

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION  
SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2374

2005 SENATE INDUSTRY, BUSINESS AND LABOR

SB 2374

2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2374

Senate Industry, Business and Labor Committee

Conference Committee

Hearing Date 2-01-05

Tape Number	Side A	Side B	Meter #
1		xxx	2840-5305
Committee Clerk Signature <i>Lisa VanBerkem</i>			

Minutes: **Chairman Mutch** opened the hearing on SB 2374. All Senators were present.

**SB 2374 is a bill for an Act to provide for an unemployment compensation shared work demonstration project.**

**Senator Grindberg** introduced the bill.

**Senator Grindberg:** For the last two sessions, we have attempted to address this work share program. It is patterned after the state of Kansas. Both prior attempts, that bill has been defeated because of the eight hundred thousand to a million dollar fiscal note for Job Service to administer the program. Today we are here, as a result of numerous meetings that started last summer with officials from Job Service, manufacturing facility in Fargo to talk about ways we could address this again. As a result of these efforts, we have this bill. This is to set up a pilot demonstration project for no more than five manufacturers in the state to set up a program to put this forward. The feelings that what is going to happen is the federal government is going to provide the funds for a computer upgrade to our North Dakota Job Service Agency. That has been the snag in this.

The computer system cannot allow this to be administered. Job Service will talk about how we can start a demonstration project in anticipation that the next few years, the federal government funds the computer upgrade. The plant in Fargo has regular layoffs. The bill and the pilot would allow them to work with employees rather than lay them off. It would allow them to work part time.

**Senator Nething:** What we are talking about is "in house". Within that business is where it takes place, not two different businesses sharing.

**Senator Grindberg:** That is my understanding.

**Chairman Mutch:** Are there that many businesses and firms that would be affected by this type of shared employees, who would be interested in this program?

**Senator Grindberg:** I can't speak for how many. Casual conversations with Greater North Dakota Chamber of Commerce. I really can't answer that question.

**Senator Krebsbach:** How does this bill differ from previous bills we have had relating to this matter?

**Senator Grindberg:** There is a forty-thousand dollar fiscal note, where as before it was eight to nine-hundred thousand dollar appropriations.

**John Graham,** Unemployment Insurance of Job Service, North Dakota, spoke in support of the bill. See attached testimony.

**Chairman Mutch :** Does the federal government have any guidelines?

**John:** Yes, but they do not require and are not willing to fund a program like this.

**Shawn Erickson, Fargo Plant of CNH America, LLC,** spoke in support of the bill. See attached testimony.

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Senate Industry, Business and Labor Committee  
Bill/Resolution Number SB 2374  
Hearing Date 2-01-05

There were no questions from the committee for Shawn.

**David Kemnitz**, President of the North Dakota AFL-CIO, spoke in support of the bill.

David proposed amendments. See attached amendments.

**Senator Heitkamp** : Does the sponsor agree with these amendments?

**David**: As far as I know, he has no opposition to it.

**There was no opposition to the bill.**

**Senator Nething moved to adopt the amendments.**

**Senator Espegard seconded.**

**Roll Call Vote: 7 yes. 0 no. 0 absent.**

**Senator Espegard moved a DO PASS AS AMENDED.**

**Senator Krebsbach seconded.**

**Roll Call Vote: 7 yes. 0 no. 0 absent.**

**Carrier: Senator Espegard**

02-01-05

Amendment

Senate Bill No. 2374

Page 1

Line 13

after the word Dakota, place a comma

after the word Dakota, overstrike the  
word and

after the word employers, add the following

"and the labor representative of the  
collective bargaining agreement,  
where a collective bargaining agreement  
exists."

Submitted by:

David L. Kemnitz  
NDAFL-CIO



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

2005 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 2374

Senate Industry, Business and Labor Committee

Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Adopt Amendments

Motion Made By Nething Seconded By Heitkamp

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 Espgaard	X				

Total (Yes) 7 No 0

Absent 0

Floor Assignment \_\_\_\_\_

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

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

2005 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 2374

Senate Industry, Business and Labor Committee

Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Do Pass As Amended

Motion Made By Espegard Seconded By Krebsbach

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) 7 No 0

Absent 0

Floor Assignment Espegard

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



REPORT OF STANDING COMMITTEE (410)  
February 9, 2005 4:08 p.m.

