and even adjudicating eligibility where possible. With no end to the rising claims, we also ramped up our hiring of temporary staff to help with the claim processing and engaged with a private sector vendor to augment our appeals staff. Despite having additional staff in place, our current regular full-time employees continue to work long hours and weekends to keep up with the demand.

In spite of the many challenges faced, North Dakota was positioned better than most states to respond to a dramatic increase in claims. Prior to the pandemic, JSND had spent years transitioning many services online and providing self-service functionality for unemployed individuals and employers. Without the investments in technology and business process improvements we would have had much more difficultly in making it through the pandemic.

From a monetary perspective, there are two primary sources of funding utilized by the Unemployment Insurance program:

#### Tax Rates:

Taxes paid by North Dakota employers provide all funds utilized to pay benefits to unemployed individuals. Tax funds collected cannot be utilized for any purpose other than the payment of benefits and are housed within the UI Trust Fund. JSND sets tax rates yearly for employers utilizing a formula defined in statute. This calculation is complex and considers the trust fund balance, projected statewide and taxable wages, projected benefit payments, and the taxable wage base. The two years prior to the pandemic, North Dakota employers realized a tax rate reduction. The actions of the Emergency Commission and Budget Section of allocating Coronavirus Relief Funding (CRF) dollars to the UI Trust fund served to ensure that the fund remained solvent and allowed us to keep 2021 rates at the same level as 2020—A critical action to support North Dakota employers.

#### Administrative Funding:

The Unemployment Insurance program is 100% federally funded. Federal funding is based off of congressional budgets and United States Department of Labor (USDOL) allocations grounded upon Administration priorities. With congress continuing to fund government operations via continuing resolutions (CR), UI administrative funding has remained for the most part flat over the last decade or longer.

The exception to the flat funding is the above-base funds received in 2020 of \$5.6M to account for an injection of pandemic related funding. Under normal circumstances, the USDOL provides above-base dollars when they have not expended their entire federal appropriation and workloads in the states has exceeded projected workloads. The funding is sporadic and when provided comes one quarter



after the associated increase in workload occurs. [See Appendix D for additional information on Unemployment Services]

#### LABOR MARKET INFORMATION

JSND also impacts the North Dakota workforce by providing workforce data and education to a variety of audiences through our Labor Market Information department. Under a contract with the Federal Bureau of Labor Statistics, we turn data into insights by providing labor market and economic information to job seekers, students, employers, economic developers, and other workforce professionals so they in turn can make informed decisions. We also provide outreach and education so users can better understand the information and how it can be used.

#### **Employers:**

Employers will use our data for a variety of reasons including setting wages or conducting wage studies, supply and demand, and also to review local and national economic conditions.

#### Job Seekers, Students, and Educators:

The most common data used by this group includes job openings and in demand positions. They also look at the necessary education and skills needed for jobs, occupational wages, and employment projections.

#### **Economic Developers:**

Economic Developers will often use our data to look at wages by a specific area, whether that be statewide, regional, or by a metro area. They will also analyze information related to the availability of the labor force, and demographic and industry trends.

#### **Policy Makers:**

Like economic developers, policy makers will often break down local economic data and look at workforce trends by area.

Our Labor Market Information department has been working on developing dashboards for use by their audience. When the pandemic hit North Dakota and the influx of unemployment claims resulted, LMI was asked to develop an interactive dashboard. This dashboard became a go-to for many around the state and has been praised for its ability to filter by just about any level of detail including occupation, industry, or gender, or by region or county. [See Appendix E for additional information on Labor Market Information Services]

#### **ACCOMPLISHMENTS**

(slide 6)

JSND made significant accomplishments in creating a streamlined infrastructure, as well as advancing our operations automated processes to continuing seeking efficiencies to better serve the citizens of North Dakota. These are identified herein using the perspectives from our strategic plan:

#### Customer:

Increased and promoted second-chance job fairs



- Created Labor Market Information dashboards for Labor Force, Employment and Wages by Occupation, and Labor Demand
- Increased social media presence to engage our communities
- Maximized website features for a better customer experience

#### Finance:

- No financial audit findings
- > Co-Located with partners and agencies in offices across the state

#### **Business Processes:**

- > Streamlined policies and procedures for efficiencies
- > Transitioned to Unisys cloud management services
- Automated internal processes:
  - Implementation of Foreign Labor Agriculture Tracking system, which is designed to track and process Department of Labor Foreign Labor requirements to include housing inspection results and corresponding job orders
  - o Automated claim submission & adjudication
  - Transitioned to employer electronic reporting
  - o Automated employer UI registration
  - New Jobs Training for Employers customized system

#### **Employees:**

Completed Job Analysis project which creates the foundation for an integrated talent management system and is fundamental to individual and organizational success by allowing for effective processes in recruiting employees, establishing performance standards, growing and developing the workforce, and preparing employees for key roles within the organization.

(slide 7)

In March of 2020, the pandemic resulted in a flurry of activity. As businesses shut down and the federal government passed the Coronavirus Aid, Relief, and Economic Security (CARES) act, JSND was thrust into the spotlight and charged with responding to new legislation and processing an unprecedented number of claims. Our team stepped up to the many challenges we faced and made significant accomplishments in meeting workforce needs for both employers and citizens of our state.

#### **Customer:**

- > Drafted and requested multiple executive orders to benefit ND employers and citizens
- Processed 218,979 claims equating to 10 years' worth of work in 9 months
- ➤ Injected over \$1B into North Dakota's economy
- Provided leadership and staffing for the Workforce Coordination Center
- > Applied for and received grant funding to help ND citizens transition back to work
- > Implemented virtual tools to continue providing workforce services
- > Established new protocols to reopen the workforce center's safely



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#### Finance:

- One of only three states to meet federal payment targets
- Collaborated with the Emergency Commission and Budget Section to ensure a solvent trust fund
- Protection of assets by implementing fraud prevention measures

#### **Business Processes:**

- Reprogrammed systems for CARES Act
- > One of the first states to implement programs
- Developed Labor Market Information interactive dashboard
- Collaborated with other agencies to address claim volume

#### **Employees:**

- > Coordinated the transition of 80% of our staff to a virtual environment
- > Successfully transitioned workforce staff to help with claims center
- Hired over 100 temporary staff to assist with claim filing, adjudication, appeals and administrative functions
- > Entered into a contract with vendor for appeal processing

This list provides a summary of the accomplishments of our staff, but it is not all inclusive and it was only accomplished through the many personal sacrifices made by our employees including working long hours, evenings, overnights, weekends, and holidays in response to the increased workload. Their dedication to the citizens of the state in accomplishing all that they have is nothing short of incredible.

#### PANDEMIC FUNDING

(slide 8)

In response to the COVID-19 pandemic, Congress passed the CARES Act with several components involving changes to the Unemployment Insurance program administered by JSND. JSND received several grant awards which are outlined by program on slide 8 with definitions included herein. Of all funds received, JSND redistributed 96% of those funds back to the citizens which equates to \$921,378,774 as of December 31, 2020.

- Coronavirus Relief Fund (CRF) This fund represents JSND's share of the state funds received from the federal government under the CARES Act. These funds were used to infuse the trust fund and cover a portion of administrative expenses. JSND received \$372,381,213 in CRF funds and distributed those funds as follows:
  - a. Trust Fund = \$355,653,643
  - b. Reimbursement to nonprofits, local/state government employers of 50% benefits paid = \$12,368,713
  - c. Administrative Expenses = \$4,358,857
- 2. <u>Federal Pandemic Unemployment Compensation (FPUC)</u> This program provides for the addition of flat dollar amounts each week to each unemployment insurance benefit payment made to an individual, whether on the regular unemployment insurance program or any of the new programs within the CARES Act.



- 3. <u>Pandemic Emergency Unemployment Compensation (PEUC)</u> This program provides 13 weeks of additional benefits for individuals who may have exhausted all rights to state unemployment insurance.
- 4. Pandemic Unemployment Assistance (PUA) This program provides assistance for individuals not eligible for regular, extended benefits, or Pandemic Emergency Unemployment Compensation (PEUC), including individuals who have exhausted benefits, independent contractors, self-employed workers, gig workers, etc. This program will provide 13 weeks of benefits to participants.
- 5. <u>Extended Benefits (EB)</u> This is an extension of benefits paid to certain claimants that is funded by the federal government. This is an ongoing program that was triggered in July 2020.
- 6. <u>Lost Wages Assistances (LWA)</u> This was a temporary program that provided an additional \$300 payment to claimants who were affected directly by the pandemic.
- 7. <u>Temporary Compensation</u> When North Dakota made the decision to waive the waiting week, the federal government reimbursed us for the first week paid to claimants.
- 8. <u>Emergency Unemployment Insurance Stabilization and Access Act (EUISAA)</u> These are funds provided by the federal government under the CARES Act for emergency relief for unemployment insurance administrative costs.
- 9. <u>US Relief</u> Federal funds used to support nonprofit employers, local and state governments, and recognized Indian tribes by providing 50% relief of UI tax payments under the reimbursement method.
- 10. <u>National Dislocated Worker Grant (DW)</u> Additional grant awarded to JSND to assist with training and workforce preparation for those dislocated by the pandemic.

The CARES Act included much needed monetary support through a number of programs designed to positively impact a broad spectrum of workers.

FUNDING (slide 9)

JSND is 98% federally funded. The federal funds are complex and siloed, meaning the buckets of federal dollars do not allow transfers between programs so while one program may have an excess of funds, those dollars must be spent only within that program. Our major funding sources include the Workforce Innovation and Opportunity Act (WIOA), Wagner-Peyser, and Unemployment Insurance. From 2009 through 2019, the JSND budget decreased from \$51M to \$42M. For the 2019-2021 Biennium, the budget is \$52,252,978 which reflects above-base dollars and funding specifically related to the pandemic. [See Appendix F for detailed information on historical funding]

(slide 10)

The decrease noted previously is attributed to fairly flat federal funding, the lack of adjustments in federal funding to support state-level program increases, such as legislative wage adjustments and IT cost increases, and inflationary costs to operating expenses. During the time frame noted, there has been a cumulative inflation of 17.3%, or an average of 1.57%. The expenses related to system operating costs do not fluctuate based on the number served so those are the same for North Dakota as compared to larger states who process more claims.



\_\_\_\_\_

STAFFING (slide 11)

Since 2001, technology improvements and the decrease in funding for our programs has resulted in a reduction of 215 regular full-time employees. We are currently authorized for 172.61 FTE and we supplement our staff with temporary positions; However, the significant decrease has resulted in a limited capacity to serve the citizens of the state.

To adequately respond to the pandemic, JSND has 84 temporary staff to assist our regular employees with the increased workload. [See Appendix G for temporary hiring activities in 2020] JSND also transitioned the Workforce Center staff and engaged with other agencies including WSI and the North Dakota Information Technology Department, as well as other vendors to assist with processing unemployment claims.

CONSTRAINTS (slide 12)

While our current efforts are focused on addressing the impacts on the workforce caused by the pandemic, we have many constraints that force us to change the way in which we work.

#### **Funding:**

As mentioned, JSND is 98% federally funded. The federal funding streams are siloed, not allowing for transfers from one program to another. All programs offered by JSND must meet negotiated levels of performance and every grant and contract has a myriad of reporting requirements that are carried out by our staff monthly, quarterly, and annually. Many other surrounding states receive state dollars to help offset the additional costs in both workforce and unemployment insurance services, however, JSND operates with minimal general fund dollars. While funding remains flat, operational costs continue to increase resulting in a reduction of funds available to serve the citizens of North Dakota. [See Appendix H for state comparisons]

#### Infrastructure:

While we have made gains in improving our processes and procedures for efficiency, we continue to support the legacy mainframe-based IT system. The system itself is antiquated, which makes finding personnel to operate the system a challenge. We continue to seek potential paths for system replacement; However, the limited funding available to invest in needed systems creates a challenge.

#### **Employees:**

Again, with limited funding available and the strict requirements with federal funding, it is difficult to reward employees for their work and accomplishments. Minimally, we follow the state's legislative increases, but are restrained due to the lack of additional funds to provide meaningful rewards. The reduction in approved staffing levels also forces us to hire temporary employees of which we see a higher level of declined offers for employment due to the temporary status. Retaining newer employees has also been a challenge as we experience a higher rate of turnover, often losing those employees to better opportunities in the state or the private sector. Additionally, we project that 45% of our employees are eligible to retire within the next 10 years. Not only will this impact the need to hire multiple employees, but the potential loss of institutional knowledge is concerning.



#### **External Factors:**

Over the last 20 years, changes in how we provide services has changed due to technology improvements, the changing landscape of the workforce, and the changing demographics within the state. Though the pandemic has raised the unemployment rate, we still have one of the lowest unemployment rates in the nation at 4.1% as of November 2020. This low unemployment and the pandemic have resulted in over 13,000 job openings across the state, with the highest demand in healthcare, administration, and transportation occupations.

While JSND staff work hard to connect employers to employees, the change in demographics we see today is much different than it was 10-15 years ago. Typically, the citizens we see have barriers to employment. Overcoming one barrier to employment is difficult on its own, but most clients have more than one. These barriers can range from something simple such as lack of transportation to more complex cases which may include substance abuse, a criminal record, lack of housing or childcare, lack of access to technology, or a lack of technical or soft skills to succeed in today's workplace.

APPROPRIATIONS (slide 13)

Slide 13 summarizes our base level, change package adjustments, Governor's recommendations, and our 2021-23 appropriation request. JSND is operating with relatively stable costs with a few changes as noted below:

#### <u>Salary</u>

- Increased salary appropriations in the unemployment department due to increased temporary staffing
- Adjustments as recommended in the Governor's budget for the 2% per year salary and 1% retirement contribution increase
- Decrease to the salary and wages line item for IT unification as provided in the Governor's recommended budget

#### Operating Expenses

- Increase to the operating expense line item for IT unification as provided in the Governor's recommended budget
- Decrease in operating expenses due to iUS grant funds

#### Grants

 An adjustment related to training dollars paid to citizens which was increased under our WIOA, TAA, ATAA, and TRA grants.

The 5% general fund reduction is reflected in the general fund request which if offset by salary and wages line item increases mentioned herein.

(slide 14)

JSND does receive limited general and special funds as follows:



\_\_\_\_\_\_

#### **General Funds:**

The limited general funds support the following activities and services.

- 1. Job Spidering Technology Job spidering is a sophisticated technology tool which provides job seekers with thousands of jobs to choose from within one state website. Jobs are integrated from corporate websites from businesses with 25 or more employees, online job boards, regional hospitals, government sites, local newspapers, and community job boards. Job Spidering represents about 75% of the job listings with JSND, or 104,670/year (8,700/month).
- 2. Mobile App The mobile app is an extension of the employment services systems and is offered at no charge to job seekers. This app expands the work search reach, is flexible and increases the use of the job search portal. Job seekers are able to update resumes, search for jobs, and communicate with staff. Approximately 400 unique users are registered monthly with a typical user being in the 19-40 age group with an average session time of 82 minutes.
- 3. State Social Security Administration Liaison These dollars fund 25% FTE to assist state and local government employers with issues related to Social Security and Medicare wage reporting.

#### **Special Funds:**

For more than 25 years, the state has administered the New Jobs Training Program (NJT) which provides incentives to primary-sector businesses who are creating new employment opportunities through business expansion or relocation to North Dakota. The program allows businesses to receive funding in the form of a loan, grant, or self-financing option for up to ten years to offset the cost of training new employees. Funds are available through capturing state income tax generated from newly-created, permanent, full-time positions.

#### Federal Funds:

In addition to these funds, we are requesting language in our appropriation bill which will allow us to accept all federal funds received by JSND in excess of those funds appropriated in section 1 of our bill for the biennium beginning July 1, 2021 and ending June 30, 2023. This allows JSND to spend additional federal funds received for increased workloads.

CONCLUSION (slide 15)

I've been with Job Service North Dakota for approximately two years and I can honestly say that I'm continually impressed by the hard work of the employees. The pandemic has highlighted the important work we do in building a skilled workforce and limiting the impact of downturns for healthy vibrant communities.

I thank you for your time today and will entertain questions from the committee at this time.



