



House Education & Environment
Appropriations Committee

JOB SERVICE
NORTH DAKOTA
TESTIMONY

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Senate Bill 2016
Bryan Klipfel
March 3, 2021

HOUSE EDUCATION & ENVIRONMENT
APPROPRIATIONS COMMITTEE

SB 2016

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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.

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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 Alternative 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.^[1] 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.

^[1] 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 difficulty 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

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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

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- 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
 - 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 \$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.

1. 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. Federal Pandemic Unemployment Compensation (FPUC) – 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.

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3. Pandemic Emergency Unemployment Compensation (PEUC) – 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. Extended Benefits (EB) – 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. Lost Wages Assurances (LWA) – This was a temporary program that provided an additional \$300 payment to claimants who were affected directly by the pandemic.
7. Temporary Compensation – When North Dakota made the decision to waive the waiting week, the federal government reimbursed us for the first week paid to claimants.
8. Emergency Unemployment Insurance Stabilization and Access Act (EUISAA) – These are funds provided by the federal government under the CARES Act for emergency relief for unemployment insurance administrative costs.
9. US Relief – 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. National Dislocated Worker Grant (DW) – 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.

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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.

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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:

Salary

- 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 is offset by salary and wages line item increases mentioned herein.

(slide 14)

JSND does receive limited general and special funds as follows:

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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.

SLIDE
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BRYAN KLIPFEL

MARCH 3, 2021

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WHO WE ARE

WHERE WORKFORCE MEETS MAIN STREET



Wahpeton, ND

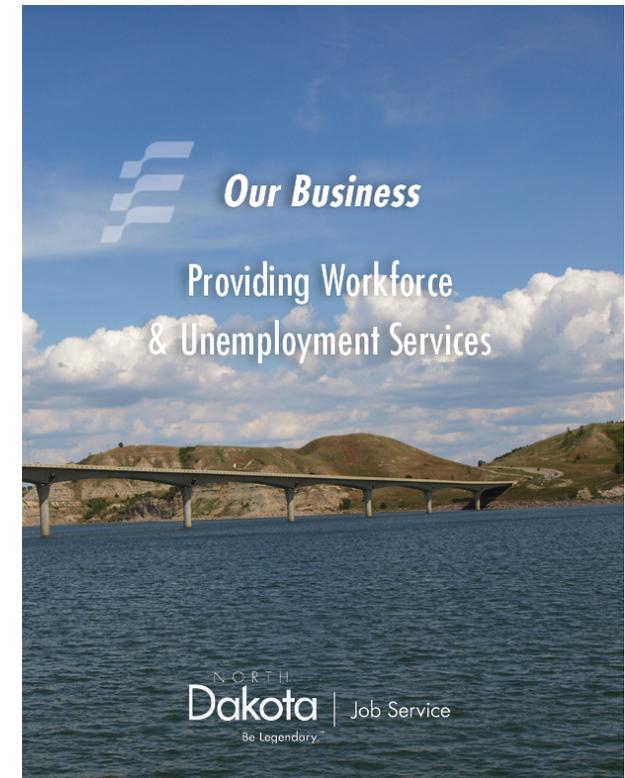
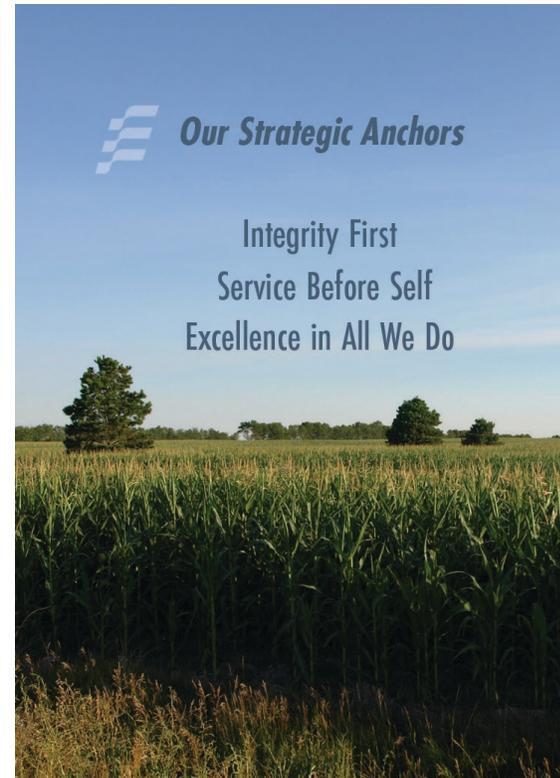
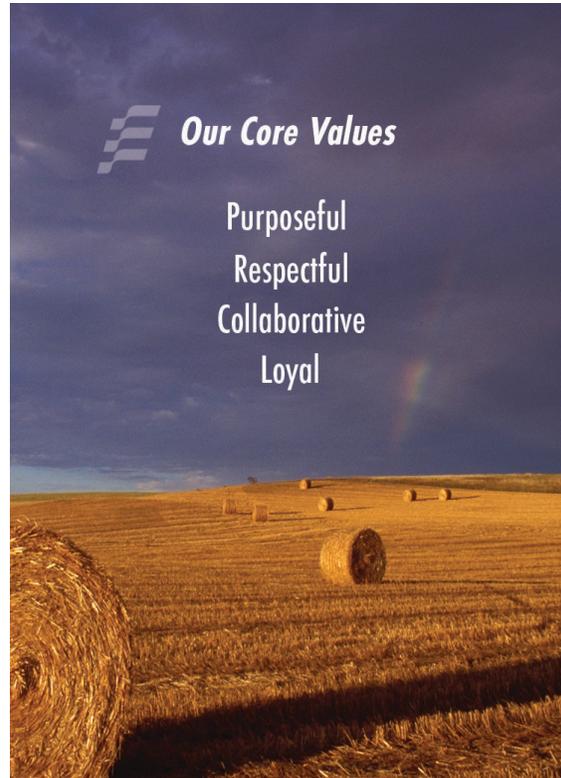
WHO WE ARE:

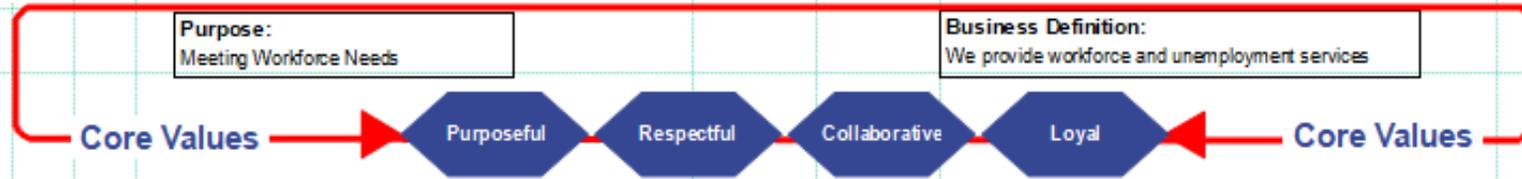
- Regional workforce experts
- Strong partners with employers, schools, local EDC's and chambers
- Knowledgeable of local communities and current events
- Knowledgeable about local economics

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





- PRIORITY INITIATIVE
- INITIATIVE COMPLETED
- INITIATIVE IN PROGRESS
- INITIATIVE NOT STARTED

Revised: October 28, 2020

THEMATIC GOAL: F1.3 IDENTIFY ALTERNATIVE FUNDING SOURCES

STRATEGIC ANCHORS: Integrity First Service Before Self Excellence in all we do

		Organizational Strategy Map:	Performance Measures	Strategic Initiatives
Strategic Perspectives	Customer	C1 Improve Customer Experience	C1 Improve Customer Experience PM: WFC Customer Satisfaction Survey PM: Claimant Survey PM: Reduction of call wait times PM: Employer Survey PM: Monthly percent of resource use PM: New Hire Cross Match Information	C1.1 Maximize website features to improve customer interaction C1.2 Grow Social Media presence agency wide C1.3 Identify internal business process opportunities with a focus on re-employment C1.4 Publish and promote LMI dashboards C1.5 Identify best practices to support business hiring workers in today's environment C1.6 Continue statewide collaboration toward online business registration C1.7 Review all customer surveys to make sure information captured is meaningful
	Finance	F1 Optimize Financial Resources, F2 Improve the Safeguarding of Assets	F1 Optimize Financial Resources PM: Annual SQ occupancy cost PM: Annual software costs PM: % new revenue from program expansion F2 Improve the Safeguarding of Assets PM: % of sensitive data files quarterly PM: Percent of asset value vs. op costs	F1.1 Identify entities for co-location F1.2 Analyze building ownership vs. leasing F1.3 Identify alternative funding sources F2.1 Create strategy to protect federal/state dollars from unemployment insurance fraud F2.2 Review internal processes and procedures to ensure protection of physical assets
	Business Process	BP1 Improve Internal & External Communications, BP2 Improve Business Operations	BP1 Improve Internal & External Communication PM: Annual employee survey PM: Monthly Internet Usage PM: Employer survey PM: Job Fair exit survey improvement percent PM: Website/Social Media analytics BP2 Improve Business Process PM: Varies by business unit PM: Metrics are variable depending on project	BP1.1 Create a strategic promotion & communication plan BP2.1 Review and update HR policies and processes BP2.2 Identify opportunities for artificial intelligence BP2.3 UI Modernization
	Employees	E1 Improve Organizational Climate and Culture, E2 Improve Employee Development	E1 Improve Organizational Climate & Culture PM: Turnover Percentage (base & target) PM: Retention Rate (base & target) PM: Annual employee survey PM: New Hire Survey (new) E2 Improve Employee Development PM: % of employees using development funds	E1.1 Create strategic compensation plan E1.2 Complete Job Analysis E1.3 Create a flexible environment to drive organizational connection from hire to retire E1.4 Implement Servant Leadership E1.5 Create a safety plan incorporating building security, personal safety, and work from home safety and security E2.1 Create Succession Plan Model E2.1 Create strategic development program