Module No: SR-26-2351  
Carrier: Espegard  
Insert LC: 50806.0101 Title: .0200

**REPORT OF STANDING COMMITTEE**

**SB 2374: Industry, Business and Labor Committee (Sen. Mutch, Chairman) recommends AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2374 was placed on the Sixth order on the calendar.

Page 1, line 13, replace "and" with a comma and after "employers" insert ", and the labor representative of the collective bargaining agreement if a collective bargaining agreement exists"

Renumber accordingly

2005 SENATE APPROPRIATIONS

SB 2374

2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2374

Senate Appropriations Committee

Conference Committee

Hearing Date 02/15/05

Tape Number	Side A	Side B	Meter #
1	x		1,542-2531
Committee Clerk Signature <i>ANTJE</i>			

Minutes: **Chairman Holmberg** opened discussion SB 2374.

**Sen. Tony Grindberg, District 41** appeared in support of SB 2374. He also provided background and an overview of the bill stating that this bill is an attempt to resolve or provide a better remedy on organization of manufacturing operations that have had traditional layoffs throughout the year. We have a pilot program, a shared work program. If you are a large manufacturing firm that has regularly scheduled layoffs, rather than lay off a significant portion of employees off for a number of weeks, this would allow job service to come in and provide a shared work environment. You would be re-skilled in another area, working part-time this would be shared with an unemployment payment as well as with wages earned. In this senior it would keep them on the job.

**Sen. Mathern:** On page 1, Lines 20-22 what is the impact both to the employee and the employer in terms of unemployment benefits, who is subjected by this. When it says not so negatively impacted, what does that mean?

**Sen. Grindberg:** Under this bill no one is negatively impacted, the positive from the employers perspective is that it allow the employees to stay in the work force.

**John Graham, Unemployment Insurance Program of Job Service ND** appeared in support of SB 2374. He provided the committee with written testimony which he read aloud. See appendix I.

**Sen. Matern:** Do all employers in that group, pick up the cost to the fund, or is it only the employers that participate in the program that pick up the costs of this program?

**Mr. Graham:** They way we will draw the contract, will primarily involve the employer in the program. If the particular employers tax payment throughout the year, do not cover the benefits paid to that particular employers employees, then all the employers in the state pay for that down fall.

No future questions were asked of Mr. Graham.

**Vice Chairman Bowman** closed meeting on SB 2374.


2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2374

Senate Appropriations Committee

Conference Committee

Hearing Date February 15, 2005

Tape Number	Side A	Side B	Meter #
2	X		1,300-1765
Committee Clerk Signature 			

Minutes:

**Chairman Holmberg opened the hearing on SB 2374. All Senators were present.**

**Senator Grindberg moved a Do Pass recommendation for SB 2374. Seconded by Senator Bowman.**

Discussion

**Senator Krauter-** As there are claims to unemployment there is a reduction in the trust fund.

The employers pay into that fund, correct?

**Senator Mathern-** To the best of my understanding, everyone becomes liable for that event due to the sharing of the risks for the overall system.

**Senator Grindberg-** Nothing will jeopardize the fund, rather it allows the employer and employee more flexibility to remain in the workforce in a global economy.

**Senator Andrist-** It will impact the fund, but it will be negligible so it won't affect the rates.

**Senator Chistmann-** Does this keep people working part-time?

Page 2

Senate Appropriations Committee

Bill/Resolution Number SB 2374

Hearing Date February 15, 2005

**Senator Grindberg-** It keeps people in the workplace that they are hired at, where they stay on the job rather than getting laid off, even if its part time. There could be a different line of work within the organization for that individual.

**A roll call vote was taken on SB 2374, 13-2-0. The bill will be carried by a committee member from the Senate Industry, Business, and Labor committee.**

**Chairman Holmberg closed the meeting on SB 2374.**

Date 2-15-05  
Roll Call Vote #: 1

2005 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. SB 2374

Senate SENATE APPROPRIATIONS Committee

Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Do Pass

Motion Made By G Seconded By B

Senators	Yes	No	Senators	Yes	No
CHAIRMAN HOLMBERG	/		SENATOR KRAUTER	/	
VICE CHAIRMAN BOWMAN	/		SENATOR LINDAAS	/	
VICE CHAIRMAN GRINDBERG	/		SENATOR MATHERN		/
SENATOR ANDRIST	/		SENATOR ROBINSON	/	
SENATOR CHRISTMANN	/		SEN. TALLACKSON	/	
SENATOR FISCHER	/				
SENATOR KILZER	/				
SENATOR KRINGSTAD	/				
SENATOR SCHOBINGER	/	/			
SENATOR THANE	/				

Total (Yes) 13 No 2

Absent \_\_\_\_\_

Floor Assignment IB+L

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

REPORT OF STANDING COMMITTEE (410)  
February 15, 2005 1:28 p.m.