## S L I D E D E C K



## APPROPRIATIONS TESTIMONY

JOB SERVICE NORTH DAKOTA – SB 2016 BRYAN KLIPFEL MARCH 3, 2021



## WHO WE ARE



## WHERE WORKFORCE MEETS MAIN STREET



Wahpeton, ND

#### WHO WE ARE:

- Regional workforce experts
- Strong partners with employers, schools, local EDC's and chambers
- Knowledgeable of local communities and current events
- Knowledgeable about local economics

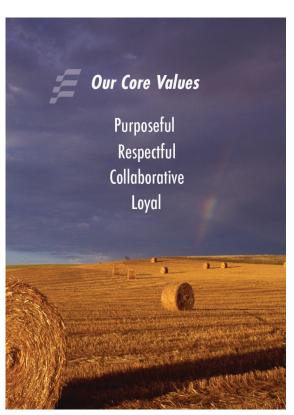
#### WHAT WE DO:

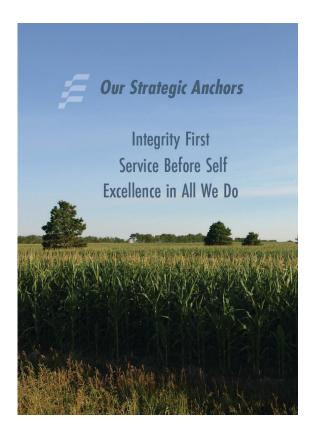
- Meet workforce needs by removing barriers to employment and connecting employers to employees
- Keep main street open by providing Unemployment Insurance benefits during downturns
- Educate and provide labor market and economic information to businesses and job seekers to make informed decisions

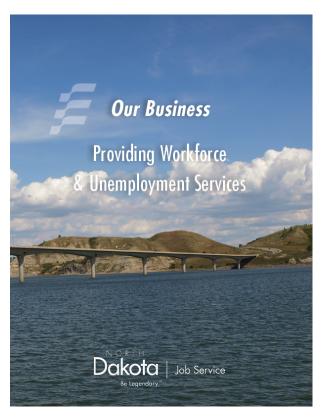
# MEETING WORKFORCE NEEDS



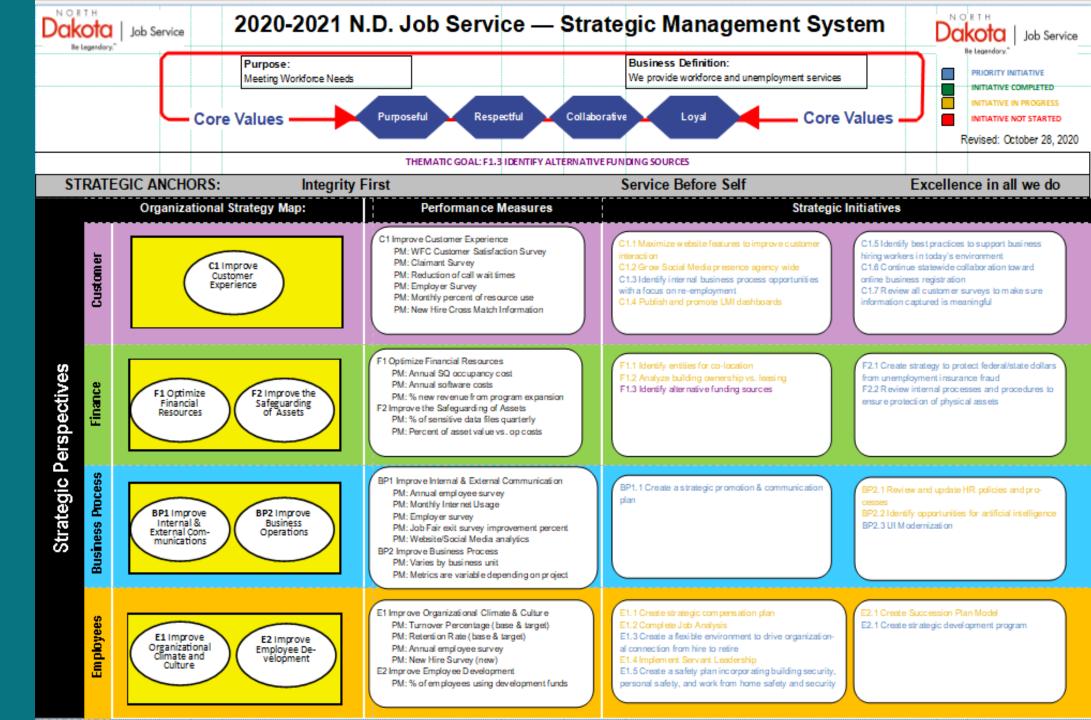








# Our Strategic Direction











# ACCOMPLISHMENTS





#### **Customer**

- Second Chance Job Fairs
- Labor Market Dashboards
- Increased social media presence
- Maximized website features



#### **Finance**

- No financial audit findings
- Colocation



#### **Business Process**

- Streamlined policies and procedures
- Transitioned to Unisys Cloud Managed Services
- Automated Processes
- Foreign Labor Agriculture Tracking system
- Unemployment Insurance Processes for Claimants and Employers
- New Jobs Training



#### **Employees**

 Completion of Job Analysis Project

# Pandemic

# ACCOMPLISHMENTS





#### **Customer**

- Drafted multiple EO's to benefit ND employers and citizens
- Processed 10 Years' of claims in 9 months
- Injected over \$1B into ND's Economy
- Provided staff & leadership for Workforce Coordination Center
- Obtained Grant for Dislocated Workers
- Implemented virtual tools to continue providing workforce services



#### **Finance**

- One of only three states to meet federal payment targets
- Collaborated with Emergency Commission and Budget Section to ensure a solvent trust fund
- Protection of assets by implementing fraud prevention measures



#### **Business Process**

- Reprogrammed systems for CARES Act
- One of the first states to implement programs
- Developed labor market interactive dashboard
- Collaborated with other agencies to address claim volume

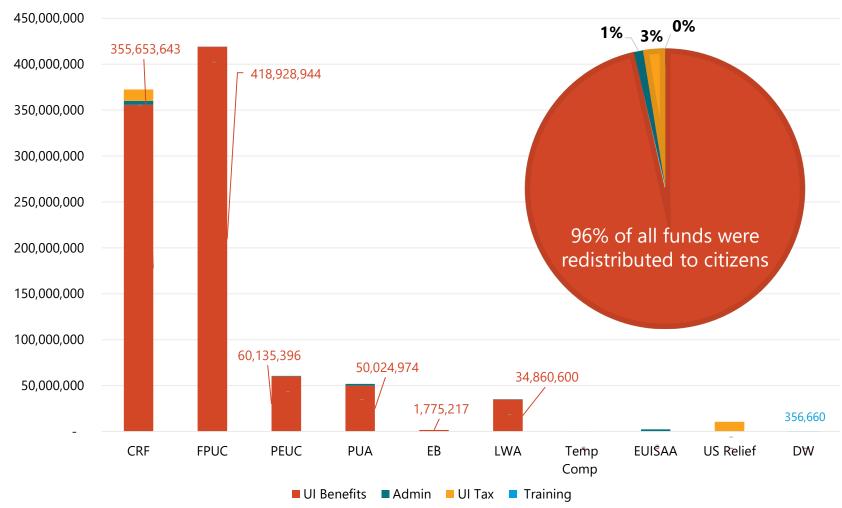


#### **Employees**

- Coordinated transition of 80% of staff to virtual environment
- Transitioned staff to priority areas
- Hired over 100 temporary employees
- Entered into a contract with vendor for appeal processing

# COVID-19 PANDEMIC FUNDING

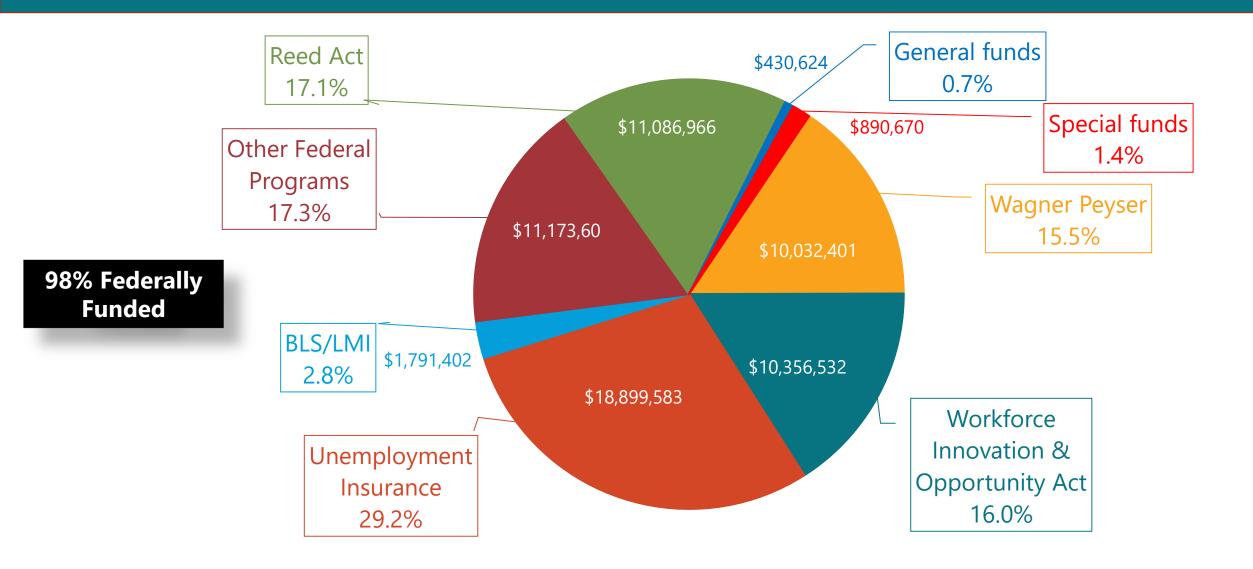
#### COVID-19 Federal Funds





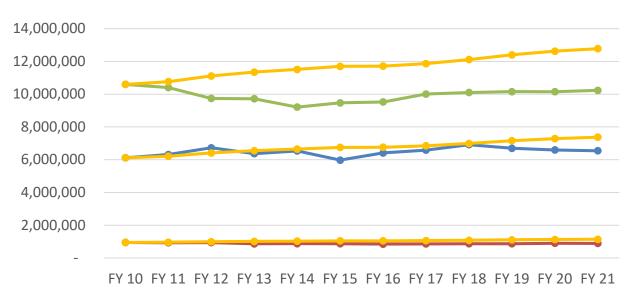
# **FUNDING 2019-2021**





# **FUNDING HISTORY**





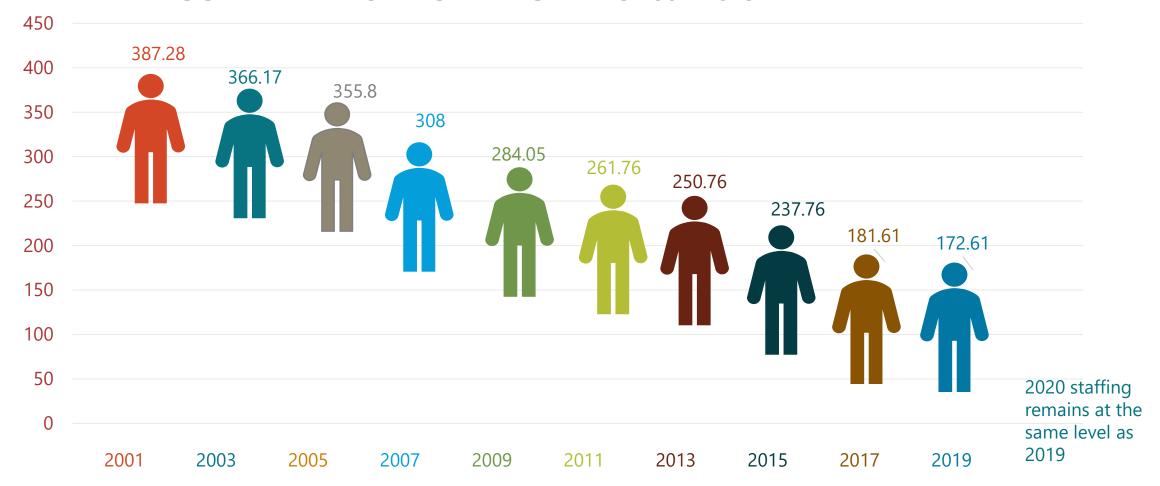


- Federal funding is not adjusted for state expenses such as pay increases and IT cost increases
- Inflationary costs to operating expenses
  - Inflation averages 1.57% per year
- Expenses do not fluctuate based on the number served:
  - Example System costs are essentially the same whether we have 30K claims or 300K claims

## OUR TEAM OVER THE YEARS



#### **LEGISLATIVE APPROVED STAFFING LEVELS 2001-2019**



# CONSTRAINTS





**Funding** 

# • 98% Federally funded

- Siloed funding streams
- Flat funding while operational costs continue to increase



# nfrastructure

#### Supporting the legacy mainframebased IT system

- Limited funding to invest in needed systems and replacements
- Aging facilities



# Employees

- Difficult to reward employees
- Projected 45% retirements w/in 10 years
- Potential loss of institutional knowledge due to attrition
- Lack of funding for training and other state activities



# Factors

Externa

- Workforce/Skill Shortage
- Low Unemployment
- Over 13,000 Job Openings
- Barriers to Employment



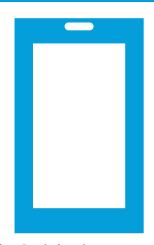


	20	021-23 Base	ange Packages & Governor's commendations	2021-23 Appropriation		
Salaries and Wages	\$	30,572,221	\$ (1,453,475)	\$ 29,118,750		
Operating Expenses	\$	17,840,895	\$ (755,101)	\$ 17,085,794		
Capital Assets	\$	20,000	\$ _	\$ 20,000		
Grants	\$	6,166,112	\$ 2,114,939	\$ 8,281,051		
Reed Act-UI Computer Modernization	\$	10,475,114	\$ 470,012	\$ 10,945,126		
Total All Funds	\$	65,074,342	\$ 376,379	\$ 65,450,721		
Less Estimated Income	\$	64,643,718	\$ 396,442	\$ 65,040,160		
Total General Fund	\$	430,624	\$ (20,063)	\$ 410,561		
Full-Time Equivalent Positions		172.61	(16)	156.61		





#### **GENERAL FUNDS**



- Job Spidering
- Mobile App
- State SSA Liaison

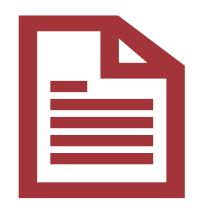
#### SPECIAL FUNDS



New Jobs Training:

Worker education and training when employers create new jobs

#### FEDERAL FUNDING



Appropriations Bill:

Continuation of language allowing acceptance of funds

# WHO WE ARE



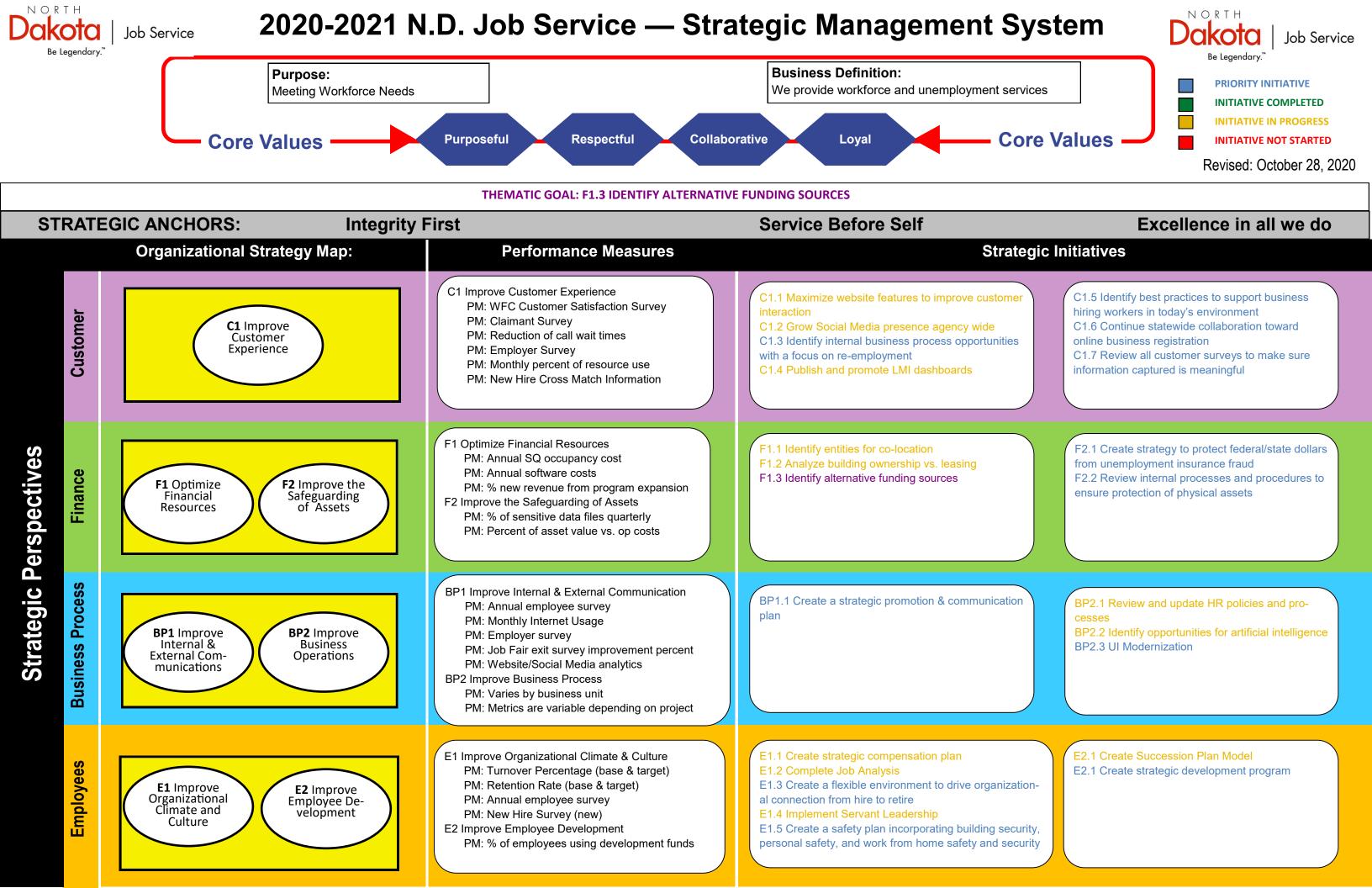




# APPENDIX

# APPENDIX A Strategic Plan





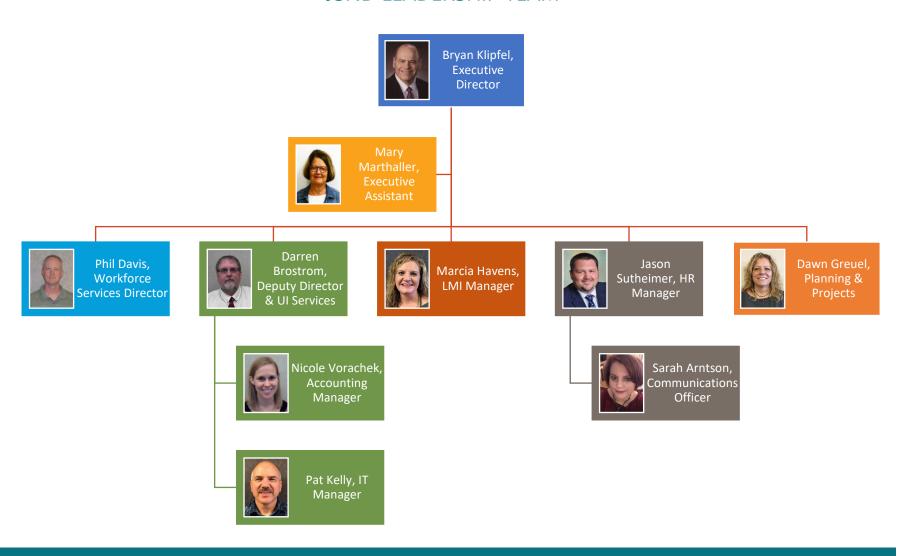
JSND's core purpose	Meeting Workforce Needs												
our core values	Purpo	oseful	ful Respec			tful Colla			aborative		Loyal		
our Strategic Anchors	Ir	Integrity First			Service B			efore Self Ex			xcellence in all we do		
our Strategic Perspectives	Customer			Finance				Business Process			Employees		
We deliver on ND's core missions	Health, safety, and security of all citizens	Attract, engage, a retain workford	and	Safely move people and goods	i through		and na	iserve, use, d manage atural and cultural esources	Attract, retain, expand, and protect wealth	Equip Stu (learners succe	s) for	Ensure fiscal responsibility	
by connecting to ND's strategic initiatives	Main Stre	eet	Behavioral Health			Reinventing Government			Transforming Education		Tribal Partnerships		
with an aspire to culture	Work as C	)ne	Citizen Focus			Growth Mindset		Make a Difference		Leadership Everywhere			
grounded in values	Grati	tude	Humility			y Cur			riosity		Courage		
and driven by ND's purpose			Em	npower Po	eop	ole, Imp	rove	e Lives,	Inspire Su	ccess			

# APPENDIX B Leadership Team



#### **APPENDIX B**

#### JSND LEADERSHIP TEAM



# APPENDIX C Workforce Services

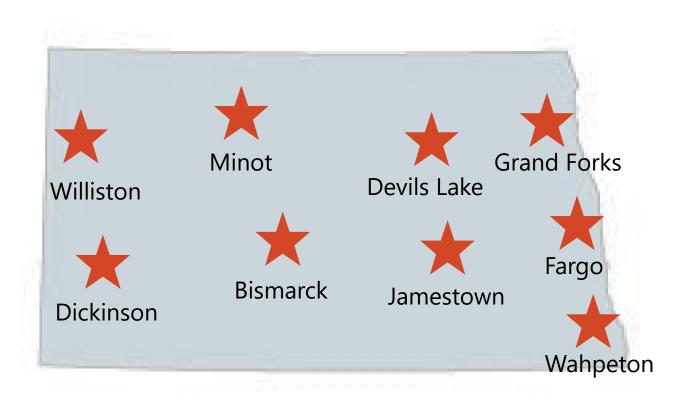






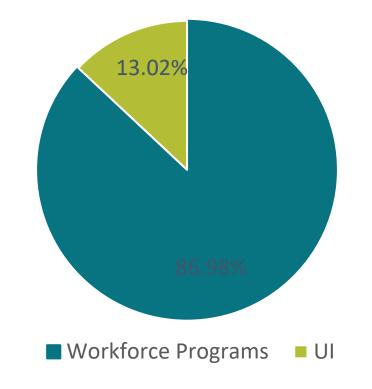
IMPACTING NORTH DAKOTA'S WORKFORCE





Average of 8-10K customers per month in the Workforce Centers prior to COVID

#### **JANUARY 2019-MARCH 2020 CUSTOMERS**









#### FEDERAL PROGRAMS

#### **WIOA YOUTH**

344 Participants 81.4% Employed or in Training 1 year after program exit

#### **WIOA ADULT**

523 Participants82.7% Employed 1 year after program exit

#### **WIOA DISLOCATED WORKER**

107 Participants80.0% employed 1 year after program exit







#### **FEDERAL PROGRAMS**

#### **JOBS FOR VETERANS STATE GRANT**

- Program supports veterans who have barriers to employment
- 2,245 Participants in last 3 years
  - 61.06% employed 1 year after program exit
- 5 DVOPs
  - Serve veterans across the state
  - Including Tribal outreach

\*Veterans receive priority of service in all of our programs







#### **DHS CONTRACTS**

#### **BASIC EMPLOYMENT SKILLS TRAINING**

Participants on SNAP
Cass & Burleigh counties only
32% in unsubsidized employment 6 months after program exit

#### **JOBS OPPORTUNITY & BASIC SKILLS**

Participants on TANF
Southeast ND - Primarily Cass & Richland counties
Average of 76 served/month w/79% in work opportunities

# PARENTAL RESPONSIBILITY INITIATIVE FOR THE DEVELOPMENT OF EMPLOYMENT

325 new enrollments in calendar year 2019 89% increase in child support payments through June of 2019





**In-Person Services** 

Connecting Employers & Job Seekers

Services for Job Seekers

Virtual One Stop (Jobsnd.com)

Job Seeker Education

#### 1:1 Career Counseling

 Job search, labor market, transferable skills, resume building, job applications, interview preparation, barriers to employment, and other related discussion points specific to each individual

#### **One Stop System for Job Seekers**

- Create resumes, search for work, apply for jobs
- 29,151 In/out of state <u>new</u> users registered with Job Service in 2019
- 27,267 job applications completed through VOS in 2019

#### **Workshop Facilitation in all 9 Workforce Centers**

• Job Searches, Resume Writing, Transferable Skills, Interviewing, Job scams, and other relevant subjects





Connecting
Employers &
Job Seekers

Services for Employers **Employer Services** 

Virtual One-Stop (Jobsnd.com)

**Rapid Response** 

H<sub>2</sub>A

 Assist employers with employment needs including job posting, job fairs, assessments, skill testing, virtual recruiter, and assist with other employer needs

• 32,013 Job orders created by employers in 2019 for a total of 60,229 positions

- Support to employees affected by business closings
- UI education, employment support, workshops, and reverse job fairs
- Partner with EDC, chambers, and others as needed

• 710 Job Orders & Housing Inspections

- 1,988 hours conducting inspections
- 51,190 miles driven



#### **STATE PROGRAM**

#### **NEW JOBS TRAINING**



Connecting Employers & Job Seekers

Services for Employers

- 10-year income tax reimbursement
- Available to primary sector employers
- Offsets costs of providing workers with education and training for newly created positions

#### FEDERAL PROGRAM

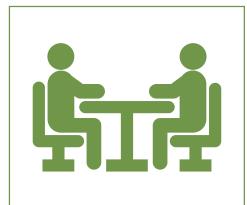
# WORK OPPORTUNITY TAX CREDIT (WOTC)

- One-Time Federal tax credit calculated on first-year wages
- Must hire individuals with barriers, including: Veterans, Ex-Felons, SNAP, TANF, and SSI recipients, and those in designated empowerment and rural renewal areas
- 14,099 Applications Received in 2019
  - Approximately 55% are certified





#### In-House Hiring Events



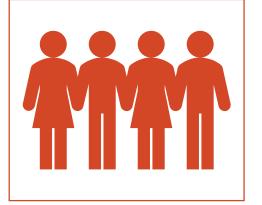
- 503 during2019
- Increase of 25% from 2018

#### Second-Chance Job Fairs



- Fargo, Grand Forks, and Bismarck
- 70 Employers
- 339 Participants

#### Multi-Industry Job Fairs



- 596 Employers
- 4,154 Participants
- Employers indicated they would hire 57%





#### **Community & School Presentations**

 Employees provide presentations of available services along with workforce information throughout the communities

#### **Career Expos**

Partner with employers, schools, chambers and EDC's to expose middle- and high-school students to career options across the state

1,850 sophomores attended the Northern Valley Career Expo in Grand Forks

### **Community & Board Presence**

• Employees serve on boards and community advisory committees as subject matter experts on workforce issues

### **Community Outreach**

Employees provide community outreach to tribal communities,
 New Americans, and those living in rural communities

# APPENDIX D Unemployment Services



# **OUR BUSINESS - UNEMPLOYMENT**



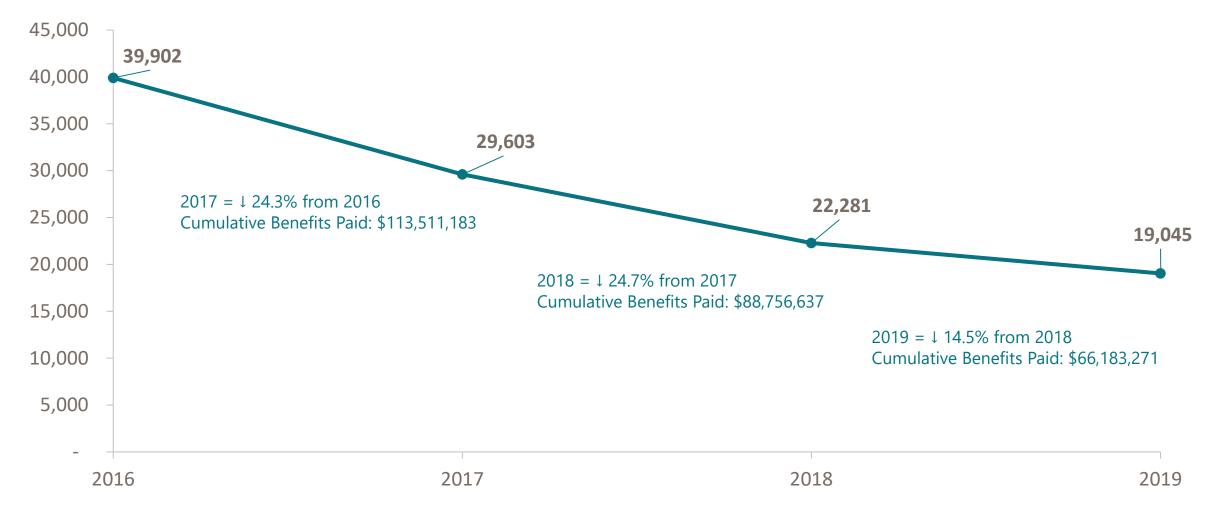


IMPACTING NORTH DAKOTA'S ECONOMY & WORKFORCE

### **OUR BUSINESS - UNEMPLOYMENT**



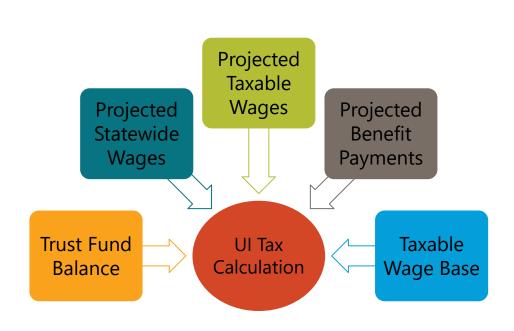




## **OUR BUSINESS - UNEMPLOYMENT**



#### TAX RATES AND THE UI TRUST FUND

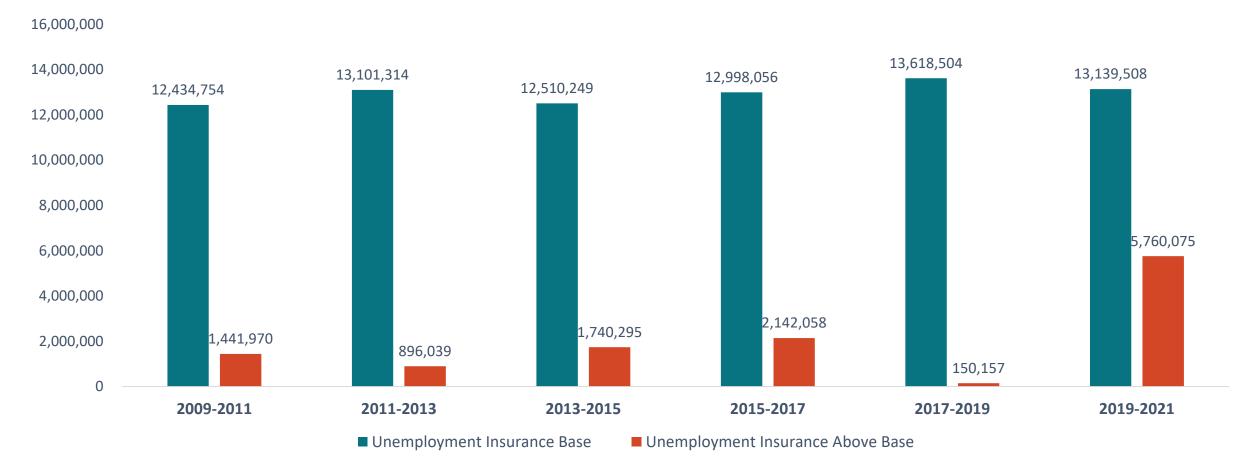


The actions of the Emergency
Commission and Budget Section
allowed us to keep rates the
same in 2021 to protect
employers

