

Legislative Council Study Report
Reemployment Policies, Practices and
Means of Limiting Job-Attached Claimants and Work First Project Report

Testimony of Larry D. Anderson
Job Service North Dakota

before the

Interim Legislative Committee on Industry, Business, and Labor
Senator Karen Krebsbach, Chair

Tuesday, August 29, 2006

Chair Krebsbach and members of the Interim Industry, Business and Labor Committee, I am Larry Anderson. I am the Director of Unemployment Insurance and Workforce Programs for Job Service North Dakota. Madam Chair and Committee Members, my purpose here today is to provide you with an update on the recommendation in our reemployment study of assessing a fee for businesses who routinely utilize job attachment as a retention tool and to comment as well as answer questions that may arise on the bill drafts that came from this study at your last regular meeting. First I would like to thank the Chair and the Committee for permitting the additional time requested to further analyze the following areas:

- The cost and effort required to make necessary changes to our system.
- The ongoing staff cost and effort necessary to administer the application of the charges as well as their collection.
- Whether the fee charged to employers who use the job-attached designation will provide a comprehensive solution to the "problem".
 - Limiting the number of job-attached claimants.
 - Increasing the available workforce.
 - Positively impact the Trust Fund.

We have further analyzed our concerns in these areas and are more confident in making this recommendation. We have worked with Mr. Bjornson of the Legislative Council in developing language for the three bill drafts which are before you at this time.

The bill draft before you proposes the assessment of a \$100 fee for every employee that an employer chooses to designate as job attached or declare as critical to their business operation. Providing all employers choose to utilize job attachment, this bill, if it became law, would generate an estimated \$866,600 in additional revenue from positive and negative rated employers. For Tax Year 2006 there are 19,252 employers in the tax rated system. 17,597 of them are in the positive rate schedule and 1,655 of them are in the negative rate schedule. The financial impact of this fee on the positive rate group is \$277,900, on the negative rate group is \$588,700. Attachment I to my testimony is a chart which illustrates the financial impact of the provisions of this bill draft as currently proposed. An additional provision that Job Service North Dakota recommends the committee consider, although not included in the bill as currently drafted, is for the Director to have authority to establish criteria for assessing the fee for job attachment. I would be happy to answer any questions from the committee regarding this bill draft.

Regarding the bill draft before you that proposes to modify the tax rate structure, we also worked with the Legislative Council in developing language and provisions for this bill draft. Briefly, this proposes to build on HB 1195 by adopting a subtraction versus a multiplicative formula used in HB 1195 and now in UI statute. By using a subtraction versus multiplier when rates are decreased, the effect provides for a greater decrease for

positive rated businesses than for negative rated businesses in establishing the tax rates.

Attachment II is provided as an illustration of the percentage change for positive rate groups versus the negative rate groups. Attachment III is provided as a visual illustration of these proposed provisions.

Finally, the bill draft before you regarding an appropriation for Job Service North Dakota is provided in the event any decisions are reached with regards to the study of Reemployment policies practices and procedures of Job Service North Dakota and of the Work First project that would cause the interim committee to seek an appropriation to fund these enhanced reemployment services by Job Service North Dakota.

Madam Chair, this concludes my remarks regarding the proposed assessment of a fee for utilizing job attachment as a retention tool and the other bill drafts. I would be happy to answer the Committee's questions or hear from you or committee members.

RTE 1 Claimants	
>=	<=
0	0
1	1
2	2
3	3
4	4
5	5
6	6
7	7
8	8
9	9
10	10
11	11
12	12
13	13
14	14
15	15
16	16
17	17
18	18
19	19
20	20
21	21
22	22
23	23
24	24
25	25
26	26
27	27
28	28
29	29
30	30
31	50
51	51
52	52
53	53
54	54
59	59
64	64
65	65
66	66
70	70
79	79
93	93
118	118
128	128
142	142
186	186
197	197
249	249
265	265