Module No: SR-30-2982  
Carrier: Espegard  
Insert LC: . Title: .

**REPORT OF STANDING COMMITTEE**

SB 2374, as engrossed: Appropriations Committee (Sen. Holmberg, Chairman)  
recommends **DO PASS** (13 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING).  
Engrossed SB 2374 was placed on the Eleventh order on the calendar.



2005 HOUSE INDUSTRY, BUSINESS AND LABOR

SB 2374

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2374

House Industry, Business and Labor Committee

Conference Committee

Hearing Date 3-8-05

Tape Number	Side A	Side B	Meter #
3	x		17.9-end
3		x	0-2.5
Committee Clerk Signature <i>Jody Leithe</i>			

Minutes:

**Chairman Keiser:** Opened the hearing on SB 2374.

**John Graham, Unemployment Insurance Program, Job Service ND:**

Appeared in support of SB 2374 and provided a written statement (**SEE ATTACHED TESTIMONY**).

**Shawn Erickson, CNH America LLC, Fargo Plant:** Appeared in support of the bill and provided a written statement (**SEE ATTACHED TESTIMONY**).

**Dave Kemnitz, President, AFL-CIO:** Appeared in support of the bill, I can tell you that some of our people still have heartburn over how this will work. But only those units that the service would work with that have collective bargaining in that plan would have that situation, all others it will not do anything for.

**Representative Ekstrom:** I move a **DO PASS** and re refer to Appropriations.

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House Industry, Business and Labor Committee

Bill/Resolution Number SB 2374

Hearing Date 3-8-05

**Representative Nottestad: I SECOND THE DO PASS** motion.

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

**Representative Dietrich will carry the bill on the floor.**

Date: 3-8-05

Roll Call Vote #: 1

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. SB 2374

House INDUSTRY, BUSINESS AND LABOR Committee

Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Do Pass Rereferred to Appropriations

Motion Made By Rep. Ekstrom Seconded By Rep. Nottestad

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

Total (Yes) 14 No 0

Absent -0-

Floor Assignment Rep. Dietrich

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

**REPORT OF STANDING COMMITTEE (410)**  
March 10, 2005 10:01 a.m.

**Module No: HR-44-4605**  
**Carrier: Dietrich**  
**Insert LC: . Title: .**

**REPORT OF STANDING COMMITTEE**

**SB 2374, as engrossed: Industry, Business and Labor Committee (Rep. Keiser, Chairman) recommends DO PASS and BE REREFERRED to the Appropriations Committee (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed SB 2374 was rereferred to the Appropriations Committee.**

2005 HOUSE APPROPRIATIONS

SB 2374

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB2374

House Appropriations Committee  
Education and Environment Division

Check here for Conference Committee

Hearing Date March 14, 2005

Tape Number	Side A	Side B	Meter #
1	X		0-12.3
Committee Clerk Signature <i>Robin Purvis</i>			

**Minutes: Chairman Martinson** opened hearing on SB2374.

**John Grahman, representing the Unemployment Insurance program of Job Service North Dakota.** I'm here in support of Engrossed SB2374, and the \$40,000 appropriation contained in Section 3. (See written testimony 1-SB2374). I will defer to Sen. Grindberg.

**Sen. Tony Grindberg, District 41** Here to speak on the fiscal note, which I will defer to John Graham. Just to give you a historic perspective, this initiative has been attempted the last to sessions with the fiscal note at \$7 million. Approach has been to overhaul the entire system, the way Job Service administers this type of program. What we have before us now is a pilot program that will allow the agency to work with one of the largest ag manufactures in the state to put this program in place with a smaller fiscal note of \$40,000 to set this up to see if this will work. Ultimately the funding would be there from the Feds to upgrade the entire system.

**Rep. Gulleeson** Walk us through an example. Take DMI. They had a work force layoff about a year ago, how would this work if they were one of the pilot sites.

**Sen. Grindberg** It's modeled after a law in Kansas. The Shared Work program would provide a employee and employer to enter into an arrangement under a traditional layoff setting. There are many factories in the state that typically layoff six to eight weeks. This program would allow them to keep them employed and put them in different areas of factory. Keeps them in the work force instead of at home for eight weeks drawing 100% unemployment. This allows the employer to work with Job Service to pay half of their wages and company would provide other half to keep them in the work force.