# UNEMPLOYMENT INSURANCE FUNDING



#### 2009-2021 UNEMPLOYMENT INSURANCE BUDGET

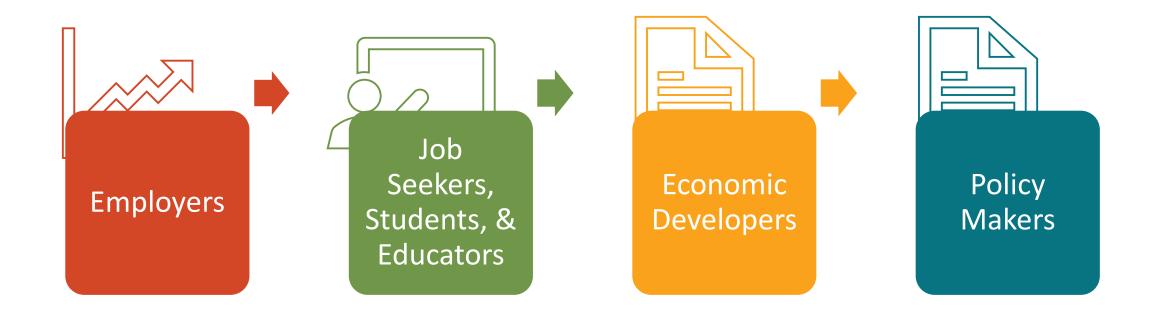


# APPENDIX E Labor Market Information



# OUR BUSINESS — LABOR MARKET INFORMATION





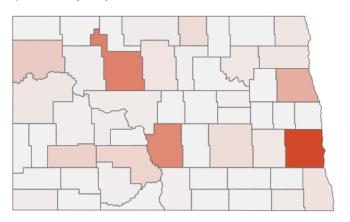
IMPACTING NORTH DAKOTA'S WORKFORCE

## OUR BUSINESS – LABOR MARKET INFORMATION



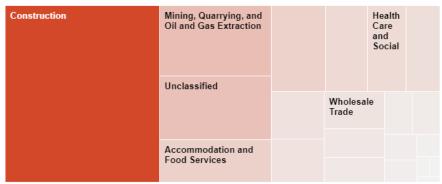
#### North Dakota **WEEKLY UNEMPLOYMENT** Initial Claims Data released every Thursday morning

Click on the map to filter data by county

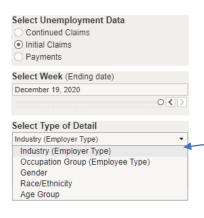


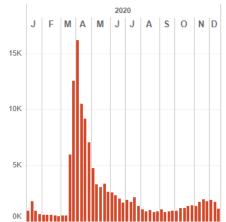
Week ending Dec 19, 2020 ND Total initial claims 1,170

Click on the tree map to filter data by level of detail



Dakota | Job Service





#### UNEMPLOYMENT INTERACTIVE DASHBOARD

Filters provide level of detail by occupation, industry, gender, race, age group

Last Updated 12/24/2020 7:30 AM

# APPENDIX F Historical Funding



#### **APPENDIX F**

	JSND HISTORICAL FEDERAL FUNDING*											
Biennium	nnium 2009-2011 2011-2013 2013-2015 2015-2017 2017-2019 2019-2021									-2021		
Wagner Peyser	\$5,302,783	\$5,302,783	\$5,292,177	\$5,282,176	\$5,005,887	\$5,005,890	\$4,992,444	\$5,111,188	\$5,046,612	\$5,016,412	\$4,997,358	\$5,035,043
WIOA	5,294,922	5,104,054	4,446,938	4,438,612	4,207,404	4,464,523	4,535,464	4,896,212	5,052,953	5,139,909	5,155,726	5,200,806
UI Base	6,117,771	6,316,983	6,729,310	6,372,004	6,534,481	5,975,768	6,413,040	6,585,016	6,919,384	6,699,120	6,593,205	6,546,303
UI Above Base	947,363	494,607	319,479	576,560	616,343	1,123,952	1,751,963	390,095	106,649	43,508	3,360,075	2,400,000
LMI	947,317	928,392	938,958	865,457	873,675	872,971	847,502	863,004	873,198	871,289	900,965	890,437
Other Federal Programs	8,877,015	5,724,745	5,972,136	4,497,699	4,107,466	2,373,978	6,106,596	2,683,638	3,595,046	2,995,377	5,745,269	5,427,791
Total Federal Funding*	27,487,171	23,871,564	23,698,998	22,032,508	21,345,256	19,817,082	24,647,009	20,529,153	21,593,842	20,765,615	26,752,598	25,500,380
Total for Biennium*	\$51,3	58,735	\$45,73	31,506	\$41,10	62,338	\$45,1	76,162	\$42,3	59,457	\$52,2	52,978

<sup>\*</sup>Does not include Reed Act Funds as shown in the Appropriations graph as these are carried forward from year to year

# APPENDIX G Temporary Staffing 2020



#### APPENDIX G

JSND TEMPORARY STAFFING 2020											
Area	Position	Position # employed pre-pandemic									
Unemployment Insurance	Appeals Referee	1	9	6	4						
Unemployment Insurance	Claims Center Adjudicators	6	58	47	17						
Unemployment Insurance	Data Entry Specialists	0	8	7	1						
Workforce Centers	Employment Advisors	4	5	4	5						
Human Resources	Human Resource Support Specialist	0	1	1	0						
Labor Market Information	Labor Market Analyst	1	0	1	0						
Unemployment Insurance	PUA Claims Adjudicators	0	8	6	2						
Unemployment Insurance	Quality Assurance Support Specialist	0	10	10	0						
Unemployment Insurance	UI Support Specialist	0	1	1	0						
Workforce Programs	Workforce Programs Support Specialist	1	2	1	2						
	TOTAL:	13	102*	84	31						

 $<sup>^{\</sup>star}$  13% of our offers have been declined due to applicant's salary & benefit expectations.



# APPENDIX H State Comparisons



#### STATES WITH TAXES FOR UI ADMINISTRATION AND NON-UI PURPOSES

# STATE COMPARISONS





	State Workforce Comparison	Population	Workforce Centers	State Funds
Workforce Services	North Dakota	762,062	9	No
	Wyoming	577,737	22	Yes
	South Dakota	882,235	16	Yes
Dakota   Job Service  Be Legendary.**	Montana	1,062,305	17	Yes

## Our Business

Unemployment



# Neighboring State Unemployment Comparison

North Dakota

South Dakota



Montana

### Maximum Weekly Benefit Amount (WBA)

National Average \$457

\$640

Rank 11

\$414

Rank 36

\$740

Rank 3

\$552

Rank 18

### Average Weekly Benefit Amount (WBA)

National Average \$339

\$435

Rank 4

\$296

Rank 35

\$391

Rank 7

\$357

Rank 13



# APPROPRIATIONS TESTIMONY

JOB SERVICE NORTH DAKOTA – SB 2016 BRYAN KLIPFEL MARCH 3, 2021



## WHO WE ARE



# WHERE WORKFORCE MEETS MAIN STREET



Wahpeton, ND

#### WHO WE ARE:

- Regional workforce experts
- Strong partners with employers, schools, local EDC's and chambers
- Knowledgeable of local communities and current events
- Knowledgeable about local economics

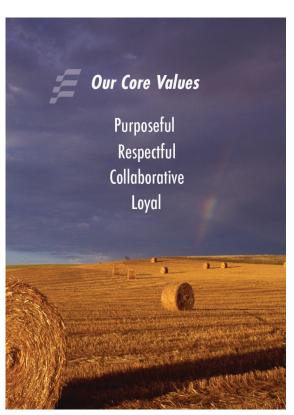
#### WHAT WE DO:

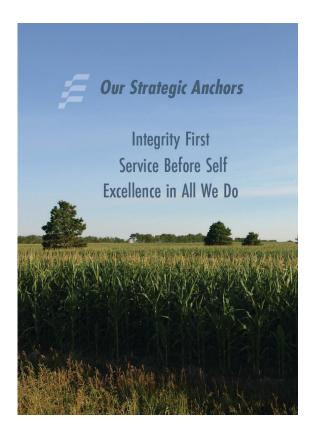
- Meet workforce needs by removing barriers to employment and connecting employers to employees
- Keep main street open by providing Unemployment Insurance benefits during downturns
- Educate and provide labor market and economic information to businesses and job seekers to make informed decisions

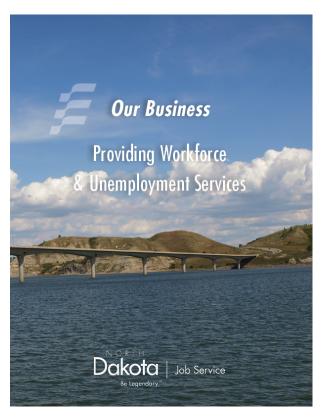
## MEETING WORKFORCE NEEDS



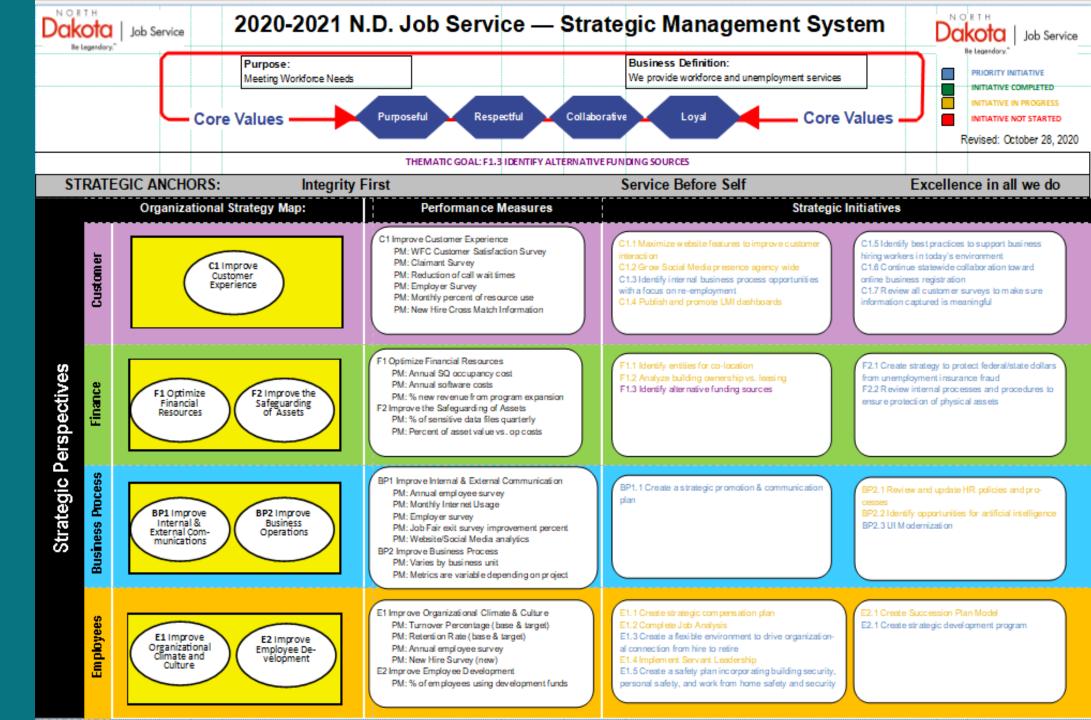








## Our Strategic Direction











# ACCOMPLISHMENTS





#### **Customer**

- Second Chance Job Fairs
- Labor Market Dashboards
- Increased social media presence
- Maximized website features



#### **Finance**

- No financial audit findings
- Colocation



#### **Business Process**

- Streamlined policies and procedures
- Transitioned to Unisys Cloud Managed Services
- Automated Processes
- Foreign Labor Agriculture Tracking system
- Unemployment Insurance Processes for Claimants and Employers
- New Jobs Training



#### **Employees**

 Completion of Job Analysis Project

# Pandemic

# ACCOMPLISHMENTS





#### **Customer**

- Drafted multiple EO's to benefit ND employers and citizens
- Processed 10 Years' of claims in 9 months
- Injected over \$1B into ND's Economy
- Provided staff & leadership for Workforce Coordination Center
- Obtained Grant for Dislocated Workers
- Implemented virtual tools to continue providing workforce services



#### **Finance**

- One of only three states to meet federal payment targets
- Collaborated with Emergency Commission and Budget Section to ensure a solvent trust fund
- Protection of assets by implementing fraud prevention measures



#### **Business Process**

- Reprogrammed systems for CARES Act
- One of the first states to implement programs
- Developed labor market interactive dashboard
- Collaborated with other agencies to address claim volume

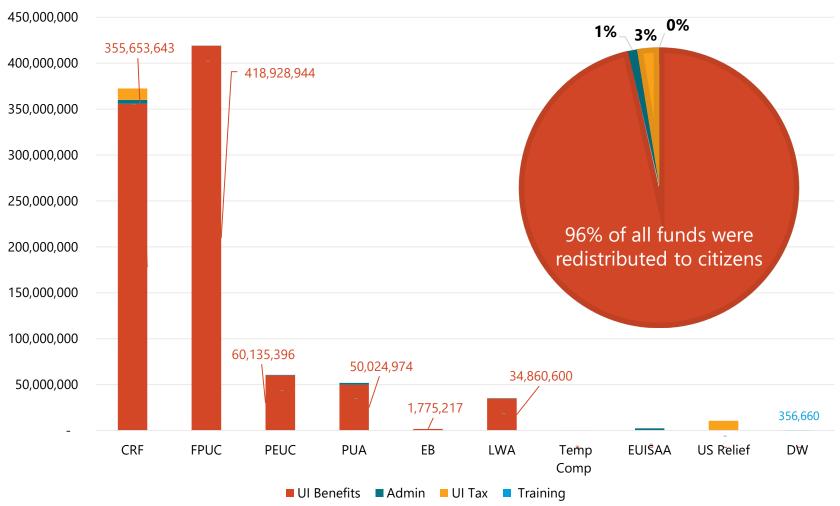


#### **Employees**

- Coordinated transition of 80% of staff to virtual environment
- Transitioned staff to priority areas
- Hired over 100 temporary employees
- Entered into a contract with vendor for appeal processing

## COVID-19 PANDEMIC FUNDING

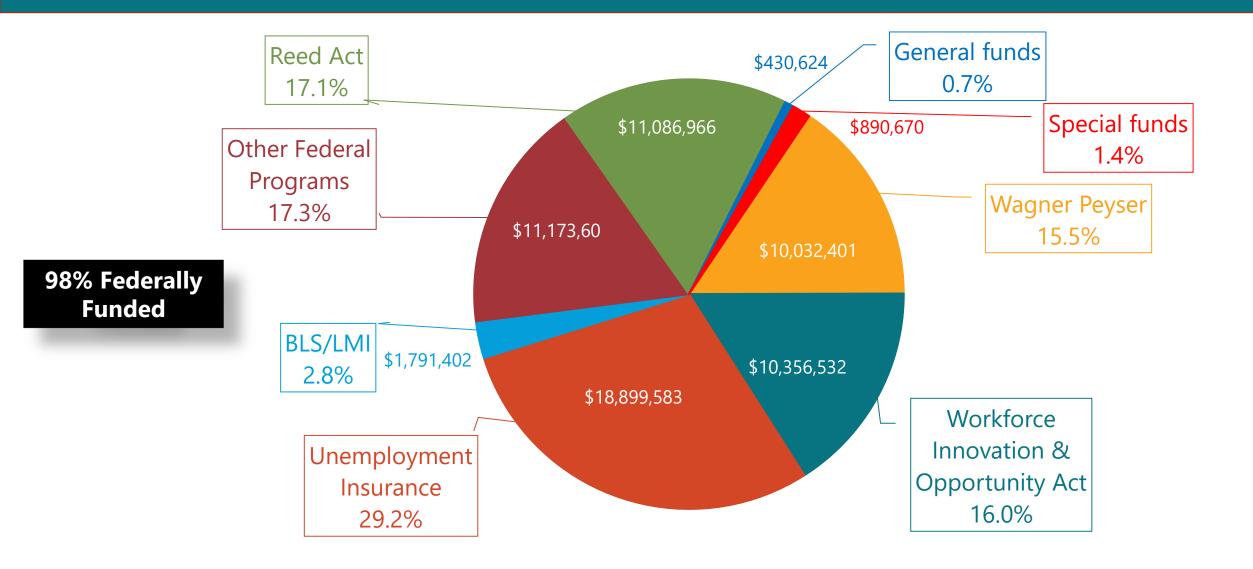
#### COVID-19 Federal Funds





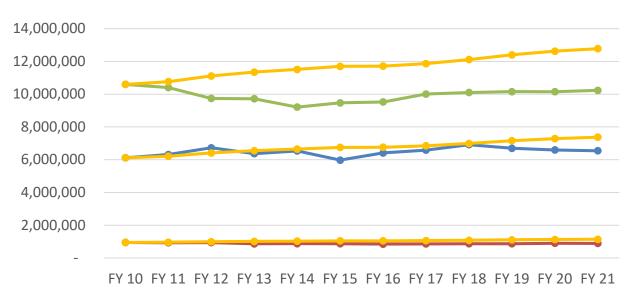
# **FUNDING 2019-2021**





## **FUNDING HISTORY**





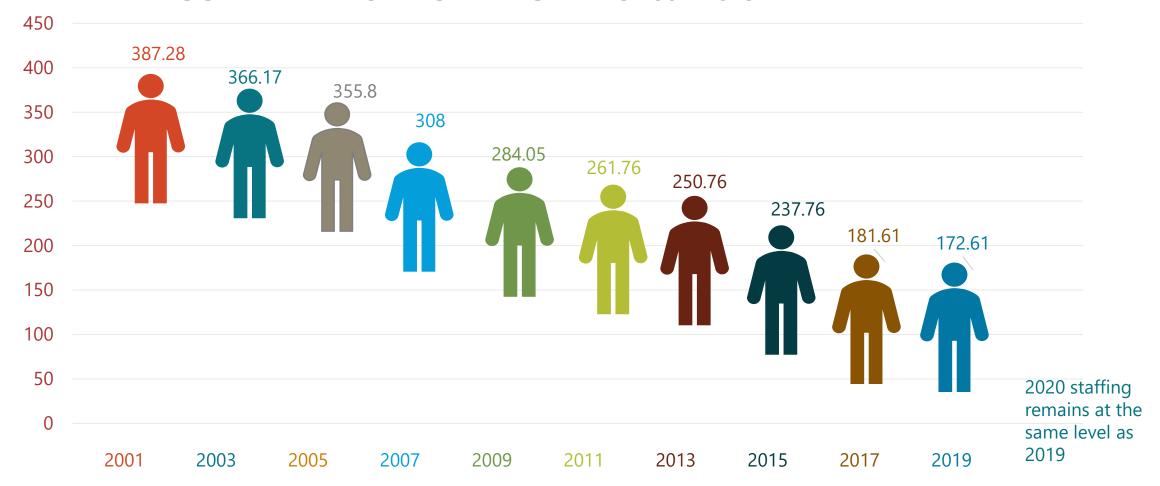


- Federal funding is not adjusted for state expenses such as pay increases and IT cost increases
- Inflationary costs to operating expenses
  - Inflation averages 1.57% per year
- Expenses do not fluctuate based on the number served:
  - Example System costs are essentially the same whether we have 30K claims or 300K claims