Our Strategic Direction

OUR ORGANIZATION

**MEETING
WORKFORCE NEEDS**



ACCOMPLISHMENTS

Pre-Pandemic



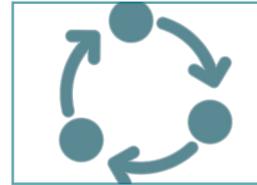
Customer

- 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

ACCOMPLISHMENTS

Pandemic



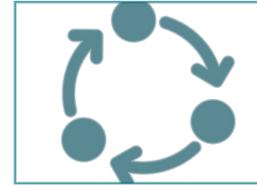
Customer

- 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

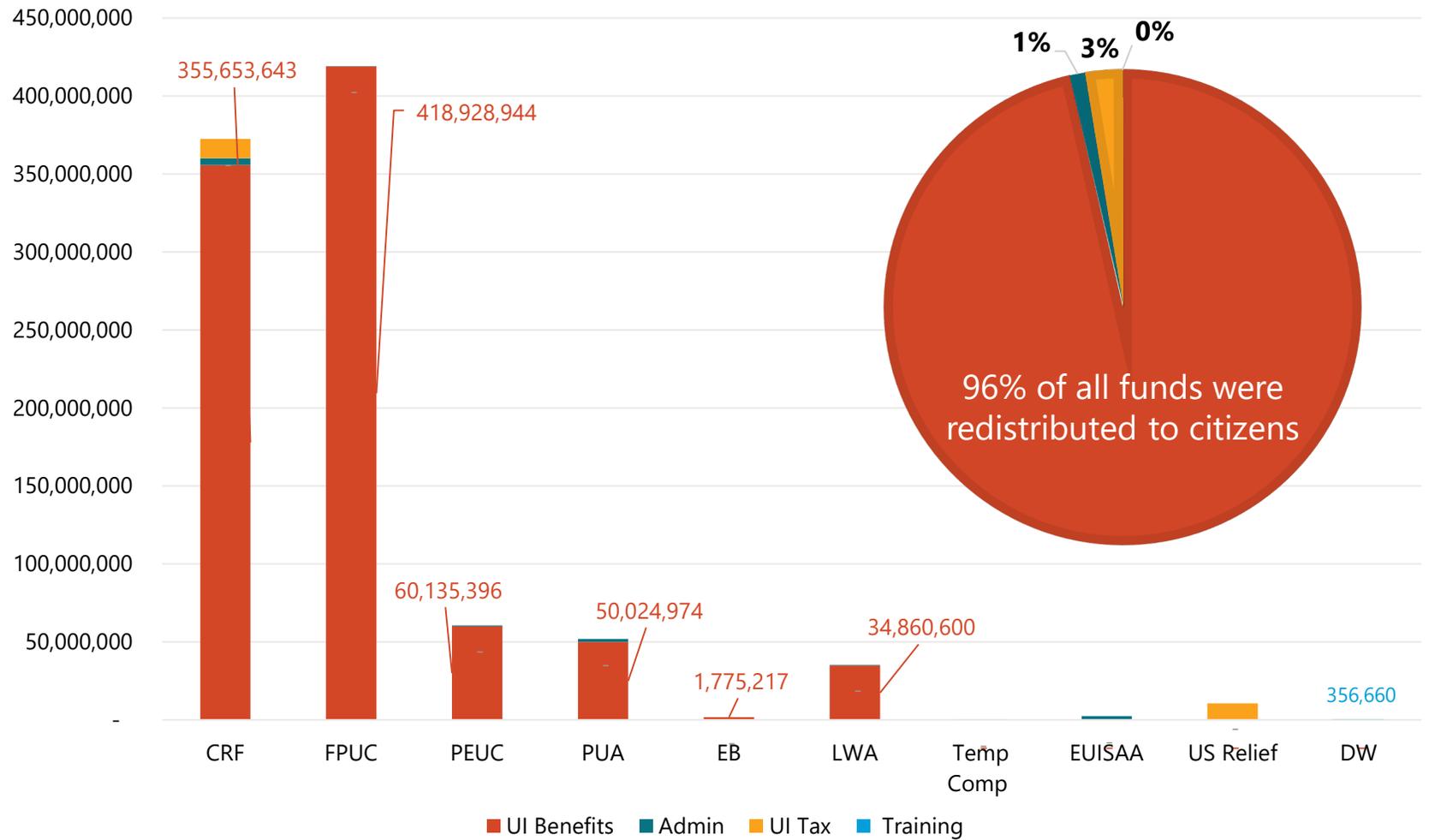


Employees

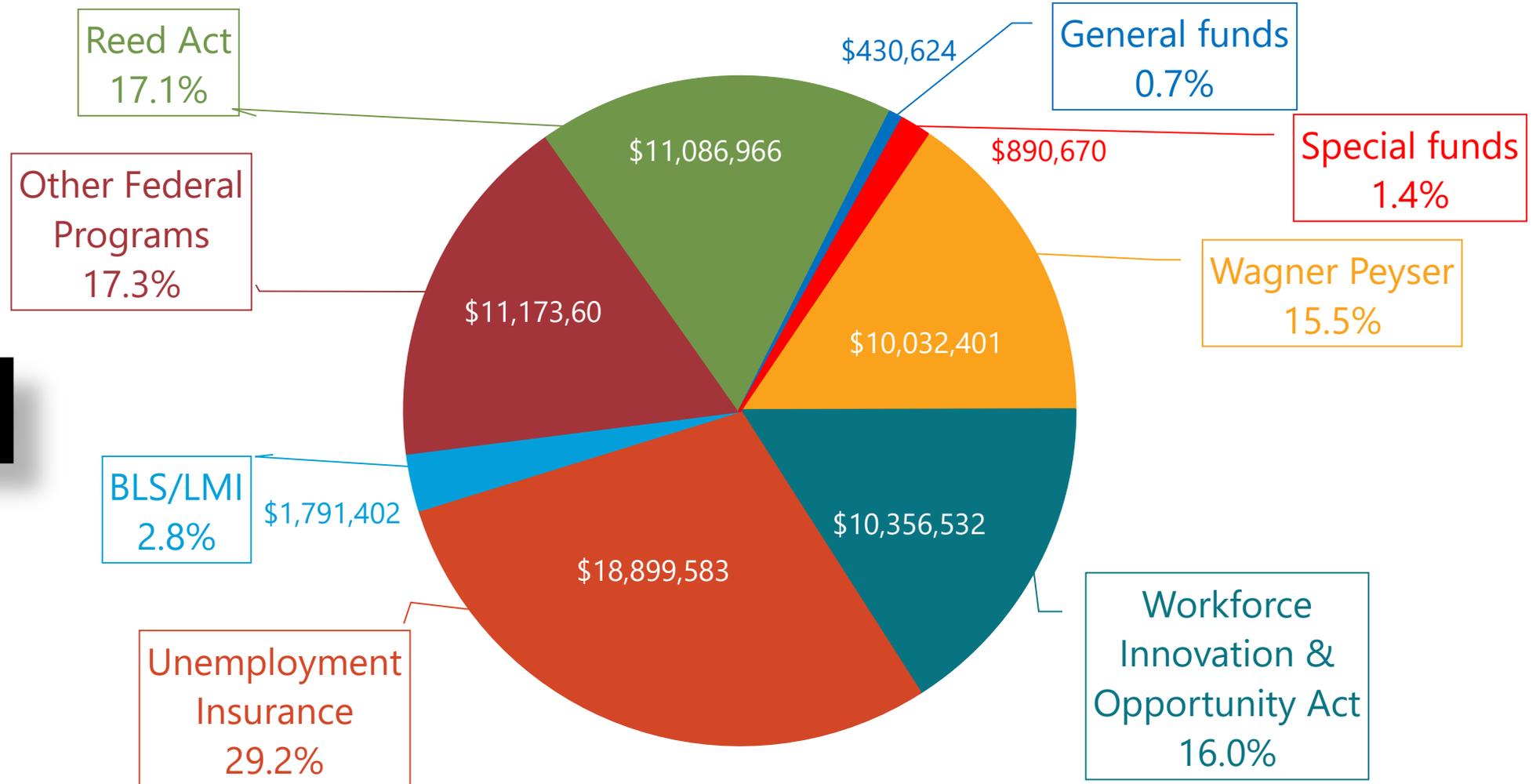
- Coordinated transition of 80% of staff to virtual environment
- Transitioned staff to priority areas
- Hired over 100 temporary employees
- Entered into a contract with vendor for appeal processing