**Rep. Wald** The net effect would be a plus to the reserves in our state fund because they are not paying out 100% but 50% or 60%, whatever the shared amount is.

**Sen. Grindberg** That is my understanding, be paying out less. Depending on the company and where they are at, in theory, yes.

**Rep. Wald** How about an industry, let's take the refinery, where they have an annual turn around where they update their equipment and such and typically lay people off. Is there a downside to that kind of environment? Where they would normally lay them off but under this they keep part of their workforce on. Is there something to take advantage of the fund that wouldn't normally be in the present setting?

**Sen. Grindberg** I'm not sure there is a disadvantage. The advantage is to keep the employee in the work force.



**Rep. Aarsvold** A company lays off 100 workers on a seasonal basis. The consequences of this that they would maintain those 100 people but reduce their salaries and would they be collecting some unemployment benefit to maintain their purchasing power?

**Sen. Grindberg** That is my understanding, correct. There would be no loss of income to the employee.

**John Graham** (See handout 1-SB2374) Let me re-describe the Shared Work Program - it is, in essence, a program that allows a employer, instead of laying off a number of employees, to reduce the hours of a larger amount of employees that has the equivalent economic value to the layoff, in terms of saving salary dollars for the employer. That wage lose due to reduction of hours is made up by the Shared Work benefit, in part, not in total because...just to give you an example. Suppose that the employer needed to cut hours by 20% in order to make the benefit of the hour reduction equivalent to whatever amount of money he needed to save, they would then reduce my hours by 20%. I would then file for a Shared Work benefit and I would get 20% of my standard eligibility from unemployment compensation, whatever that was. Can't be very definitive about how it is going to work because we are trying to pilot it in such a way to reduce the impact of doing a Shared Work program on our budget.

**Vice Chairman Brusegaard** Instead of laying off 50 workers, you'll reduce the hours of 100 workers. Their partial unemployment benefit will not bring them up to their total salary?

**John Graham** No.

**Vice Chairman Brusegaard** Seems to me a really good deal for the workers who would have been laid off but maybe not such a good idea for the 50 workers who otherwise would have been fully employed at their original salary.

**John Graham** For it to be a good deal for 50 workers that would have been laid off, they would have had to at least replace their income with their UI benefits, that's highly unlikely. The maximum UI benefit this year is \$324 a week. The enterprises we are dealing with all pay more than \$324 a week. To be laid off is not an economic benefit to those folks. If the layoff was 20%, they would be earning 80% of their wage and they would get 20% of a UI benefit to help make up the wage difference.

**Rep. Aarsvold** Help make up, they would not necessarily receive a compensation equivalent to their full time salary?

**John Graham** The issue is...let's say this is the unit. I need to layoff four of you for economic reasons. So, instead of laying off four of you, I would keep you all on and cut your hours by 50%. You would make up 50% of your UI benefit. If you make \$300 a week, you would get \$150 plus his 50% of his earnings. Depends on what your UI benefit is.

**Rep. Wald** Two questions - #1 Has this been tried in any other states?

**John Graham** I believe 17 other states had a Shared Work program. This is an option states can do and that's why we need a general fund appropriation for implementation of the pilot. Federal government doesn't care whether states run a Shared Work program or not and if states want to the Federal government won't contribute to the cost.

**Rep. Wald** Your asking for \$40,000 and in your testimony you say programing at \$35,000. That seems awfully high.

**John Graham** That is dirt cheap. When you passed SB2337 in 2001 and we got an estimate to implement that program ran from \$675,000 to \$960,000, almost that entire amount was

programming. Programming is very expensive, especially for us, we have a main frame computer that needs to be replaced, it's archaic in terms of how it operates. \$35,000 is not much.

**Rep. Gulleason** I'm assuming the plant in Fargo is the Case plant. What percentage of their workforce do they layoff annually?

**John Graham** I think somewhere around 50%. They have about 800 employees. I guess I don't know.

**Rep. Gulleason** Under this bill, say it was 800 and they lay off 400, under this bill those 400 who retained full employment, their hours would be reduced and would be shared out with the other 400?

**John Graham** We don't know exactly how the contract of this bill allows us to enter into would be. That scenario could be how it happens.

