

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2230

2005 SENATE INDUSTRY, BUSINESS AND LABOR

SB 2230

2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2230

Senate Industry, Business and Labor Committee

☐ Conference Committee

Hearing Date 1-25-05

Tape Number	Side A	Side B	Meter #
1	xxx		0-1880
Committee Clerk Signature <i>Lisa Vambergen</i>			

Minutes: **Chairman Mutch** opened the hearing on SB 2230. All Senators were present.

SB 2230 relates to appointment of legislative assembly members on the workforce safety and insurance board of directors.

Senator Tim Mathern, District 11, introduced the bill. See attached testimony.

Senator Klein : Did you have a lot of knowledge back when the director was appointed by the Governor?

Senator Mathern: We had discussions about the appointment of the director and there was debate between the parties about who that director should be and the qualifications. And in that process, we got more information about how the agency was run by that director.

Senator Klein : Wasn't that discussion primarily because it became a political issue and that is why we tried to snatch that away to avoid having that political aura around it. So the director would then represent the agency, rather than a party.

Senator Mathern: This bill suggests that there is middle ground that we ought to be working.

Senator Heitkamp : With only three legislators going on this, do you think that board will end up being political with all of the other make-up of the board?

Senator Mathern: I think the essential operation of the agency would not change with this. This isn't enough to change the balance in power of the board.

Senator Christman, District 33, spoke to support the bill. Last fall when the audit came out, I felt this was a concern. I thought that having legislative insight on that board would be the way to go. A lot of the rationale for that is the political oversight with the audit that brought this to light. Since then, I've met with the new staff and I think they have made tremendous progress.

Senator Klein : Did you ever feel that WSI denied you access to any questions or answers that you were looking for?

Senator Christman: No. I didn't really know anyone there.

Senator Heitkamp : At what point did you make the determination that some things needed to get fixed? This committee, for the last couple of sessions, has heard testimony on what many of us felt were abused and nonpayment of injured workers.

Senator Christman: The anecdotal evidence, but the audit mainly.

Senator Nething : This is unusual to have legislators appointed to an executive board?

What would you use as a dividing line so other legislators didn't say that they wanted to be on all kinds of boards?

Senator Christman: I don't have one in mind. I think the decision making ability of the legislators will decide that.

Senator Nething : What makes this totally different than any other board?

Senator Christman: I can't think of an example that is anything similar to this. It is unique in that it is not an agency where the head is not an elected party.

David Kemnitz, AFL-CIO, stated their support for the bill.

Sebald Vetter, President of C.A.R.E, (didn't state what it stood for), stated his organization's support for the bill.

Chairman Mutch allowed opposition at this time.

Bob Indvik, Board Chair of Workforce Safety and Insurance, spoke in opposition. See attached.

There were no questions from the committee.

Dave MacIver, President of the Greater North Dakota Chamber of Commerce, spoke in opposition. See attached.

Senator Heitkamp : Are you saying that the members of this board have no allegiance or any activity in either political party in the state?

Dave: No, I'm not saying that. There will always be an influence. By putting legislators on there would create more of an influence.

Senator Heitkamp : When I talk to employers, one of the problems we struggle with in North Dakota, is to assure these businesses that we have enough workers to come in and make that happen. As WSI swings the pendulum so far toward the employer, instead of the worker, aren't you afraid that the workers that you need to achieve your goal, are going to say it's an unfriendly state for workers that we aren't going to be there?

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Senate Industry, Business and Labor Committee

Bill/Resolution Number SB 2230

Hearing Date 1-25-05

Dave: No, as a matter of fact I'm not. The amount of workers who believe that they are being treated well has gone up since 1995.

The hearing was closed. No action was taken.

2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2230

Senate Industry, Business and Labor Committee

☐ Conference Committee

Hearing Date 1-26-05

Tape Number	Side A	Side B	Meter #
2		xxx	6000-end
3	xxx		0-180
Committee Clerk Signature <i>Lisa VanBerkum</i>			

Minutes: **Chairman Mutch** opened committee discussion on SB 2230. All Senators were present. SB 2230 relates to appointment of legislative assembly members on the workforce safety and insurance board of directors.