COVID-19 PANDEMIC FUNDING

COVID-19 Federal Funds



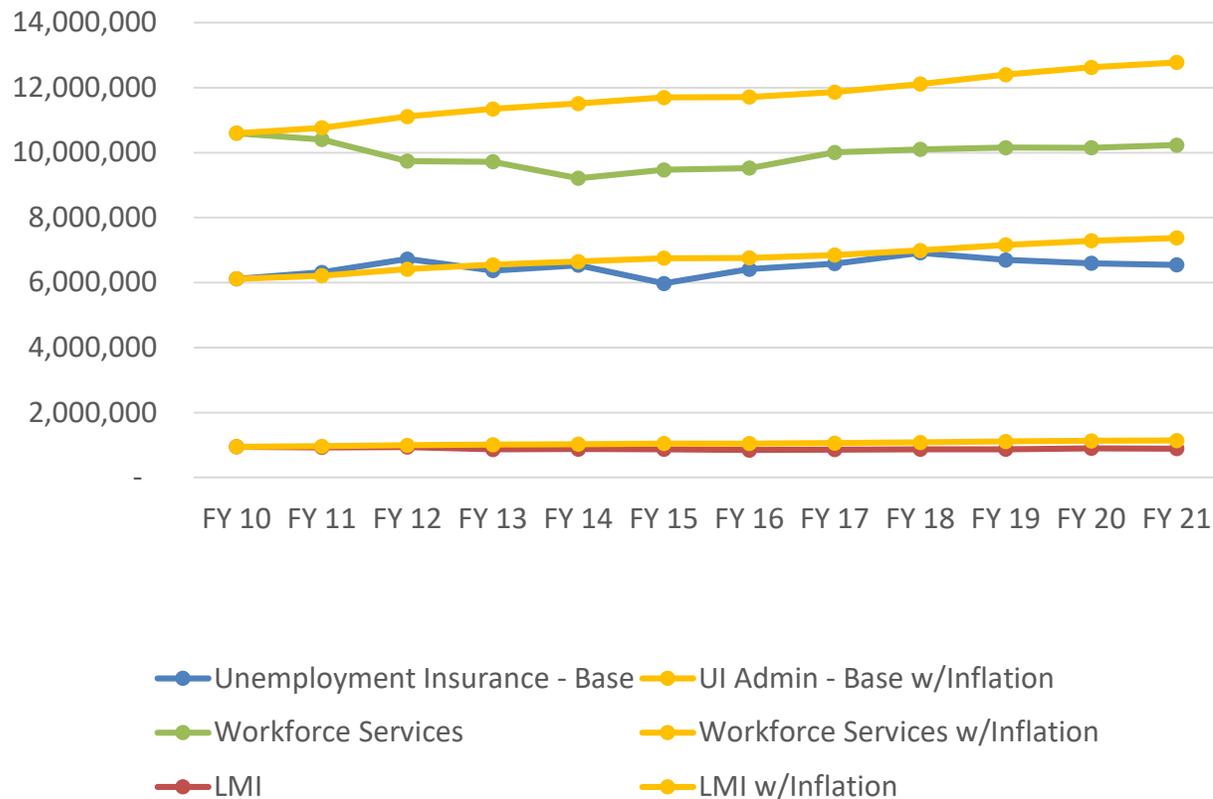
FUNDING 2019-2021



98% Federally Funded

FUNDING HISTORY

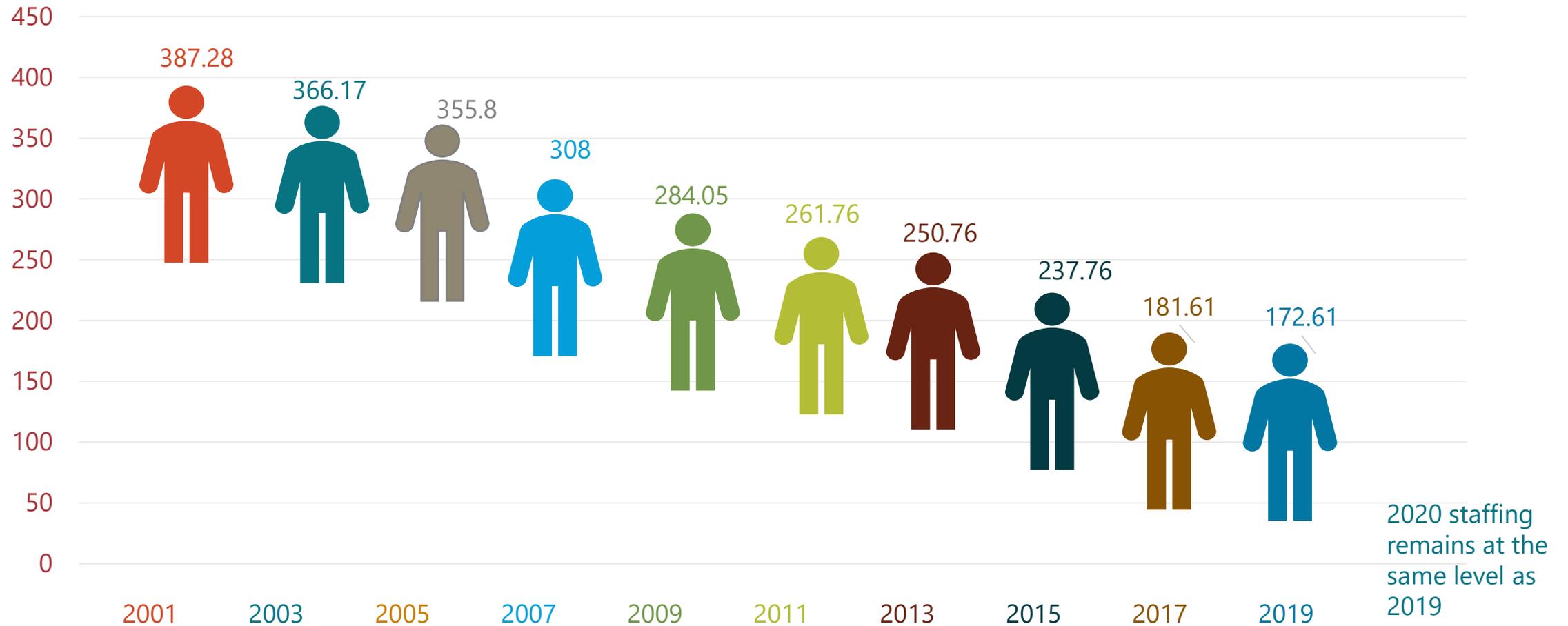
FUNDING STREAMS – Actual vs. Adjusted for Inflation



- 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



Infrastructure

- Supporting the legacy mainframe-based 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



External Factors

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

2021-2023 APPROPRIATION

	2021-23 Base	Change Packages & Governor's Recommendations	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