**Rep. Aarsvold** Would hours be reduced or would salary be reduced?

**John Graham** Hours would be reduced thus wages paid would be reduced.

**Chairman Martinson** Will assign this to Rep. Wald's subcommittee on Job Service.

**Chairman Martinson** closed hearing on SB2374.

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB2374

House Appropriations Committee  
Education and Environment Division

Check here for Conference Committee

Hearing Date March 17, 2005

Tape Number	Side A	Side B	Meter #
1	X		9.9-13.5
Committee Clerk Signature <i>Robin Pursley</i>			

**Minutes: Chairman Martinson** opened hearing on SB2374

**Rep. Wald** This is the bill, Shared Work project. It would be my intent to move do pass with no amendments but be mindful that there is a \$40,000 appropriation on this bill. It is a two year deal because the sun sets June 30, 2007. It is a two year project and I really think it is worth trying it. No guarantees that it will do what it says it will do but I'd like to give it a shot. I move Do Pass SB2374 without any amendments.

**Vice Chairman Brusegaard** Second.

Chairman Martinson Only question I have is can't they take that out of their own funding, they are self funded?

**Rep. Wald** The only General Fund money in the Job Service budget is in Workforce Training dollars of \$1.2250,000. That would be a reduction to Workforce Training. Maybe we could amend the bill to strip of appropriation and take it out of the Workforce Training line item.

**Chairman Martinson** Could not understand why they couldn't just take it out of their money.

**Celeste** Most of Job Service's funding is federal funding and they are not allow to use federal funds for this purpose.

**Chairman Martinson** But they could take it out of the Workforce Training?

**Celeste** That would be OK, but not their federal funds or unemployment funds.

**Rep. Wald** I would move that we strip section 3 out of the bill.

**Vice Chairman Brusegaard** Second.

**Rep. Aarsvold** Why wouldn't we open this to other applicants? Apparently there is one business targeted in Fargo and I'm alittle concerned. Maybe there is a better client out there to do pilot project on.

**Rep. Wald** It says up to five selected employers. So that's my motion.

**VOICE VOTE on amendment passed.**

**Rep. Wald** I move a Do Pass As Amended on SB2374.

**Rep. Rennerfeldt** Second.

**VOTE 6 YES 0 NO and 0 absent and not voting. DO PASS AS AMENDED. Rep. Wald will carry bill to full committee.**

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB2374  
Unemployment Compensation Shared Work Demonstration Project

House Appropriations Full Committee

Conference Committee

Hearing Date March 21, 2005

Tape Number	Side A	Side B	Meter #
2		X	#47.5 - # end
3	X		#0 - #2.0
Committee Clerk Signature <i>Chris Alexander</i>			

Minutes:

**Rep. Ken Svedjan, Chairman** opened the discussion on SB2374.

**Rep. Francis J. Wald** explained that this bill is a 2 year study for the shared work demonstration project. This project will take five selected employers that have over 75 employees. There must be a written agreement between that employer and job services. Subsection 3 shows that instead of laying off all workers necessary, an employer would allow the workers to share the work available so the workers could earn 10% to 60% of their previous work hours. This project sunsets on June 30, 2007. We amended the bill to remove the appropriation and took the funds to do this out of the job service general fund line item. Rep Wald moved to adopt amendment #0201 to SB2374.

**Rep. Ron Carlisle** seconded.

**Rep. Ken Svedjan, Chairman** called for a voice vote on the motion to adopt amendment #0201 to SB2374. Motion carried.

**Rep. Francis J. Wald** moved a Do Pass As Amended motion to SB2374.

**Rep. Pam Gulleason** seconded.

**Rep. Al Carlson** asked if this is the bill that we passed last time that allows them to receive unemployment compensation for part of their time lost and then they would repay this money once they go back to full work hours.

**Rep. Francis J. Wald** answered no, there was no repayment discussed.

**Rep. Al Carlson** asked how this would work

**Rep. Francis J. Wald** explained unemployment benefits would be paid only for the difference in the loss of hours. There was no repayment mentioned.

**Rep. Ken Svedjan, Chairman** called for a roll call vote on the Do Pass As Amended motion for SB2374. Motion carried with a vote of 13 yeas, 8 nays and 2 absences. Rep Wald will carry the bill to the house floor.