Total

RTE 1		Charge
Employers	Claimants	\$100
Positive		
16,502	0	0
691	691	69,100
192	384	38,400
73	219	21,900
39	156	15,600
18	90	9,000
18	108	10,800
8	56	5,600
8	64	6,400
6	54	5,400
5	50	5,000
3	33	3,300
6	72	7,200
2	26	2,600
1	14	1,400
4	60	6,000
2	32	3,200
1	17	1,700
3	54	5,400
1	19	1,900
0	0	0
2	42	4,200
0	0	0
1	23	2,300
0	0	0
1	25	2,500
2	52	5,200
0	0	0
0	0	0
0	0	0
0	0	0
4	145	14,500
0	0	0
1	52	5,200
0	0	0
0	0	0
1	59	5,900
1	64	6,400
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
1	118	11,800
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
17,597	2,779	277,900

RTE 1		Charge
Employers	Claimants	\$100
Negative		
840	0	0
283	283	28,300
141	282	28,200
88	264	26,400
54	216	21,600
26	130	13,000
34	204	20,400
30	210	21,000
16	128	12,800
15	135	13,500
6	60	6,000
14	154	15,400
13	156	15,600
6	78	7,800
7	98	9,800
9	135	13,500
7	112	11,200
3	51	5,100
5	90	9,000
3	57	5,700
2	40	4,000
3	63	6,300
1	22	2,200
3	69	6,900
0	0	0
2	50	5,000
3	78	7,800
1	27	2,700
1	28	2,800
0	0	0
2	60	6,000
21	798	79,800
1	51	5,100
0	0	0
2	106	10,600
1	54	5,400
1	59	5,900
1	64	6,400
0	0	0
1	66	6,600
1	70	7,000
1	79	7,900
1	93	9,300
0	0	0
1	128	12,800
1	142	14,200
1	186	18,600
1	197	19,700
1	249	24,900
1	265	26,500
1,655	5,887	588,700

Total 19,252 8,666 866,600

Description	Subtraction Method	Calendar Year 2006 - 0.15% Decrease in the Average Tax Rate on Taxable Wages			Numeric Change	Percentage Change
		Rate for Income Needed to Pay Benefits 52-04-05.1.a.	Multiplier for Solvency Balance 52-04-05.5.d.	Rate for Solvency Balance		
10 groups = 100% of positive employer taxable wages	0.35%	0.43%	94.15%	0.40%	0.05%	14.29%
	0.45%	0.53%	94.15%	0.50%	0.05%	11.11%
	0.55%	0.63%	94.15%	0.59%	0.04%	7.27%
	0.65%	0.73%	94.15%	0.69%	0.04%	6.15%
	0.75%	0.83%	94.15%	0.78%	0.03%	4.00%
	0.85%	0.93%	94.15%	0.88%	0.03%	3.53%
	0.95%	1.03%	94.15%	0.97%	0.02%	2.11%
	1.05%	1.13%	94.15%	1.06%	0.01%	0.95%
	1.15%	1.23%	94.15%	1.16%	0.01%	0.87%
	1.25%	1.33%	94.15%	1.25%	0.00%	0.00%
10 groups = 100% of negative employer taxable wages	6.35%	6.43%	94.15%	6.05%	-0.30%	-4.72%
	6.75%	6.83%	94.15%	6.43%	-0.32%	-4.74%
	7.15%	7.23%	94.15%	6.81%	-0.34%	-4.76%
	7.55%	7.63%	94.15%	7.18%	-0.37%	-4.90%
	7.95%	8.03%	94.15%	7.56%	-0.39%	-4.91%
	8.35%	8.43%	94.15%	7.94%	-0.41%	-4.91%
	8.75%	8.83%	94.15%	8.31%	-0.44%	-5.03%
	9.15%	9.23%	94.15%	8.69%	-0.46%	-5.03%
	9.55%	9.63%	94.15%	9.07%	-0.48%	-5.03%
	9.95%	10.03%	94.15%	9.44%	-0.51%	-5.13%
Negative - construction	9.95%	10.03%	94.15%	9.44%	-0.51%	-5.13%
Negative - non-construction	6.35%	6.43%	94.15%	6.05%	-0.30%	-4.72%
New - non-construction	1.87%	1.99%	94.15%	1.87%	0.00%	0.00%
New - construction	9.95%	10.03%	94.15%	9.44%	-0.51%	-5.13%
Average Tax Rate	1.35%	1.43%	94.15%	1.35%	0.00%	0.00%