### OUR TEAM OVER THE YEARS



#### **LEGISLATIVE APPROVED STAFFING LEVELS 2001-2019**



# CONSTRAINTS





**Funding** 

## • 98% Federally funded

- Siloed funding streams
- Flat funding while operational costs continue to increase



# nfrastructure

#### Supporting the legacy mainframebased IT system

- Limited funding to invest in needed systems and replacements
- Aging facilities



# Employees

- Difficult to reward employees
- Projected 45% retirements w/in 10 years
- Potential loss of institutional knowledge due to attrition
- Lack of funding for training and other state activities



# Factors

Externa

- Workforce/Skill Shortage
- Low Unemployment
- Over 13,000 Job Openings
- Barriers to Employment



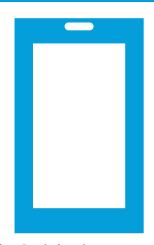


	2(	021-23 Base	ange Packages & Governor's commendations	2021-23 Appropriation		
Salaries and Wages	<b>-</b> `	30,572,221	\$ (1,453,475)	\$ 29,118,750		
Operating Expenses	\$	17,840,895	\$ (755,101)	\$ 17,085,794		
Capital Assets	\$	20,000	\$ - -	\$ 20,000		
Grants	\$	6,166,112	\$ 2,114,939	\$ 8,281,051		
Reed Act-UI Computer Modernization	\$	10,475,114	\$ 470,012	\$ 10,945,126		
Total All Funds	\$	65,074,342	\$ 376,379	\$ 65,450,721		
Less Estimated Income	\$	64,643,718	\$ 396,442	\$ 65,040,160		
Total General Fund	\$	430,624	\$ (20,063)	\$ 410,561		
Full-Time Equivalent Positions		172.61	(16)	156.61		





#### **GENERAL FUNDS**



- Job Spidering
- Mobile App
- State SSA Liaison

#### SPECIAL FUNDS



New Jobs Training:

Worker education and training when employers create new jobs

#### FEDERAL FUNDING



Appropriations Bill:

Continuation of language allowing acceptance of funds

# WHO WE ARE







# Testimony of Jennifer Greuel Economic Development Association of North Dakota In Support of SB 2016 January 11, 2021

Chair Monson and members of the House Appropriations Committee- Education and Environment Division:

EDND represents more than 80 state economic development organizations on the front line of economic development efforts throughout North Dakota. The primary purpose of the organization is to promote the creation of new wealth throughout North Dakota to develop more vibrant communities and improve quality of life. It is for these reasons our organization and its members want to express support for SB 2016, the Job Service North Dakota appropriation bill.

EDND recognizes the importance of connecting businesses and education through expanded career counseling, career and technical education, and post-secondary education and training programs that support the state's most critical occupational needs. Job Service North Dakota serves as the conduit between job seekers and employers, and EDND urges the funding for continuation of their programming.

Job Service provides many essential services for economic developers, including regional and company-specific job fairs, and is also a great resource for wage-related information for economic developers and businesses. We see the agency as the state's premier job source organization. Programs such as New Jobs Training provides worker education and training specifically required for jobs in new and expanding primary-sector businesses and encourages employers to create new highwage jobs in our state.

Although North Dakota's unemployment rate has gone up slightly due to the pandemic (4.1 percent in Dec. 2020), the state's unemployment rate is still lower than 41 other states and workforce availability remains a significant challenge facing North Dakota businesses, limiting the growth potential of the economy. North Dakota especially needs job seekers to be connected with resources and education in order to be placed in a high demand career path. EDND supports the development of workforce attraction, development and training strategies that address the needs of the state's companies. The investments included in this bill will continue to help grow and diversify our state's economy.

Thank you for this opportunity to address your committee and express our support for SB 2016.

#### 2021 HOUSE STANDING COMMITTEE MINUTES

#### **Appropriations - Education and Environment Division**

Prairie Room, State Capitol

SB 2016 3/29/2021

House Appropriations Committee - Education and Environment

A BILL for an Act to provide an appropriation for defraying the expenses of job service North Dakota.

Chairman David Monson called the meeting to order at 10:35 a.m.

Representative	Present	Absent
Chairman Monson	Р	
Vice Chairman Schmidt	Р	
Representative Martinson	Р	
Representative Nathe	Р	
Representative Sanford	Р	
Representative Schatz	Р	
Representative Boe	Р	

#### **Discussion Topics:**

- Proposed amendment to suspend insurance waiting period
- Federal funding

Bryan Klipfel (10:36 a.m.) testified in favor. Testimony #10959

**Vice Chairman Jim Schmidt moved to adopt** everything on the long sheet plus new proposed amendment 21.0298.02002.

Representative Mark Sanford seconded

Voice Vote taken: Motion Carried

Vice Chairman Jim Schmidt moved Do Pass as amended

Representative Mike Schatz seconded

Roll Call Vote taken:

Representative	Yea	Nay	Absent
Chairman Monson	Х		
Vice Chairman Schmidt	Х		
Representative Martinson	Х		
Representative Nathe	Х		
Representative Sanford	Х		
Representative Schatz	Х		
Representative Boe	Х		

House Appropriations - Education and Environment Division SB 2016 3-29-2021 Page 2

**Motion Carried: 7-0-0** 

Additional written testimony: #10960

Chairman David Monson adjourned the meeting at 10:52 a.m.

Klarissa Pudwill, Committee Clerk

#### Job Service North Dakota - Budget No. 380 Senate Bill No. 2016 **Base Level Funding Changes**

Dasc Ecver i anamy onanges		Senat	e Version			Hous	e Version			House Changes	s to Senate Versi	on
										crease (Decrea	ise) - Senate Ver	sion
	FTE	General	Other		FTE	General	Other		FTE	General	Other	
	Positions	Fund	Funds	Total	Positions	Fund	Funds	Total	Positions	Fund	Funds	Total
2021-23 Biennium Base Level	172.61	\$430,624	\$64,643,718	\$65,074,342	172.61	\$430,624	\$64,643,718	\$65,074,342	0.00	\$0	\$0	\$0
2021-23 Ongoing Funding Changes												
Base payroll changes		\$148	\$24,136	\$24,284		\$148	\$24,136	\$24,284				\$0
Salary increase		1,200	724,826	726,026		1,124	837,271	838,395		(\$76)	\$112,445	112,369
Health insurance increase		12	7,384	7,396		12	8,168	8,180			784	784
Transfers FTE information technology positions to ITD	(16.00)		1,212,125	1,212,125	0.00		0	0	16.00		(1,212,125)	(1,212,125)
Adds funding for Microsoft Office 365 license expenses			23,243	23,243			23,243	23,243				0
Reduces funding for operating expenses		(21,679)	(4,248,062)	(4,269,741)		(21,679)	(4,248,062)	(4,269,741)		***		0
Adds funding for trade assistance and Workforce Investment Act grants			2,114,939	2,114,939			2,114,939	2,114,939				0
Adds federal funding for the unemployment insurance system project			470,012	470,012	l		470,012	470,012				00
Total ongoing funding changes	(16.00)	(\$20,319)	\$328,603	\$308,284	0.00	(\$20,395)	(\$770,293)	(\$790,688)	16.00	(\$76)	(\$1,098,896)	(\$1,098,972)
One-time funding items								-				
No one-time funding items				\$0_				\$0				\$0_
Total one-time funding changes	0.00	\$0	\$0	\$0	0.00	\$0	\$0	\$0	0.00	\$0	\$0	\$0
Total Changes to Base Level Funding	(16.00)	(\$20,319)	\$328,603	\$308,284	0.00	(\$20,395)	(\$770,293)	(\$790,688)	16.00	(\$76)	(\$1,098,896)	(\$1,098,972)
2021-23 Total Funding	156.61	\$410,305	\$64,972,321	\$65,382,626	172.61	\$410,229	\$63,873,425	\$64,283,654	16.00	(\$76)	(\$1,098,896)	(\$1,098,972)
Total ongoing changes as a percentage of base level	(9.3%)	(4.7%)	0.5%	0.5%	0.0%	(4.7%)	(1.2%)	(1.2%)				
Total changes as a percentage of base level	(9.3%)	(4.7%)	0.5%	0.5%	0.0%	(4.7%)	(1.2%)	(1.2%)				
Other Sections in Job Service North Dakota - Budget No. 380												
		Senat	e Version			Hous	e Version					

Federal funds appropriation

Reed Act funds

Legislative intent - Equitable treatment of employers

Section 3 appropriates all federal funds received by Job Service North Dakota in excess of those funds appropriated in Section 1.

Section 4 identifies \$10,945,126 of funding appropriated in Section 1 is from federal Reed Act funds made available to the state by the federal Reed Act distributions made in federal fiscal years 1957, 1958, 1999, and 2002, pursuant to Section 903 of the federal Social Security Act for the purpose of developing a modernized unemployment insurance computer system.

Section 3 appropriates all federal funds received by Job Service North Dakota in excess of those funds appropriated in Section 1.

Section 4 identifies \$10,945,126 of funding appropriated in Section 1 is from federal Reed Act funds made available to the state by the federal Reed Act distributions made in federal fiscal years 1957, 1958, 1999, and 2002, pursuant to Section 903 of the federal Social Security Act for the purpose of developing a modernized unemployment insurance computer system.

Section 5 provides legislative intent that Job Service North Dakota treat all classifications of employers in an equitable and fair manner.

Prepared by the Legislative Council staff for the House Appropriations - Education and Environment Division Committee March 29, 2021

Fiscal No. 2

#### PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2016

Page 1, line 2, after "Dakota" insert "; to amend and reenact subsection 4 of section 52-06-01 of the North Dakota Century Code, relating to conditions required to be eligible for unemployment benefits; to provide for a statement of legislative intent; and to declare an emergency"

Page 1, replace lines 11 through 20 with:

"Salaries and wages	\$30,572,221	\$870,859	\$31,443,080
Operating expenses	17,840,895	(4,246,498)	13,594,397
Capital assets	20,000	0	20,000
Grants	6,166,112	2,114,939	8,281,051
Reed Act - unemployment insurance computer modernization	<u>10,475,114</u>	470,012	<u>10,945,126</u>
Total all funds	\$65,074,342	(\$790,688)	\$64,283,654
Less estimated income	<u>64,643,718</u>	(770,293)	63,873,425
Total general fund	\$430,624	(\$20,395)	\$410,229
Full-time equivalent positions	172.61	0	172.61"

Page 2, after line 14, insert:

**"SECTION 5. AMENDMENT.** Subsection 4 of section 52-06-01 of the North Dakota Century Code is amended and reenacted as follows:

- 4. The individual has been unemployed for a waiting period of one week. The executive director may suspend the waiting period during periods of time when federal reimbursement for benefit charges incurred for the suspended waiting period is made available to the bureau. Any suspension of the waiting period applies to all new initial claims filed with an effective date within the time period in which the waiting period is suspended. No week may be counted as a week of unemployment for the purposes of this subsection:
  - a. Unless it occurs within the benefit year which includes the week with respect to which the individual claims payment of benefits;
  - b. If benefits have been paid with respect thereto; and
  - c. Unless the individual was eligible for benefits, with respect thereto as provided in this section and section 52-06-02; and

**SECTION 6. LEGISLATIVE INTENT - EQUITABLE TREATMENT OF EMPLOYERS.** It is the intent of the sixty-seventh legislative assembly that job service North Dakota ensure equitable and fair treatment of all classifications of employers.

**SECTION 7. EMERGENCY.** Section 5 of this Act is declared to be an emergency measure."

Renumber accordingly

#### STATEMENT OF PURPOSE OF AMENDMENT:

#### Senate Bill No. 2016 - Job Service North Dakota - House Action

	Base Budget	Senate Version	House Changes	House Version
Salaries and wages	\$30,572,221	\$28,961,152	\$2,481,928	\$31,443,080
Operating expenses	17,840,895	17,175,297	(3,580,900)	13,594,397
Capital assets	20,000	20,000	1 1	20,000
Grants	6,166,112	8,281,051		8,281,051
Reed Act - Computer modernization	10,475,114	10,945,126		10,945,126
Total all funds	\$65,074,342	\$65,382,626	(\$1,098,972)	\$64,283,654
Less estimated income	64,643,718	64,972,321	(1,098,896)	63,873,425
General fund	\$430,624	\$410,305	(\$76)	\$410,229
FTE	172.61	156.61	16.00	172.61

#### Department 380 - Job Service North Dakota - Detail of House Changes

	Adjusts Funding for Salary and Benefit Increases¹	Restores IT FTE Positions <sup>2</sup>	Total House Changes
Salaries and wages Operating expenses Capital assets Grants Reed Act - Computer modernization	\$113,153	\$2,368,775 (3,580,900)	\$2,481,928 (3,580,900)
Total all funds Less estimated income General fund	\$113,153 113,229 (\$76)	(\$1,212,125) (1,212,125) \$0	(\$1,098,972) (1,098,896) (\$76)
FTE	0.00	16.00	16.00

<sup>&</sup>lt;sup>1</sup> Salaries and wages funding is adjusted for 2021-23 biennium salary adjustments of 1.5 percent on July 1, 2021 with a minimum monthly increase of \$100 and 2 percent on July 1, 2022. The Senate provided salary adjustments of 2 percent with a minimum monthly increase of \$80 and a maximum monthly increase of \$300 on July 1, 2021, and 2 percent on July 1, 2022.

#### This amendment also:

 Adds a section to amend North Dakota Century Code Section 52-06-01(4) to allow the executive director of Job Service North Dakota to suspend the unemployment benefit waiting period when federal reimbursement for benefit charges incurred are made available to Job Service North Dakota. This section is declared an emergency measure.

• Adds a section to provide legislative intent that Job Service North Dakota ensure equitable and fair treatment of all classifications of employers.

<sup>&</sup>lt;sup>2</sup> Federal funding for the information technology unification initiative is adjusted to remove the transfer of 16 FTE information technology positions from Job Service North Dakota to the Information Technology Department (ITD), of which 5 FTE positions are unfunded. The Senate approved the transfer of 16 FTE information technology positions to ITD for information technology unification. The House amendments provide the 16 FTE positions will not be transferred to ITD.