Senator Klein: As a legislator we have the opportunity to visit with these people, whether or not any of us have enough time, however, there was an advisory committee put together when the board was first organized that traveled around the state. As they traveled they asked for unmarked police because things would get interesting. I don't know that throwing legislators on here would change anything.

Senator Espegard : I just think that making the board larger again, adding legislators, I don't see where that helps anything. It didn't work so good before.

Senator Krebsbach moved a **DO NOT PASS**.

Senator Klein seconded.

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

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Senate Industry, Business and Labor Committee

Bill/Resolution Number SB 2230

Hearing Date 1-26-05

Carrier: Chairman Mutch

FISCAL NOTE
Requested by Legislative Council
01/24/2005

Bill/Resolution No.: SB 2230

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

	2003-2005 Biennium		2005-2007 Biennium		2007-2009 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures				\$17,700		\$18,000
Appropriations				\$17,700		\$18,000

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

2003-2005 Biennium			2005-2007 Biennium			2007-2009 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

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

WORKFORCE SAFETY & INSURANCE
2005 LEGISLATION
SUMMARY OF ACTUARIAL INFORMATION

BILL DESCRIPTION: Appointment of legislators to WSI Board

BILL NO: SB 2230

SUMMARY OF ACTUARIAL INFORMATION: Workforce Safety & Insurance, together with its actuary, Glenn Evans of Pacific Actuarial Consultants, has reviewed the legislation proposed in this bill in conformance with Section 54-03-25 of the North Dakota Century Code.

The proposed legislation would increase WSI's Board of Directors from 11 to 14 members by adding three legislators to the Board.

FISCAL IMPACT: The estimated costs for adding 3 additional Board members to cover payroll, travel and other related expenses would be approximately \$8,850 per year or \$17,700 for the biennium.

DATE: January 24, 2005

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

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

see narrative

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

see narrative

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

see narrative

Name:	John L. Halvorson	Agency:	WSI
Phone Number:	328-3760	Date Prepared:	01/24/2005

Date: 1-26-05
Roll Call Vote #: 1

2005 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2230

Senate Industry, Business and Labor Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Not Pass

Motion Made By Krebsbach Seconded By Klein

Senators	Yes	No	Senators	Yes	No
Senator Mutch, Chairman	X		Senator Fairfield		X
Senator Klein, Vice Chairman	X		Senator Heitkamp		X
Senator Krebsbach	X				
Senator Nething	X				
Senator Espegard	X				

Total (Yes) 5 No 2

Absent _____

Floor Assignment Mutch

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

REPORT OF STANDING COMMITTEE (410)
January 27, 2005 7:55 a.m.

Module No: SR-18-1159
Carrier: Mutch
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2230: Industry, Business and Labor Committee (Sen. Mutch, Chairman) recommends
DO NOT PASS (5 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). SB 2230 was
placed on the Eleventh order on the calendar.

2005 TESTIMONY

SB 2230



**Testimony of Dave MacIver
President, Greater North Dakota Chamber of Commerce
Presented to the
Senate Industry, Business and Labor Committee
January 25, 2005**

SB 2230

Mr. Chairman and members of the Senate Industry, Business and Labor Committee, my name is Dave MacIver and I am the President of the Greater North Dakota Chamber of Commerce. I am here today representing a coalition which includes area chambers of commerce in North Dakota with over 7,400 member businesses and other associations to urge you to **oppose** Senate Bill 2230.

The business community would like to express its opposition to this bill. We believe the Workforce Safety & Insurance board of directors should not be influenced by politics. By placing members of the legislative assembly on the board, there is danger of tainting the neutrality of the decisions. Having politics involved with decisions of a board of directors can lead to potential conflicts of interest and abuse. The Legislative Assembly already has input into the WSI system, as it is the Legislative Assembly that has the ultimate control over the monopolistic insurance program.

The business community believes that the board of directors should be made up of those individuals that are involved directly with WSI: the business community, the medical community, and the employees. There is also one member placed on the board by the governor,

with the only qualification as being a North Dakota resident over the age of 21. We feel this composition is fair, as well as balanced in its current state.