APPROPRIATIONS

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

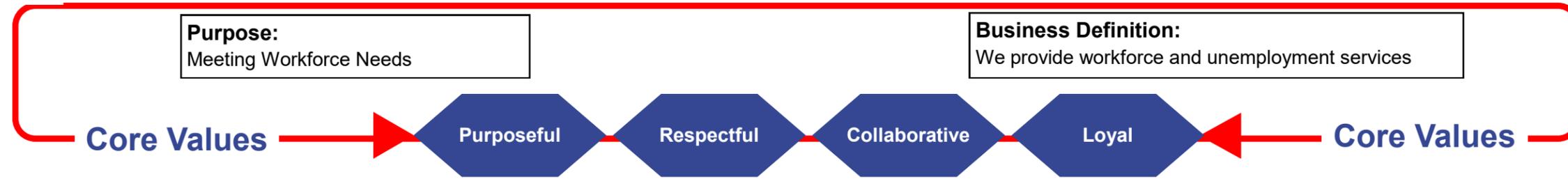
WHO WE ARE



APPENDIX

APPENDIX A

Strategic Plan



- PRIORITY INITIATIVE
- INITIATIVE COMPLETED
- INITIATIVE IN PROGRESS
- INITIATIVE NOT STARTED

Revised: October 28, 2020

THEMATIC GOAL: F1.3 IDENTIFY ALTERNATIVE FUNDING SOURCES

STRATEGIC ANCHORS: Integrity First Service Before Self Excellence in all we do

		Organizational Strategy Map:	Performance Measures	Strategic Initiatives
Strategic Perspectives	Customer	<div style="background-color: yellow; border: 1px solid black; padding: 10px; text-align: center;"> C1 Improve Customer Experience </div>	C1 Improve Customer Experience PM: WFC Customer Satisfaction Survey PM: Claimant Survey PM: Reduction of call wait times PM: Employer Survey PM: Monthly percent of resource use PM: New Hire Cross Match Information	C1.1 Maximize website features to improve customer interaction C1.2 Grow Social Media presence agency wide C1.3 Identify internal business process opportunities with a focus on re-employment C1.4 Publish and promote LMI dashboards C1.5 Identify best practices to support business hiring workers in today's environment C1.6 Continue statewide collaboration toward online business registration C1.7 Review all customer surveys to make sure information captured is meaningful
	Finance	<div style="display: flex; justify-content: space-around; background-color: yellow; border: 1px solid black; padding: 10px;"> <div style="border: 1px solid black; border-radius: 50%; padding: 5px; text-align: center;"> F1 Optimize Financial Resources </div> <div style="border: 1px solid black; border-radius: 50%; padding: 5px; text-align: center;"> F2 Improve the Safeguarding of Assets </div> </div>	F1 Optimize Financial Resources PM: Annual SQ occupancy cost PM: Annual