**Rep. Ken Svedjan, Chairman** closed the discussion on SB2374 and adjourned the committee meeting. (meter Tape #3, side A, #2.0)

Date: 3.17.05  
 Roll Call Vote #: \_\_\_\_\_

**2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO. 2374**

House Appropriations Education and Environment

Check here for Conference Committee

Legislative Council Amendment Number 50806-0201

Action Taken Do Pass as Amended

Motion Made By Rep. Wald Seconded By Rep. Brusegaard

Representatives	Yes	No	Representatives	Yes	No
Chairman Martinson	✓		Rep. Aarsvold	✓	
Vice Chairman Brusegaard	✓		Rep. Gulleason	✓	
Rep. Rennerfeldt	✓				
Rep. Wald	✓				

Total 6 (Yes) 6 No 0

Absent 0

Floor Assignment Rep. Wald

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



Date: March 21, 2005  
Roll Call Vote #: 1

**2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO. SB2374**

House Appropriations - Full Committee

Check here for Conference Committee

Legislative Council Amendment Number 50806.0201

Action Taken DO PASS AS AMENDED

Motion Made By Rep Wald Seconded By Rep Gulleson

Representatives	Yes	No	Representatives	Yes	No
Rep. Ken Svedjan, Chairman	X		Rep. Bob Skarphol		X
Rep. Mike Timm, Vice Chairman		X	Rep. David Monson		X
Rep. Bob Martinson	AB		Rep. Eliot Glassheim	X	
Rep. Tom Brusegaard	AB		Rep. Jeff Delzer		X
Rep. Earl Rennerfeldt	X		Rep. Chet Pollert		X
Rep. Francis J. Wald	X		Rep. Larry Bellew		X
Rep. Ole Aarsvold	X		Rep. Alon C. Wieland	X	
Rep. Pam Gulleson	X		Rep. James Kerzman	X	
Rep. Ron Carlisle	X		Rep. Ralph Metcalf	X	
Rep. Keith Kempenich		X			
Rep. Blair Thoreson	X				
Rep. Joe Kroeber	X				
Rep. Clark Williams	X				
Rep. Al Carlson		X			

Total Yes 13 No 8

Absent 2

Floor Assignment Rep Wald

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

**REPORT OF STANDING COMMITTEE**

**SB 2374**, as engrossed: Appropriations Committee (Rep. Svedjan, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (13 YEAS, 8 NAYS, 2 ABSENT AND NOT VOTING). Engrossed SB 2374 was placed on the Sixth order on the calendar.

Page 1, line 2, after the first semicolon insert "and" and remove "; and to provide an appropriation"

Page 2, remove lines 10 through 14

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

This amendment removes the \$40,000 general fund appropriation provided to Job Service North Dakota for the implementation costs associated with implementing a shared work demonstration project.

**2005 TESTIMONY**

SB 2374

Testimony on Senate Bill No. 2374  
Presented by Shawn Erickson  
CNH America LLC, Fargo Plant

to

The Senate Industry, Business & Labor Committee  
Senator Duane Mutch, Chairman  
January 31, 2005

Chairman Mutch, members of the Industry, Business, and Labor Committee,  
I am Shawn Erickson, representing the Fargo Plant of CNH America, LLC. I  
am appearing in support of Senate Bill No. 2374.

When a company faces difficulty beyond its control and is forced to cut back  
production, it has limited courses of action. It can either lay off workers or  
make an agreement with affected employees to participate in the proposed  
Work Sharing Arrangement. Work Sharing is a program that enables  
employees to face cutbacks and still avoid layoffs.

The CNH Fargo Plant currently employs 683 full-time permanent  
employees. Senate Bill No. 2374 would benefit our plant and other  
companies of our size in North Dakota in the following ways.

CNH operates in a cyclical business in both the Agricultural and  
Construction Equipment sectors of the worldwide economy. Therefore,  
future business trends and developments are sometimes difficult to predict.

Manufacturing production schedules change frequently throughout the year.

This bill would alleviate employee concerns and worries about their immediate future, thus improving staff morale by avoiding the hardship of being laid off. Rather than having to lay off several employees during a slow period, companies, such as CNH, would be able to maintain a qualified, stable workforce by allowing valuable employees to be retained and to collect unemployment compensation benefits. Employee's work hours would only be reduced in order to prevent employees from being laid off due to lack of work. Work Sharing Program participants do not have to serve a one week waiting period for receipt of benefits. Employees will be able to stay employed in the long-term rather than being laid off and unemployed. Additionally, expensive hiring and training costs would not be required because hiring and training new employees would not be necessary. CNH in Fargo expects that the administration of this program will involve minimal cost and time. The CNH Fargo plant will do whatever it can do to effectively administrate the program. In conclusion, this program would benefit both the affected employees and the employer companies.