Thank you, Chairman Mutch and members of the Senate Industry Business and Labor Committee, for this opportunity to discuss the business community's position on SB 2230. We urge a **DO NOT PASS** for SB 2230. Thank you and I would be happy to answer any questions at this time.

The following chambers are members of a coalition that support our policy statements:

Beulah
Bismarck-Mandan
Bottineau
Cando
Crosby
Devils Lake
Dickinson
Fargo
Grand Forks
Greater North Dakota Chamber of Commerce
Hettinger
Jamestown
Langdon
Minot
Wahpeton
Watford City
West Fargo
Williston

Total Businesses Represented= 7429

OPPOSED

2005 Senate Bill No. 2230
Testimony before the House Industry, Business, and Labor Committee
Presented by: Bob Indvik, Board Chair
Workforce Safety and Insurance
January 25, 2005

Mr. Chairman and Members of the Committee:

Good morning, my name is Bob Indvik. I am the Chair of the Workforce Safety & Insurance (WSI) Board of Directors. I am here to testify in opposition to Senate Bill 2230. The WSI Board of Directors unanimously voted to oppose this bill. I will briefly address the Board's concerns.

Under the current eleven-member structure, the Board represents employers, workers and the medical community. We operate as a business focusing on the delivery of superior workers' compensation products and services to injured workers and employers free from unnecessary political influence.

The addition of legislators to the Board of Directors would infuse politics into our Board's governance. Under the "Carver Model" of Board governance, the Board speaks with one voice in order to ensure the integrity of the Board's position on an issue. Because, by design, a legislator represents all constituencies simultaneously (employers, workers, and providers), what happens when they encounter an issue of having to advocate an approved Board position that would be in direct conflict with one of these constituent's position? Which constituency would be the primary focus?

The Board believes the interests of injured workers and employers are best served by a Board composed of gubernatorial appointees with expertise and experience in a variety of areas without the interjection of politics into the process.

Thank you Mr. Chairman and Members of the Committee for your time. I will be glad to answer any questions.

Senate Bill 2230
Industry Business and Labor Committee
January 25, 2005

Chairman Mutch and Members of the Senate IBL Committee,

My name is Tim Mathern, Senator from District 11 in Fargo. I speak in support of SB 2230 relating to board membership on the Workforce Safety and Insurance Board.

The essential element of the bill, adding legislators, is in lines 23 and 24 of page 1 and lines 1 through 5 of page two. "Three members are members of the legislative assembly, two of whom must be selected by the members of the legislative council representing the majority faction and one of whom must be selected by the members of the legislative council representing the minority faction. The legislative assembly members serve at the pleasure of the appointing faction of the legislative council. The appropriate faction of the legislative council shall appoint a replacement member for a departing legislative assembly member."

No present members of the Board are changed or displaced with this bill. Three members are added, two from the majority and one from the minority. It goes from 11 to 14 members.

Mr. Chairman I deal with the WSI budget in appropriations committee. WSI is a large agency. We do not have the time to get into the details of the agency operations. We deal with policy questions on the floor after your committee has taken hours of testimony which I and other legislators do not hear.

I think we need legislators with more in-depth knowledge of this agency which impacts every employer and employee in the state. Adding three people to the Board adds a knowledge base to the legislature itself to enhance what we know as appropriation or industry business and labor committee members.

Last summer when reports were in the paper about the operation of WSI, I recognized a lack of knowledge on my part and that of other legislators about the workings of WSI. I am uncomfortable about this. I noted too that there were things going on that were not general knowledge of the legislators or public. The media made us aware of some of these operational practices. I think having a few legislators on the Board would not only bring legislators up to speed on what is going on, but would also bring more openness to Board operations. The light of day is helpful to us all.

I voted to take the director appointment away from the Governor. It might have made sense then, but I think now it leaves us in the dark. While the governor, he has not introduced a bill to regain director appointment control, his decision does not absolve us as legislative branch from knowing more about this important agency.

Chairman Mutch and committee members, lets get more involved in WSI. More information and more openness will be good for our state. I urge a do pass recommendation for SB 2230. Thank you.