#### AMENDMENT TO ALLOW JOB SERVICE TO

#### SUSPEND THE UNEMPLOYMENT INSURANCE WAITING PERIOD

#### **Background**

As part of the original Cares Act, and now with the American Rescue Plan, Congress is providing states with an incentive to waive the waiting period for Unemployment Insurance (UI) benefits that claimants must serve during the pandemic. The federal government will pay for all the benefit costs for the first week of benefits paid if a state has no waiting period or suspends their waiting period temporarily.

The waiting period is a long-standing aspect of the UI program. It provides additional time for the agency administering the UI program to investigate claims and it serves as somewhat of a "deductible" for claimants. It does not reduce the amount of benefits claimants receive, but delays payments for a week and helps prevent manipulation of the UI program.

#### Why is the federal government providing reimbursement?

- The reimbursement serves two purposes:
  - 1. Speeds benefit payments to individuals finding themselves unemployed
  - 2. Helps employers by covering costs normally expended from the state UI Trust Fund
    - a. Ultimately helps trust fund solvency which positively impacts employer UI tax rates

#### **Financial Information**

- To date, this reimbursement amounts to \$49 million based upon the claims North Dakota has already experienced
- It is expected that going forward, if the waiting period is suspended to September when the
  federal reimbursement ends, and claims remain at their current level, an additional \$5.3 million
  will be reimbursed to North Dakota, with the potential for much more if claims should rise

#### Why an amendment now?

- Job Service recognizes that the current method being utilized to suspend the waiting period, Governor's Executive Order, is not a solution that will likely remain through September 2021.
   For this reason, we began looking for a method that would allow Job Service to suspend the waiting period under a very specific situation such as we find ourselves in at this time.
- The duration of the national pandemic and the continued federal extensions of programs and reimbursements were not foreseen, or Job Service would have introduced this language at the beginning of session
- Without reimbursement from the federal government, Job Service would not be introducing this
  type of language. However, understanding the stress employers have been under in 2020 and
  into 2021, this reimbursement provides a great benefit and helps to keep UI taxes down. If the
  reimbursement from the federal government for the waiting period did not occur, the benefit
  payments made to claimants would remain the same, but the employers of the state would be
  paying the entire amount



#### **Amendment**

The solution we have identified is the addition of language to statute that gives Job Service the ability to suspend the waiting period when the federal government is providing reimbursement for benefits paid during the suspended period. This language was created in such a way as to ensure that the agency could not just waive the period for any purpose, which would lend itself to external or political pressures.

Our legal counsel at the Attorney General's office is currently putting the new language into amendment format, and Job Service is requesting this amendment be made to SB 2016, our appropriation bill, and that an emergency clause be added to ensure that should the Executive Order be ended, the opportunity to continue to receive this federal reimbursement remains at the current time.

Following is the language Job Service drafted:

#### 52-06-01 subsection 4:

- 4. The individual has been unemployed for a waiting period of one week. The Executive Director may suspend the waiting period for periods of time when federal reimbursement for benefit charges incurred for the suspended waiting period are made available to the bureau. Any suspension of the waiting period will apply to all new initial claims filed with an effective date that falls within the time period in which the waiting period is suspended. No week may be counted as a week of unemployment for the purposes of this subsection:
- a. Unless it occurs within the benefit year which includes the week with respect to which the individual claims payment of benefits;
- b. If benefits have been paid with respect thereto; and
- c. Unless the individual was eligible for benefits, with respect thereto as provided in this section and section 52-06-02; and

Need emergency clause as well

#### Job Service North Dakota - Budget No. 380 Senate Bill No. 2016 Base Level Funding Changes

Dase Level 1 unumg onlinges		Senat	e Version			Hous	e Version			House Changes	to Senate Versi	ion
							*			crease (Decrea	se) - Senate Ver	sion
	FTE	General	Other		FTE	General	Other		FTE	General	Other	
	<b>Positions</b>	Fund	Funds	Total	Positions	Fund	Funds	Total	Positions	Fund	Funds	Total
2021-23 Biennium Base Level	172.61	\$430,624	\$64,643,718	\$65,074,342	172.61	\$430,624	\$64,643,718	\$65,074,342	0.00	\$0	\$0	\$0
2021-23 Ongoing Funding Changes												
Base payroll changes		\$148	\$24,136	\$24,284		\$148	\$24,136	\$24,284				\$0
Salary increase		1,200	724,826	726,026		1,124	837,271	838,395		(\$76)	\$112,445	112,369
Health insurance increase		12	7,384	7,396		12	8,168	8,180			784	784
Transfers FTE information technology positions to ITD	(16.00)		1,212,125	1,212,125	0.00		0	0	16.00		(1,212,125)	(1,212,125)
Adds funding for Microsoft Office 365 license expenses			23,243	23,243			23,243	23,243				0
Reduces funding for operating expenses		(21,679)	(4,248,062)	(4,269,741)		(21,679)	(4,248,062)	(4,269,741)				0_
Adds funding for trade assistance and Workforce Investment Act grants			2,114,939	2,114,939			2,114,939	2,114,939				00
Adds federal funding for the unemployment insurance system project			470,012	470,012			470,012	470,012				0_
Total ongoing funding changes	(16.00)	(\$20,319)	\$328,603	\$308,284	0.00	(\$20,395)	(\$770,293)	(\$790,688)	16.00	(\$76)	(\$1,098,896)	(\$1,098,972)
One-time funding items								-				
No one-time funding items				\$0_				\$0				\$0
Total one-time funding changes	0.00	\$0	\$0	\$0	0.00	\$0	\$0	\$0	0.00	\$0	\$0	\$0
Total Changes to Base Level Funding	(16.00)	(\$20,319)	\$328,603	\$308,284	0.00	(\$20,395)	(\$770,293)	(\$790,688)	16.00	(\$76)	(\$1,098,896)	(\$1,098,972)
2021-23 Total Funding	156.61	\$410,305	\$64,972,321	\$65,382,626	172.61	\$410,229	\$63,873,425	\$64,283,654	16.00	(\$76)	(\$1,098,896)	(\$1,098,972)
Total ongoing changes as a percentage of base level	(9.3%)	(4.7%)	0.5%	0.5%	0.0%	(4.7%)	(1.2%)	(1.2%)				
Total changes as a percentage of base level	(9.3%)	(4.7%)	0.5%	0.5%	0.0%	(4.7%)	(1.2%)	(1.2%)				
Other Sections in Job Service North Dakota - Budget No. 380												
		Senat	e Version		*	Hous	e Version					

Federal funds appropriation

Reed Act funds

Legislative intent - Equitable treatment of employers

Section 3 appropriates all federal funds received by Job Service North Dakota in excess of those funds appropriated in Section 1.

Section 4 identifies \$10,945,126 of funding appropriated in Section 1 is from federal Reed Act funds made available to the state by the federal Reed Act distributions made in federal fiscal years 1957, 1958, 1999, and 2002, pursuant to Section 903 of the federal Social Security Act for the purpose of developing a modernized unemployment insurance computer system.

Section 3 appropriates all federal funds received by Job Service North Dakota in excess of those funds appropriated in Section 1.

Section 4 identifies \$10,945,126 of funding appropriated in Section 1 is from federal Reed Act funds made available to the state by the federal Reed Act distributions made in federal fiscal years 1957, 1958, 1999, and 2002, pursuant to Section 903 of the federal Social Security Act for the purpose of developing a modernized unemployment insurance computer system.

Section 5 provides legislative intent that Job Service North Dakota treat all classifications of employers in an equitable and fair manner.

#### 2021 HOUSE STANDING COMMITTEE MINUTES

#### **Appropriations Committee**

Brynhild Haugland Room, State Capitol

SB 2016 3/31/2021

BILL for an Act to provide an appropriation for defraying the expenses of job service North Dakota.

#### **11:34 Chairman Delzer-** Opened the meeting for SB 2016

Attendance	P/A
Representative Jeff Delzer	Р
Representative Keith Kempenich	Р
Representative Bert Anderson	Р
Representative Larry Bellew	Р
Representative Tracy Boe	Α
Representative Mike Brandenburg	Р
Representative Michael Howe	Р
Representative Gary Kreidt	Р
Representative Bob Martinson	Р
Representative Lisa Meier	Р
Representative Alisa Mitskog	Р
Representative Corey Mock	Р
Representative David Monson	Р
Representative Mike Nathe	Р
Representative Jon O. Nelson	Р
Representative Mark Sanford	Р
Representative Mike Schatz	Р
Representative Jim Schmidt	Р
Representative Randy A. Schobinger	Р
Representative Michelle Strinden	Р
Representative Don Vigesaa	Р

#### **Discussion Topics:**

Budget and Amendment

**11:34 Representative Schatz –** Introduces the budget and the amendment 21.0298.02002

11:44 Representative Schatz - Makes a motion to adopt the amendment

Representative Schmidt Second

Further discussion

11:45 Voice Vote- Motion Carries

11:45 Representative Schatz - Makes a motion for a Do Pass as Amended

House Appropriations Committee SB 2016 March 31<sup>st</sup> 2021 Page 2

#### Representative Monson- Second

Further discussion

#### 11:47 Roll Call Vote was Taken;

Representatives	Vote
Representative Jeff Delzer	N
Representative Keith Kempenich	Α
Representative Bert Anderson	Υ
Representative Larry Bellew	Υ
Representative Tracy Boe	Α
Representative Mike Brandenburg	Α
Representative Michael Howe	Υ
Representative Gary Kreidt	Υ
Representative Bob Martinson	Υ
Representative Lisa Meier	Υ
Representative Alisa Mitskog	Υ
Representative Corey Mock	Υ
Representative David Monson	Υ
Representative Mike Nathe	Α
Representative Jon O. Nelson	Υ
Representative Mark Sanford	Υ
Representative Mike Schatz	Υ
Representative Jim Schmidt	Υ
Representative Randy A. Schobinger	Υ
Representative Michelle Strinden	Υ
Representative Don Vigesaa	Υ

#### Motion Carries 16-1-4 Representative Schatz will carry the bill

Additional written testimony: No Additional Testimony

11:49 Chairman Delzer- Closes the meeting for SB 2016

Risa Berube,

House Appropriations Committee Clerk

21.0298.02002 Title.03000

Fiscal No. 2

Prepared by the Legislative Council staff for the House Appropriations - Education and Environment Division Committee March 29, 2021

## PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2016

Page 1, line 2, after "Dakota" insert "; to amend and reenact subsection 4 of section 52-06-01 of the North Dakota Century Code, relating to conditions required to be eligible for unemployment benefits; to provide for a statement of legislative intent; and to declare an emergency"

Page 1, replace lines 11 through 20 with:

"Salaries and wages	\$30,572,221	\$870,859	\$31,443,080
Operating expenses	17,840,895	(4,246,498)	13,594,397
Capital assets	20,000	0	20,000
Grants	6,166,112	2,114,939	8,281,051
Reed Act - unemployment insurance computer modernization	10,475,114	<u>470,012</u>	10,945,126
Total all funds	\$65,074,342	(\$790,688)	\$64,283,654
Less estimated income	64,643,718	(770,293)	63,873,425
Total general fund	\$430,624	(\$20,395)	\$410,229
Full-time equivalent positions	172.61	0	172.61"

Page 2, after line 14, insert:

"SECTION 5. AMENDMENT. Subsection 4 of section 52-06-01 of the North Dakota Century Code is amended and reenacted as follows:

- 4. The individual has been unemployed for a waiting period of one week. The executive director may suspend the waiting period during periods of time when federal reimbursement for benefit charges incurred for the suspended waiting period is made available to the bureau. Any suspension of the waiting period applies to all new initial claims filed with an effective date within the time period in which the waiting period is suspended. No week may be counted as a week of unemployment for the purposes of this subsection:
  - a. Unless it occurs within the benefit year which includes the week with respect to which the individual claims payment of benefits;
  - b. If benefits have been paid with respect thereto; and
  - c. Unless the individual was eligible for benefits, with respect thereto as provided in this section and section 52-06-02; and

SECTION 6. LEGISLATIVE INTENT - EQUITABLE TREATMENT OF EMPLOYERS. It is the intent of the sixty-seventh legislative assembly that job service North Dakota ensure equitable and fair treatment of all classifications of employers.

**SECTION 7. EMERGENCY.** Section 5 of this Act is declared to be an emergency measure."

Renumber accordingly

#### STATEMENT OF PURPOSE OF AMENDMENT:

## Senate Bill No. 2016 - Job Service North Dakota - House Action

	Base Budget	Senate Version	House Changes	House Version
Salaries and wages	\$30,572,221	\$28,961,152	\$2,481,928	\$31,443,080
Operating expenses	17,840,895	17,175,297	(3,580,900)	13,594,397
Capital assets	20,000	20,000	1	20,000
Grants	6,166,112	8,281,051	1	8,281,051
Reed Act - Computer modernization	10,475,114	10,945,126		10,945,126
Total all funds	\$65,074,342	\$65,382,626	(\$1,098,972)	\$64,283,654
Less estimated income	64,643,718	64,972,321	(1,098,896)	63,873,425
General fund	\$430,624	\$410,305	(\$76)	\$410,229
FTE	172.61	156.61	16.00	172.61

## Department 380 - Job Service North Dakota - Detail of House Changes

Salaries and wages Operating expenses Capital assets Grants Reed Act - Computer modemization	Adjusts Funding for Salary and Benefit Increases¹ \$113,153	Restores IT FTE Positions <sup>2</sup> \$2,368,775 (3,580,900)	Total House Changes \$2,481,928 (3,580,900)
Total all funds Less estimated income General fund	\$113,153 113,229 (\$76)	(\$1,212,125) (1,212,125) \$0	(\$1,098,972) (1,098,896) (\$76)
FTE	0.00	16.00	16.00

<sup>&</sup>lt;sup>1</sup> Salaries and wages funding is adjusted for 2021-23 biennium salary adjustments of 1.5 percent on July 1, 2021 with a minimum monthly increase of \$100 and 2 percent on July 1, 2022. The Senate provided salary adjustments of 2 percent with a minimum monthly increase of \$80 and a maximum monthly increase of \$300 on July 1, 2021, and 2 percent on July 1, 2022.

#### This amendment also:

<sup>&</sup>lt;sup>2</sup> Federal funding for the information technology unification initiative is adjusted to remove the transfer of 16 FTE information technology positions from Job Service North Dakota to the Information Technology Department (ITD), of which 5 FTE positions are unfunded. The Senate approved the transfer of 16 FTE information technology positions to ITD for information technology unification. The House amendments provide the 16 FTE positions will not be transferred to ITD.

Adds a section to amend North Dakota Century Code Section 52-06-01(4) to allow the executive director of Job Service North Dakota to suspend the unemployment benefit waiting period when federal reimbursement for benefit charges incurred are made available to Job Service North Dakota. This section is declared an emergency measure.

Adds a section to provide legislative intent that Job Service North Dakota ensure equitable and fair treatment of all classifications of employers.

Module ID: h\_stcomrep\_56\_013 Carrier: Schatz

Insert LC: 21.0298.02002 Title: 03000

#### REPORT OF STANDING COMMITTEE

SB 2016, as engrossed: Appropriations Committee (Rep. Delzer, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (16 YEAS, 1 NAY, 4 ABSENT AND NOT VOTING). Engrossed SB 2016 was placed on the Sixth order on the calendar.

Page 1, line 2, after "Dakota" insert "; to amend and reenact subsection 4 of section 52-06-01 of the North Dakota Century Code, relating to conditions required to be eligible for unemployment benefits; to provide for a statement of legislative intent; and to declare an emergency"

Page 1, replace lines 11 through 20 with:

"Salaries and wages	\$30,572,221	\$870,859	\$31,443,080
Operating expenses	17,840,895	(4,246,498)	13,594,397
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Full-time equivalent positions	172.61	Ó	172.61"

Page 2, after line 14, insert:

**"SECTION 5. AMENDMENT.** Subsection 4 of section 52-06-01 of the North Dakota Century Code is amended and reenacted as follows:

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  - b. If benefits have been paid with respect thereto; and
  - c. Unless the individual was eligible for benefits, with respect thereto as provided in this section and section 52-06-02; and

SECTION 6. LEGISLATIVE INTENT - EQUITABLE TREATMENT OF EMPLOYERS. It is the intent of the sixty-seventh legislative assembly that job service North Dakota ensure equitable and fair treatment of all classifications of employers.