Testimony on Senate Bill No. 2374  
Presented by John Graham  
Unemployment Insurance  
Job Service North Dakota

to

*Same given to House*

The Senate Industry, Business & Labor Committee  
Senator Duane Mutch, Chairman  
January 31, 2005

Chairman Mutch, members of the Industry, Business, and Labor Committee,  
I am John Graham, representing the Unemployment Insurance program for  
Job Service North Dakota. I am appearing in support of Senate Bill No.  
2374.

By way of background, Mr. Chairman, the purpose of a "shared work"  
program is to allow an employer to reduce the hours of work of a number of  
employees, rather than completely lay off a lesser number of employees, and  
to allow those employees, assuming all other eligibility factors are met, to  
draw an unemployment insurance benefit to partially offset the loss of wages  
due to the reduction in hours.

In 2001, the Fifty-seventh Legislative Assembly enacted Senate Bill No.  
2337, creating a shared work program. The Act had a sunset clause taking it  
out of effect on June 30, 2003. When that Act was being considered, Job  
Service seriously underestimated the cost to implement the measure; and

also believed that the U.S. Department of Labor (DOL), as they had done in the past, would offer supplemental funding to offset the costs of implementation. DOL didn't, and haven't since, and the cost estimate for implementation exceeded \$900,000. Job Service did not have \$900,000 plus. So we crossed our fingers that no employer would want to use SB 2337, and pre-filed an Agency Bill (House Bill No. 1099) with an emergency clause to repeal SB 2337. That Bill was enacted and the shared work program was no longer available.

One more piece of background, Mr. Chairman. One of the major reasons why implementing the previous Bill was so expensive was that we would have been required to make significant programming changes to our antiquated mainframe Unemployment Insurance (UI) computer system. Because that system is written in an archaic programming language, because it has a database which is not relational, and for numerous other reasons, it is exceedingly difficult to modify. That is why we are seeking to begin the procurement planning process to replace that system during the next biennium.

With this background in mind, we learned of interest by at least one employer to again have a shared work program, and we met with that employer in August 2004. During that meeting we expressed concern that

any new shared work program not cost more than our budgetary resources would allow.

We struggled with trying to devise a program that would fit with our current operations, prevent fraud, allow claimants and employers to take advantage with a minimum of red tape, and not cost a great amount of money. We could not think of an alternative that met those criteria. However, we thought that, working with a select number of employers, we might devise a program that would meet those employers' needs and not be overly expensive to implement.

Thus, at Senator Grindberg's request, we drafted SB 2374 to allow a demonstration shared work project with a limited number of employers, during a limited time frame, to determine if there was a feasible way to accomplish the objectives of a shared work program while staying within our budgetary constraints.

Mr. Chairman, Job Service supports this Bill and asks that you give it a Do Pass recommendation. I would be happy to answer the Committee's questions.



I

Testimony on Senate Bill No. 2374

Presented for Job Service North Dakota  
by John Graham

February 15, 2005

Chairman Holmberg, members of the Senate Appropriations Committee, I am John Graham, representing the Unemployment Insurance program of Job Service North Dakota. I am here in support of Senate Bill No. 2374, and of the \$40,000 appropriation contained in Section 3.

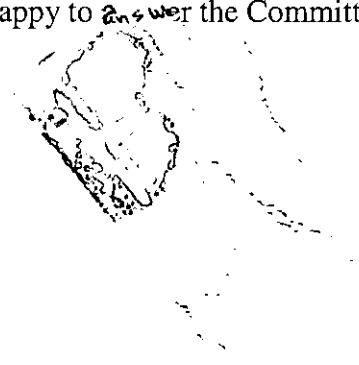
\*"Shared Work" is, in essence, a program intended to support employers and employees in situations where the employer needs to reduce its workforce. Instead of laying off a number of employees, the employer can, instead, reduce the hours of a larger number of employees, and a shared work program would make up a portion of the reduced wages through a partial unemployment insurance (UI) benefit.

The point of this Bill is to allow Job Service to run a demonstration project with a limited number of larger employers to see if there is a method by which a shared work program can be run without a huge fiscal impact on the Agency. When the 2001 Legislature enacted a shared work bill (SB 2337), with a sunset clause, the estimated fiscal impact to implement the program ranged from \$675k to \$960k, neither of which sums was available to Job Service. Fortunately, no one wanted to use the program until Job Service was able to repeal that Bill in the 2003 Session.