**SECTION 7. EMERGENCY.** Section 5 of this Act is declared to be an emergency measure."

Renumber accordingly

#### STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2016 - Job Service North Dakota - House Action

Base	Senate	House	House
Budget	Version	Changes	Version

Module ID: h\_stcomrep\_56\_013
Carrier: Schatz

Insert LC: 21.0298.02002 Title: 03000

Salaries and wages Operating expenses Capital assets Grants Reed Act - Computer modernization	\$30,572,221 17,840,895 20,000 6,166,112 10,475,114	\$28,961,152 17,175,297 20,000 8,281,051 10,945,126	\$2,481,928 (3,580,900)	\$31,443,080 13,594,397 20,000 8,281,051 10,945,126
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FTE	172.61	156.61	16.00	172.61

#### Department 380 - Job Service North Dakota - Detail of House Changes

Salaries and wages Operating expenses Capital assets Grants Reed Act - Computer modernization	Adjusts Funding for Salary and Benefit Increases <sup>1</sup> \$113,153	Restores IT FTE Positions <sup>2</sup> \$2,368,775 (3,580,900)	Total House Changes \$2,481,928 (3,580,900)
Total all funds Less estimated income General fund	\$113,153 113,229 (\$76)	(\$1,212,125) (1,212,125) \$0	(\$1,098,972) (1,098,896) (\$76)
FTE	0.00	16.00	16.00

<sup>&</sup>lt;sup>1</sup> Salaries and wages funding is adjusted for 2021-23 biennium salary adjustments of 1.5 percent on July 1, 2021 with a minimum monthly increase of \$100 and 2 percent on July 1, 2022. The Senate provided salary adjustments of 2 percent with a minimum monthly increase of \$80 and a maximum monthly increase of \$300 on July 1, 2021, and 2 percent on July 1, 2022.

#### This amendment also:

- Adds a section to amend North Dakota Century Code Section 52-06-01(4) to allow the executive director of Job Service North Dakota to suspend the unemployment benefit waiting period when federal reimbursement for benefit charges incurred are made available to Job Service North Dakota. This section is declared an emergency measure
- Adds a section to provide legislative intent that Job Service North Dakota ensure equitable and fair treatment of all classifications of employers.

<sup>&</sup>lt;sup>2</sup> Federal funding for the information technology unification initiative is adjusted to remove the transfer of 16 FTE information technology positions from Job Service North Dakota to the Information Technology Department (ITD), of which 5 FTE positions are unfunded. The Senate approved the transfer of 16 FTE information technology positions to ITD for information technology unification. The House amendments provide the 16 FTE positions will not be transferred to ITD.

## 2021 HOUSE STANDING COMMITTEE MINUTES

## **Appropriations Committee**

Brynhild Haugland Room, State Capitol

SB 2016 4/2/2021

BILL for an Act to provide an appropriation for defraying the expenses of job service North Dakota

## 9:14 Chairman Delzer- Opened the meeting to reconsider SB 2016

Attendance	P/A
Representative Jeff Delzer	Р
Representative Keith Kempenich	Р
Representative Bert Anderson	Р
Representative Larry Bellew	Р
Representative Tracy Boe	Р
Representative Mike Brandenburg	Р
Representative Michael Howe	Р
Representative Gary Kreidt	Р
Representative Bob Martinson	Р
Representative Lisa Meier	Р
Representative Alisa Mitskog	Р
Representative Corey Mock	Р
Representative David Monson	Р
Representative Mike Nathe	Р
Representative Jon O. Nelson	Р
Representative Mark Sanford	Р
Representative Mike Schatz	Р
Representative Jim Schmidt	Р
Representative Randy A. Schobinger	Р
Representative Michelle Strinden	Р
Representative Don Vigesaa	Р

## **Discussion Topics:**

- Further amend
- 9:15 Representative Schmidt Explains the concerns of the bill as amended
- 9:21 Representative Bellew- Makes a motion to reconsider action on the bill

Representative Meier Second

9:22 Voice Vote- Motion Carries

**Representative Meier** Makes a motion to further amend by removing section 6 of the amendment.

## Representative Monson Second

## 9:23 Voice Vote - Motion Carries

Representative Meier Makes a motion for a Do Pass as Amended

## Representative Kreidt Second

Further discussion

## 9:25 Roll Call Vote was Taken;

Representatives	Vote
Representative Jeff Delzer	Y
Representative Keith Kempenich	Ÿ
Representative Bert Anderson	Ÿ
Representative Larry Bellew	Ÿ
Representative Tracy Boe	Ÿ
Representative Mike Brandenburg	Ÿ
Representative Michael Howe	Ÿ
Representative Gary Kreidt	Ÿ
Representative Bob Martinson	Ÿ
Representative Lisa Meier	Ÿ
Representative Lisa Mitskog	Ÿ
	Ϋ́
Representative Corey Mock	Ϋ́
Representative David Monson	I -
Representative Mike Nathe	Y
Representative Jon O. Nelson	Y
Representative Mark Sanford	Y
Representative Mike Schatz	Y
Representative Jim Schmidt	Y
Representative Randy A. Schobinger	Υ
Representative Michelle Strinden	Υ
Representative Don Vigesaa	Υ

## Motion Carries 21-0-0 Representative Schatz will carry the bill

Additional written testimony: No Additional Testimony

9:26 Chairman Delzer- Closes the meeting for SB 2016

Risa Berube,

House Appropriations Committee Clerk



21.0298.02003 Title.04000 Fiscal No. 3 Prepared by the Legislative Council staff for the House Appropriations Committee April 2, 2021

#### PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2016

Page 1, line 2, after "Dakota" insert "; to amend and reenact subsection 4 of section 52-06-01 of the North Dakota Century Code, relating to conditions required to be eligible for unemployment benefits; and to declare an emergency"

Page 1, replace lines 11 through 20 with:

"Salaries and wages	\$30,572,221	\$870,859	\$31,443,080
Operating expenses	17,840,895	(4,246,498)	13,594,397
Capital assets	20,000	0	20,000
Grants	6,166,112	2,114,939	8,281,051
Reed Act - unemployment insurance	<u>10,475,114</u>	<u>470,012</u>	<u>10,945,126</u>
computer modernization			
Total all funds	\$65,074,342	(\$790,688)	\$64,283,654
Less estimated income	<u>64,643,718</u>	<u>(770,293)</u>	<u>63,873,425</u>
Total general fund	\$430,624	(\$20,395)	\$410,229
Full-time equivalent positions	172.61	0	172.61"

Page 2, after line 14, insert:

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  - b. If benefits have been paid with respect thereto; and
  - c. Unless the individual was eligible for benefits, with respect thereto as provided in this section and section 52-06-02; and

**SECTION 6. EMERGENCY.** Section 5 of this Act is declared to be an emergency measure."

Renumber accordingly

## STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2016 - Job Service North Dakota - House Action

	Base	Senate	House	House
	Budget	Version	Changes	Version
Salaries and wages	\$30,572,221	\$28,961,152	\$2,481,928	
Operating expenses	17,840,895	17,175,297	(3,580,900)	

Capital assets Grants Reed Act - Computer modernization	20,000 6,166,112 10,475,114	20,000 8,281,051 10,945,126		20,000 8,281,051 10,945,126
Total all funds Less estimated income General fund	\$65,074,342 64,643,718 \$430,624	\$65,382,626 64,972,321 \$410,305	(\$1,098,972) (1,098,896) (\$76)	\$64,283,654 63,873,425 \$410,229
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### Department 380 - Job Service North Dakota - Detail of House Changes

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This amendment also adds a section to amend North Dakota Century Code Section 52-06-01(4) to allow the executive director of Job Service North Dakota to suspend the unemployment benefit waiting period when federal reimbursement for benefit charges incurred are made available to Job Service North Dakota. This section is declared an emergency measure.

<sup>&</sup>lt;sup>2</sup> Federal funding for the information technology unification initiative is adjusted to remove the transfer of 16 FTE information technology positions from Job Service North Dakota to the Information Technology Department (ITD), of which 5 FTE positions are unfunded. The Senate approved the transfer of 16 FTE information technology positions to ITD for information technology unification. The House amendments provide the 16 FTE positions will not be transferred to ITD.

Module ID: h\_stcomrep\_58\_005 Carrier: Schatz

Insert LC: 21.0298.02003 Title: 04000

#### REPORT OF STANDING COMMITTEE

SB 2016, as engrossed: Appropriations Committee (Rep. Delzer, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (21 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed SB 2016 was placed on the Sixth order on the calendar.

Page 1, line 2, after "Dakota" insert "; to amend and reenact subsection 4 of section 52-06-01 of the North Dakota Century Code, relating to conditions required to be eligible for unemployment benefits; and to declare an emergency"

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**SECTION 6. EMERGENCY.** Section 5 of this Act is declared to be an emergency measure."

Renumber accordingly

#### STATEMENT OF PURPOSE OF AMENDMENT:

#### Senate Bill No. 2016 - Job Service North Dakota - House Action

	Base Budget	Senate Version	House Changes	House Version
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Grants	6,166,112	8,281,051		8,281,051
Reed Act - Computer modernization	10,475,114	10,945,126	<u> </u>	10,945,126
Total all funds Less estimated income	\$65,074,342 64,643,718	\$65,382,626 64,972,321	(\$1,098,972) (1,098,896)	\$64,283,654 63,873,425

Module ID: h\_stcomrep\_58\_005 Carrier: Schatz

Insert LC: 21.0298.02003 Title: 04000

General fund	\$430,624	\$410,305	(\$76)	\$410,229
FTE	172.61	156.61	16.00	172.61

#### Department 380 - Job Service North Dakota - Detail of House Changes

Salaries and wages Operating expenses Capital assets Grants Reed Act - Computer modernization	Adjusts Funding for Salary and Benefit Increases <sup>1</sup> \$113,153	Restores IT FTE Positions <sup>2</sup> \$2,368,775 (3,580,900)	Total House Changes \$2,481,928 (3,580,900)
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**2021 CONFERENCE COMMITTEE** 

SB 2016

## 2021 SENATE STANDING COMMITTEE MINUTES

## **Appropriations Committee**

Roughrider Room, State Capitol

SB 2016 4/15/2021 Senate Appropriations Conference Committee

A BILL for an Act to provide an appropriations for defraying the expenses of job service North Dakota.

**Senator Davison** opened the hearing at 9:31 AM.

Senators present: **Davison**, **Krebsbach and Heckaman**. Representatives present: **Schmidt**, **Sanford and Boe**.

## **Discussion Topics:**

- Emergency clause
- Employee reclassification
- Salary and benefit costs and operating expenses
- Unification
- Vacant positions

**Rep. Schmidt** explained the House changes to SB 2016.

Levi Kinnischtzke, Legislative Council, testifying neutrally and answering committee questions.

**Bryan Klipfel, Executive Director, Job Service ND** – answering conference committee questions.

**Senator Davison** closed the hearing at 10:02 AM.

Rose Laning, Committee Clerk

## 2021 SENATE STANDING COMMITTEE MINUTES

## **Appropriations Committee**

Roughrider Room, State Capitol

SB 2016 4/20/2021 Senate Appropriations Conference Committee

A BILL for an Act to provide an appropriations for defraying the expenses of job service North Dakota.

**Senator Davison** opened the hearing at 10:01 AM.

Senators present: **Davison, Krebsbach and Heckaman.** Representatives present: **Schmidt, Sanford and Boe.** 

## **Discussion Topics:**

IT Unification

Bryan Klipfel, Executive Director, Job Service North Dakota, answers questions of the committee.

**Senator Davison** closed the hearing at 10:27 a.m.

Skyler Strand, Committee Clerk

#### 2021 SENATE STANDING COMMITTEE MINUTES

## **Appropriations Committee**

Roughrider Room, State Capitol

SB 2016 4/21/2021 Senate Appropriations Conference Committee

A BILL for an Act to provide an appropriations for defraying the expenses of job service North Dakota.

**Senator Davison** opened the hearing at 11:02 AM.

Senators present: **Davison**, **Krebsbach and Heckaman**. Representatives present: **Schmidt**, **Sanford and Boe**.

## **Discussion Topics:**

IT Unification within Job Service and WSI

The committee discussed House changes.

**Levi Kinnischtzke, Legislative Council**, presented the conference committee amendments [LC 21.0298.02005] - #11590.

**Rep.Schmidt** moved to adopt the amendment. **Senator Krebsbach** second.

Voice vote – Motion passed.

**Representative Schmidt** moved the House recede from House Amendments and further amend.

Senator Heckaman second.

Senator Davison – Y Representative Schmidt – Y Senator Krebsbach – Y Representative Sanford – Y Senator Heckaman – Y Representative Boe – Y

Roll call vote – 6-0-0. Motion passed.

**Senator Davison** closed the hearing at 11:16 AM.

Rose Laning, Committee Clerk

21.0298.02005 Title.05000 Fiscal No. 1 Prepared by the Legislative Council staff for Conference Committee

April 20, 2021

#### PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2016

That the House recede from its amendments as printed on pages 1316-1318 of the Senate Journal and pages 1430 and 1431 of the House Journal and that Engrossed Senate Bill No. 2016 be amended as follows:

Page 1, line 2, after "Dakota" insert "; to amend and reenact subsection 4 of section 52-06-01 of the North Dakota Century Code, relating to conditions required to be eligible for unemployment benefits; to provide for a report; to provide for a statement of legislative intent; and to declare an emergency"

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Reed Act - unemployment insurance	10,475,114	<u>470,012</u>	<u>10,945,126</u>
computer modernization			
Total all funds	\$65,074,342	\$331,150	\$65,405,492
Less estimated income	64,643,718	<u>351,545</u>	<u>64,995,263</u>
Total general fund	\$430,624	(\$20,395)	\$410,229
Full-time equivalent positions	172.61	(16.00)	156.61"

Page 2, after line 14, insert:

"SECTION 5. AMENDMENT. Subsection 4 of section 52-06-01 of the North Dakota Century Code is amended and reenacted as follows:

- 4. The individual has been unemployed for a waiting period of one week. The executive director may suspend the waiting period during periods of time when federal reimbursement for benefit charges incurred for the suspended waiting period is made available to the bureau. Any suspension of the waiting period applies to all new initial claims filed with an effective date within the time period in which the waiting period is suspended. No week may be counted as a week of unemployment for the purposes of this subsection:
  - Unless it occurs within the benefit year which includes the week with respect to which the individual claims payment of benefits;
  - b. If benefits have been paid with respect thereto; and
  - c. Unless the individual was eligible for benefits, with respect thereto as provided in this section and section 52-06-02; and

SECTION 6. INFORMATION TECHNOLOGY UNIFICATION - LEGISLATIVE INTENT - LEGISLATIVE MANAGEMENT REPORT. The information technology department may not charge state agencies selected to participate in the 2021-23 biennium information technology unification initiative an amount in excess of the salaries and wages and related operating expenses of any full-time equivalent positions transferred to the information technology department during the 2021-23



biennium. It is the intent of the sixty-seventh legislative assembly that any full-time equivalent positions transferred to the information technology department for the 2021-23 biennium information technology unification initiative be transferred to the agency employing the positions during the 2019-21 biennium, unless the sixty-eighth legislative assembly is presented with sufficient evidence of efficiencies gained and cost-savings realized by the state as a result of the 2021-23 biennium information technology unification initiative. During the 2021-22 interim, the information technology department shall report annually to the legislative management regarding any efficiencies gained and cost-savings realized as a result of the 2021-23 biennium information technology unification initiative.

**SECTION 7. EMERGENCY.** Section 5 of this Act is declared to be an emergency measure."

## Renumber accordingly

#### STATEMENT OF PURPOSE OF AMENDMENT:

#### Senate Bill No. 2016 - Job Service North Dakota - Conference Committee Action

Salaries and wages Operating expenses Capital assets Grants Reed Act - Computer modernization	Base Budget \$30,572,221 17,840,895 20,000 6,166,112 10,475,114	Senate Version \$28,961,152 17,175,297 20,000 8,281,051 10,945,126	Conference Committee Changes \$33,790 (10,924)	Conference Committee Version \$28,994,942 17,164,373 20,000 8,281,051 10,945,126	House Version \$31,443,080 13,594,397 20,000 8,281,051 10,945,126	Comparison to House (\$2,448,138) 3,569,976
Total all funds Less estimated income General fund	\$65,074,342 64,643,718 \$430,624	\$65,382,626 64,972,321 \$410,305	\$22,866 22,942 (\$76)	\$65,405,492 64,995,263 \$410,229	\$64,283,654 63,873,425 \$410,229	\$1,121,838 1,121,838 \$0
FTE	172.61	156.61	0.00	156.61	172.61	(16.00)

#### Department 380 - Job Service North Dakota - Detail of Conference Committee Changes

Salaries and wages Operating expenses Capital assets Grants Reed Act - Computer modernization	Adjusts Funding for Salary and Benefit Increases¹ \$33,790	Adjusts Funding for IT Unification <sup>2</sup> (\$10,924)	Total Conference Committee Changes \$33,790 (10,924)
Total all funds Less estimated income	\$33,790 33,866	(\$10,924) (10,924)	\$22,866 22,942
General fund	(\$76)	\$0	(\$76)
FTE	0.00	0.00	0.00

<sup>&</sup>lt;sup>1</sup> Salaries and wages funding is adjusted for 2021-23 biennium salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100 and 2 percent on July 1, 2022, the same as provided by the House; however, the amount for salary increases is reduced compared to the House version due to the Conference Committee approving Job Service North Dakota to participate in the information technology (IT) unification initiative. The Senate provided salary adjustments of 2 percent with a minimum monthly increase of \$80 and a maximum monthly increase of \$300 on July 1, 2021, and 2 percent on July 1, 2022.

<sup>&</sup>lt;sup>2</sup> Funding of \$10,924 is removed to reflect the change in salary increases for FTE positions approved to be transferred to the Information Technology Department (ITD) as part of the IT unification initiative. The Conference



Committee approved the transfer of 16 FTE positions to ITD for IT unification, the same as the Senate. The House did not approve IT unification. Of the 16 FTE positions, 5 FTE positions are unfunded.

This amendment also:

- Adds a section to amend North Dakota Century Code Section 52-06-01(4) to allow the executive director of Job Service North Dakota to suspend the unemployment benefit waiting period when federal reimbursement for benefit charges incurred are made available to Job Service North Dakota. This section is declared an emergency measure. The House also included this section.
- Adds a section to provide ITD may not charge state agencies selected to participate in the 2021-23 biennium IT unification initiative an amount in excess of the salaries and wages and related operating expenses of any FTE positions transferred to ITD during the 2021-23 biennium. Legislative intent is provided that any FTE position transferred to ITD for the 2021-23 biennium IT unification initiative be transferred to the agency employing the positions during the 2019-21 biennium, unless the 68th Legislative Assembly is presented with sufficient evidence of efficiencies gained and cost-savings realized by the state as a result of the 2021-23 biennium IT unification initiative. During the 2021-22 interim, ITD is required to report annually to the Legislative Management regarding any efficiencies gained and cost-savings realized as a result of the 2021-23 biennium IT unification initiative. This section was not included in the Senate or House versions.

Date: 4/21/2021 Roll Call Vote #: 1

# 2021 SENATE CONFERENCE COMMITTEE ROLL CALL VOTES

BILL/RESOLUTION NO. SB 2016 as (re) engrossed

Senate Appropris	☐ SEN☐ SEN☐ HOU ☐ HOU ☐ Una	IATE IATE JSE JSE ble 1	accede accede recede recede	e to H from from , reco	ous Hou Hou	e Amendments e Amendments and furthe se amendments se amendments and amer ends that the committee be	nd as f	ollows	d a n	iew
Motion Made by:	Rep. S	chmi	dt			Seconded by: Senator Heck	aman			
Senators				Yes	No	Representatives			Yes	No
Davison				Υ		Schmidt			Υ	
Krebsbach				Υ		Sanford			Υ	
Heckaman				Υ		Boe			Υ	
Total Senate Vote				3	0	Total Rep. Vote			3	0
Vote Count Senate Carrier			6 avison			No: 0 Ab  House Carrier Rep. Schr	_	0		
	21.0298					02005	_	nendme		
LC Number  Emergency claus  Statement of pur	e adde		deleted			- 05000		of engr	ossm	nent

Insert LC: 21.0298.02005

Module ID: s\_cfcomrep\_70\_002

Senate Carrier: Davison
House Carrier: Schmidt

#### REPORT OF CONFERENCE COMMITTEE

SB 2016, as engrossed: Your conference committee (Sens. Davison, Krebsbach, Heckaman and Reps. Schmidt, Sanford, Boe) recommends that the HOUSE RECEDE from the House amendments as printed on SJ pages 1316-1318, adopt amendments as follows, and place SB 2016 on the Seventh order:

That the House recede from its amendments as printed on pages 1316-1318 of the Senate Journal and pages 1430 and 1431 of the House Journal and that Engrossed Senate Bill No. 2016 be amended as follows:

Page 1, line 2, after "Dakota" insert "; to amend and reenact subsection 4 of section 52-06-01 of the North Dakota Century Code, relating to conditions required to be eligible for unemployment benefits; to provide for a report; to provide for a statement of legislative intent; and to declare an emergency"

Page 1, replace lines 11 through 20 with:

"Salaries and wages	\$30,572,221	(\$1,577,279)	\$28,994,942
Operating expenses	17,840,895	(676,522)	17,164,373
Capital assets	20,000	Ó	20,000
Grants	6,166,112	2,114,939	8,281,051
Reed Act - unemployment insurance computer modernization	<u>10,475,114</u>	470,012	<u>10,945,126</u>
Total all funds	\$65,074,342	\$331,150	\$65,405,492
Less estimated income	64,643,718	<u>351,545</u>	<u>64,995,263</u>
Total general fund	\$430,624	(\$20,395)	\$410,229
Full-time equivalent positions	172.61	(16.00)	156.61"

Page 2, after line 14, insert:

**"SECTION 5. AMENDMENT.** Subsection 4 of section 52-06-01 of the North Dakota Century Code is amended and reenacted as follows:

- 4. The individual has been unemployed for a waiting period of one week. The executive director may suspend the waiting period during periods of time when federal reimbursement for benefit charges incurred for the suspended waiting period is made available to the bureau. Any suspension of the waiting period applies to all new initial claims filed with an effective date within the time period in which the waiting period is suspended. No week may be counted as a week of unemployment for the purposes of this subsection:
  - a. Unless it occurs within the benefit year which includes the week with respect to which the individual claims payment of benefits;
  - b. If benefits have been paid with respect thereto; and
  - c. Unless the individual was eligible for benefits, with respect thereto as provided in this section and section 52-06-02; and

## **SECTION 6. INFORMATION TECHNOLOGY UNIFICATION -**

**LEGISLATIVE INTENT - LEGISLATIVE MANAGEMENT REPORT.** The information technology department may not charge state agencies selected to participate in the 2021-23 biennium information technology unification initiative an amount in excess of the salaries and wages and related operating expenses of any full-time equivalent positions transferred to the information technology department during the 2021-23 biennium. It is the intent of the sixty-seventh legislative assembly that any full-time equivalent positions transferred to the information technology department for the 2021-23 biennium information technology unification initiative be transferred to the

Insert LC: 21.0298.02005

Module ID: s\_cfcomrep\_70\_002

Senate Carrier: Davison **House Carrier: Schmidt** 

agency employing the positions during the 2019-21 biennium, unless the sixty-eighth legislative assembly is presented with sufficient evidence of efficiencies gained and cost-savings realized by the state as a result of the 2021-23 biennium information technology unification initiative. During the 2021-22 interim, the information technology department shall report annually to the legislative management regarding any efficiencies gained and cost-savings realized as a result of the 2021-23 biennium information technology unification initiative.

SECTION 7. EMERGENCY. Section 5 of this Act is declared to be an emergency measure."

Renumber accordingly

#### STATEMENT OF PURPOSE OF AMENDMENT:

#### Senate Bill No. 2016 - Job Service North Dakota - Conference Committee Action

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Salaries and wages	\$30,572,221	\$28,961,152	\$33,790	\$28,994,942	\$31,443,080	(\$2,448,138)
Operating expenses	17,840,895	17,175,297	(10,924)	17,164,373	13,594,397	3,569,976
Capital assets	20,000	20,000		20,000	20,000	
Grants	6,166,112	8,281,051	1	8,281,051	8,281,051	
Reed Act - Computer modernization	10,475,114	10,945,126		10,945,126	10,945,126	
Total all funds	\$65,074,342	\$65,382,626	\$22,866	\$65,405,492	\$64,283,654	\$1,121,838
Less estimated income	64,643,718	64,972,321	22,942	64,995,263	63,873,425	1,121,838
General fund	\$430,624	\$410,305	(\$76)	\$410,229	\$410,229	\$0
FTE	172.61	156.61	0.00	156.61	172.61	(16.00)

## Department 380 - Job Service North Dakota - Detail of Conference Committee Changes

Salaries and wages Operating expenses Capital assets Grants Reed Act - Computer modernization	Adjusts Funding for Salary and Benefit Increases <sup>1</sup> \$33,790	Adjusts Funding for IT Unification <sup>2</sup> (\$10,924)	Total Conference Committee Changes \$33,790 (10,924)
Total all funds Less estimated income General fund	\$33,790 33,866 (\$76)	(\$10,924) (10,924) \$0	\$22,866 22,942 (\$76)
FTE	0.00	0.00	0.00

<sup>&</sup>lt;sup>1</sup> Salaries and wages funding is adjusted for 2021-23 biennium salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100 and 2 percent on July 1, 2022, the same as provided by the House; however, the amount for salary increases is reduced compared to the House version due to the Conference Committee approving Job Service North Dakota to participate in the information technology (IT) unification initiative. The Senate provided salary adjustments of 2 percent with a minimum monthly increase of \$80 and a maximum monthly increase of \$300 on July 1, 2021, and 2 percent on July 1, 2022.

<sup>&</sup>lt;sup>2</sup> Funding of \$10,924 is removed to reflect the change in salary increases for FTE positions approved to be transferred to the Information Technology Department (ITD) as part of the IT unification initiative. The Conference Committee approved the transfer of 16 FTE positions to ITD for IT unification, the same as the Senate. The House did not approve IT unification. Of the 16 FTE positions, 5 FTE positions are unfunded.

Module ID: s\_cfcomrep\_70\_002

Insert LC: 21.0298.02005 Senate Carrier: Davison House Carrier: Schmidt

#### This amendment also:

- Adds a section to amend North Dakota Century Code Section 52-06-01(4) to allow the executive director of Job Service North Dakota to suspend the unemployment benefit waiting period when federal reimbursement for benefit charges incurred are made available to Job Service North Dakota. This section is declared an emergency measure. The House also included this section.
- Adds a section to provide ITD may not charge state agencies selected to participate in the 2021-23 biennium IT unification initiative an amount in excess of the salaries and wages and related operating expenses of any FTE positions transferred to ITD during the 2021-23 biennium. Legislative intent is provided that any FTE position transferred to ITD for the 2021-23 biennium IT unification initiative be transferred to the agency employing the positions during the 2019-21 biennium, unless the 68th Legislative Assembly is presented with sufficient evidence of efficiencies gained and cost-savings realized by the state as a result of the 2021-23 biennium IT unification initiative. During the 2021-22 interim, ITD is required to report annually to the Legislative Management regarding any efficiencies gained and cost-savings realized as a result of the 2021-23 biennium IT unification initiative. This section was not included in the Senate or House versions.

Engrossed SB 2016 was placed on the Seventh order of business on the calendar.

## FIRST ENGROSSMENT

1159

Sixty-seventh Legislative Assembly of North Dakota

## **ENGROSSED SENATE BILL NO. 2016**

Introduced by

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**Appropriations Committee** 

- 1 A BILL for an Act to provide an appropriation for defraying the expenses of job service North
- 2 Dakota; to amend and reenact subsection 4 of section 52-06-01 of the North Dakota Century
- 3 Code, relating to conditions required to be eligible for unemployment benefits; to provide for a
- 4 statement of legislative intent; and to declare an emergency.

#### 5 BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, and from special funds derived from federal funds and other income, to job service North Dakota for the purpose of defraying the expenses of job service North Dakota, for the biennium beginning July 1, 2021, and ending June 30, 2023.

11			Adjustments or	
12		Base Level	<u>Enhancements</u>	<u>Appropriation</u>
13	Salaries and wages	<del>\$30,572,221</del>	(\$1,611,069)	<del>\$28,961,152</del>
14	Operating expenses	17,840,895	(665,598)	<del>17,175,297</del>
15	Capital assets	20,000	0	20,000
16	Grants	6,166,112	2,114,939	8,281,051
17	Reed Act - unemployment insurance	10,475,114	<del>470,012</del>	10,945,126
18	-computer modernization			
19	Total all funds	\$65,074,342	\$308,284	\$65,382,626
20	Less estimated income	64,643,718	<u>328,603</u>	64,972,321
21	Total general fund	\$430,624	(\$20,319)	<del>\$410,305</del>
22	Full-time equivalent positions	172.61	(16.00)	156.61
23	Salaries and wages	\$30,572,221	(\$1,577,279)	\$28,994,942
24	Operating expenses	17,840,895	(676,522)	17,164,373

1	Capital assets	20,000	0	20,000
2	Grants	6,166,112	2,114,939	8,281,051
3	Reed Act - unemployment insurance	10,475,114	470,012	10,945,126
4	_computer modernization			
5	Total all funds	\$65,074,342	\$331,150	\$65,405,492
6	Less estimated income	64,643,718	351,545	64,995,263
7	Total general fund	\$430,624	(\$20,395)	\$410,229
8	Full-time equivalent positions	172.61	(16.00)	156.61

**SECTION 2. ONE-TIME FUNDING.** The following amounts reflect the one-time funding items approved by the sixty-sixth legislative assembly for the 2019-21 biennium:

11	One-Time Funding Description	<u>2019-21</u>	<u>2021-23</u>
12	Unemployment insurance modernization project	<u>\$611,852</u>	<u>\$0</u>
13	Total other funds	\$611,852	\$0

**SECTION 3. ADDITIONAL INCOME - APPROPRIATION.** All federal funds received by job service North Dakota in excess of those funds appropriated in section 1 of this Act are appropriated to job service North Dakota for the biennium beginning July 1, 2021, and ending June 30, 2023.

SECTION 4. ESTIMATED INCOME - REED ACT FUNDS - UNEMPLOYMENT INSURANCE COMPUTER MODERNIZATION. The estimated income line item in section 1 of this Act includes the sum of \$10,945,126 from federal Reed Act funds made available to the state by the federal Reed Act distributions made in federal fiscal years 1957, 1958, 1999, and 2002, pursuant to section 903 of the federal Social Security Act. This sum, or so much of the sum as may be necessary, is for the purpose of developing a modernization unemployment insurance computer system.

**SECTION 5. AMENDMENT.** Subsection 4 of section 52-06-01 of the North Dakota Century Code is amended and reenacted as follows:

4. The individual has been unemployed for a waiting period of one week. The executive director may suspend the waiting period during periods of time when federal reimbursement for benefit charges incurred for the suspended waiting period is made available to the bureau. Any suspension of the waiting period applies to all new initial claims filed with an effective date within the time period in which the waiting period is

<u>suspended.</u> No week may be counted as a week of unemployment for the purposes of this subsection:

- Unless it occurs within the benefit year which includes the week with respect to which the individual claims payment of benefits;
- b. If benefits have been paid with respect thereto; and
- c. Unless the individual was eligible for benefits, with respect thereto as provided in this section and section 52-06-02; and

SECTION 6. INFORMATION TECHNOLOGY UNIFICATION - LEGISLATIVE INTENT -

LEGISLATIVE MANAGEMENT REPORT. The information technology department may not charge state agencies selected to participate in the 2021-23 biennium information technology unification initiative an amount in excess of the salaries and wages and related operating expenses of any full-time equivalent positions transferred to the information technology department during the 2021-23 biennium. It is the intent of the sixty-seventh legislative assembly that any full-time equivalent positions transferred to the information technology department for the 2021-23 biennium information technology unification initiative be transferred to the agency employing the positions during the 2019-21 biennium, unless the sixty-eighth legislative assembly is presented with sufficient evidence of efficiencies gained and cost-savings realized by the state as a result of the 2021-23 biennium information technology unification initiative. During the 2021-22 interim, the information technology department shall report annually to the legislative management regarding any efficiencies gained and cost-savings realized as a result of the 2021-23 biennium information technology unification initiative.

**SECTION 7. EMERGENCY.** Section 5 of this Act is declared to be an emergency measure.