Now, a large manufacturing company in Fargo is again interested in participating in a shared work program. Unfortunately, Job Service receives over 97% of its funding from the U.S. Department of Labor, including 100% of the funding for the UI program. There is no way we can afford, with our current level of funding, to establish a program such as the one envisioned by the 2001 legislation. The Department of Labor does not require the program, and it is not willing to provide additional funding for a program that is at each State's option. Thus, this Bill's provision for a demonstration project to see if there is a way we can implement the program, which will be affordable.

The general fund appropriation is to cover the costs of travel for contract negotiations, some minor programming (estimated at about \$35,000 in cost) which we envision necessary to ensure that a person drawing benefits under the pilot program was not also eligible under the regular program (e.g. had opened a claim before going to work for the company engaged in the pilot); and other miscellaneous costs.

Mr. Chairman, I would be happy to answer the Committee's questions.



Testimony on Senate Bill No. 2374  
Presented by Shawn Erickson  
CNH America LLC, Fargo Plant

To the:  
House-Industry Business and Labor Committee  
Representative George Keiser, Chairman  
March 8th, 2005

Chairman Keiser, members of the Industry, Business, and Labor Committee,  
I am Shawn Erickson, representing the Fargo Plant of CNH America, LLC. I  
am appearing in support of Senate Bill No. 2374.

When a company faces difficulty beyond its control and is forced to cut back  
production, it has limited courses of action. It can either lay off workers or  
make an agreement with affected employees to participate in the proposed  
Work Sharing Arrangement. Work Sharing is a program that enables  
employees to face cutbacks and still avoid layoffs.

The CNH Fargo Plant currently employs 683 full-time permanent  
employees. Senate Bill No. 2374 would benefit our plant and other  
companies of our size in North Dakota in the following ways.

CNH operates in a cyclical business in both the Agricultural and  
Construction Equipment sectors of the worldwide economy. Therefore,  
future business trends and developments are sometimes difficult to predict.

Manufacturing production schedules change frequently throughout the year.

This bill would alleviate employee concerns and worries about their immediate future, thus improving staff morale by avoiding the hardship of being laid off. Rather than having to lay off several employees during a slow period, companies, such as CNH, would be able to maintain a qualified, stable workforce by allowing valuable employees to be retained and to collect unemployment compensation benefits. Employee's work hours would only be reduced in order to prevent employees from being laid off due to lack of work. Work Sharing Program participants do not have to serve a one week waiting period for receipt of benefits. Employees will be able to stay employed in the long-term rather than being laid off and unemployed. Additionally, expensive hiring and training costs would not be required because hiring and training new employees would not be necessary. CNH in Fargo expects that the administration of this program will involve minimal cost and time. The CNH Fargo plant will do whatever it can do to effectively administrate the program. Our plant will pay over 1.1 million dollars for unemployment insurance in 2005. In conclusion, this program would benefit both the affected employees and the employer companies. I recommend a do-pass in support of this bill.

Sincerely, Shawn Erickson

(1-SB2374)

Testimony on Engrossed Senate Bill No. 2374

Presented for Job Service North Dakota  
by John Graham

March 14, 2005

Chairman Martinson, members of the Education and Environmental Division, I am John Graham, representing the Unemployment Insurance program of Job Service North Dakota. I am here in support of Engrossed Senate Bill No. 2374, and of the \$40,000 appropriation contained in Section 3.

\* "Shared Work" is, in essence, a program intended to support employers and employees in situations where the employer needs to reduce its workforce. Instead of laying off a number of employees, the employer can, instead, reduce the hours of a larger number of employees, and a shared work program would make up a portion of the reduced wages through a partial unemployment insurance (UI) benefit.

The point of this Bill is to allow Job Service to run a demonstration project with a limited number of larger employers to see if there is a method by which a shared work program can be run without a huge fiscal impact on the Agency. When the 2001 Legislature enacted a shared work bill (SB 2337), with a sunset clause, the estimated fiscal impact to implement the program ranged from \$675k to \$960k, neither of which sums was available to Job Service. Fortunately, no one wanted to use the program until Job Service was able to repeal that Bill in the 2003 Session.

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Mr. Chairman, I would be happy to answer the Committee's questions.