software costs PM: % new revenue from program expansion F2 Improve the Safeguarding of Assets PM: % of sensitive data files quarterly PM: Percent of asset value vs. op costs	F1.1 Identify entities for co-location F1.2 Analyze building ownership vs. leasing F1.3 Identify alternative funding sources F2.1 Create strategy to protect federal/state dollars from unemployment insurance fraud F2.2 Review internal processes and procedures to ensure protection of physical assets
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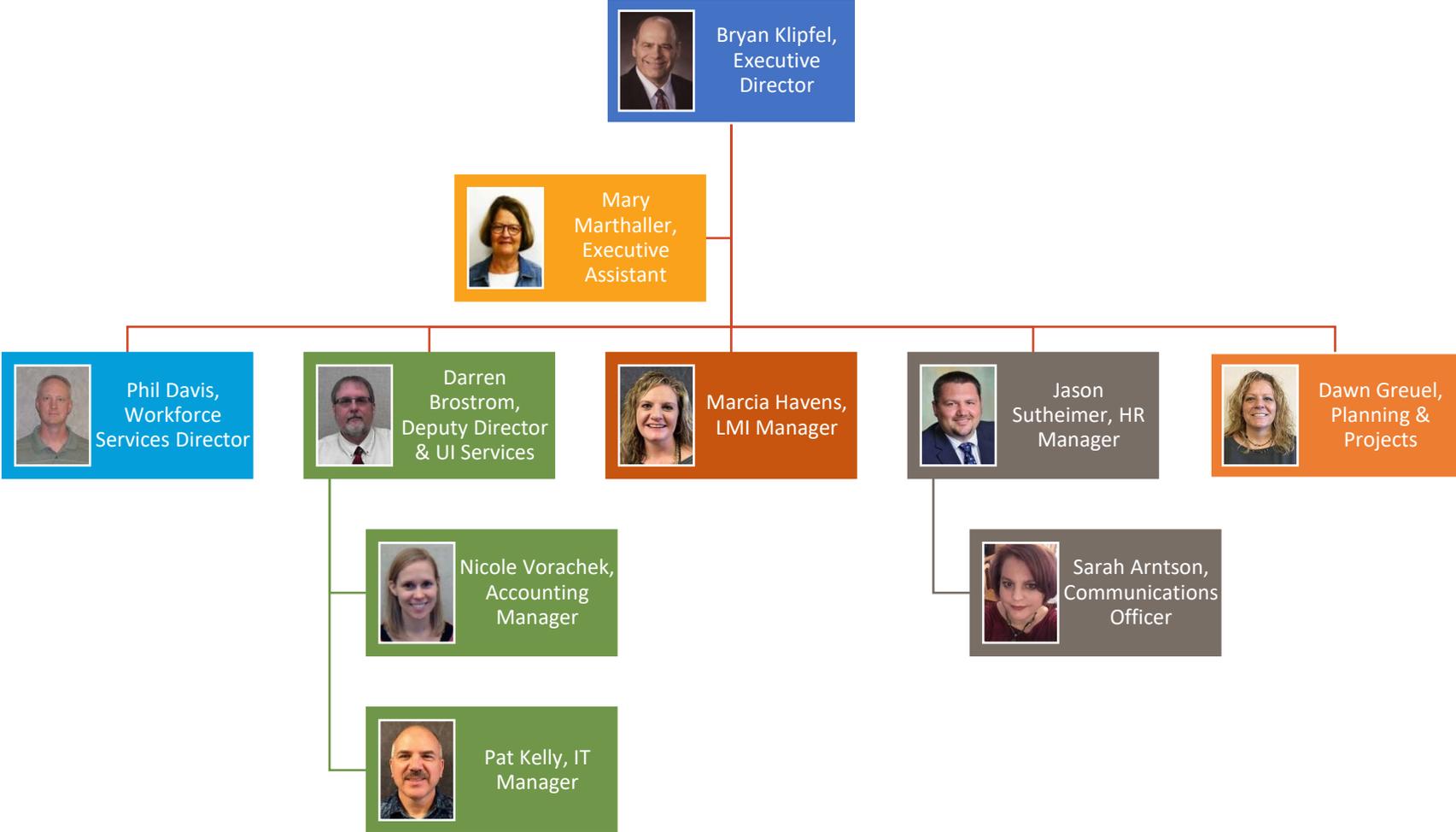
JSND's core purpose	<i>Meeting Workforce Needs</i>								
our core values	Purposeful		Respectful			Collaborative		<small>Be Legendary.™</small> Loyal	
our Strategic Anchors	Integrity First			Service Before Self			Excellence in all we do		
our Strategic Perspectives	Customer		Finance			Business Process		Employees	
We deliver on ND's core missions	Health, safety, and security of all citizens	Attract, engage, and retain workforce	Safely move people and goods	Empower through trusted information	Conserve, use, and manage natural and cultural resources	Attract, retain, expand, and protect wealth	Equip Students (learners) for success	Ensure fiscal responsibility	
by connecting to ND's strategic initiatives	Main Street		Behavioral Health		Reinventing Government		Transforming Education		Tribal Partnerships
with an aspire to culture	Work as One		Citizen Focus		Growth Mindset		Make a Difference		Leadership Everywhere
grounded in values	Gratitude		Humility			Curiosity		Courage	
and driven by ND's purpose	<i>Empower People, Improve Lives, Inspire Success</i>								

APPENDIX B

Leadership Team

APPENDIX B

JSND LEADERSHIP TEAM



APPENDIX C

Workforce Services

OUR BUSINESS – WORKFORCE SERVICES



**FEDERAL GRANTS
DHS CONTRACTS**



**CAREER SERVICES
EMPLOYER SERVICES**



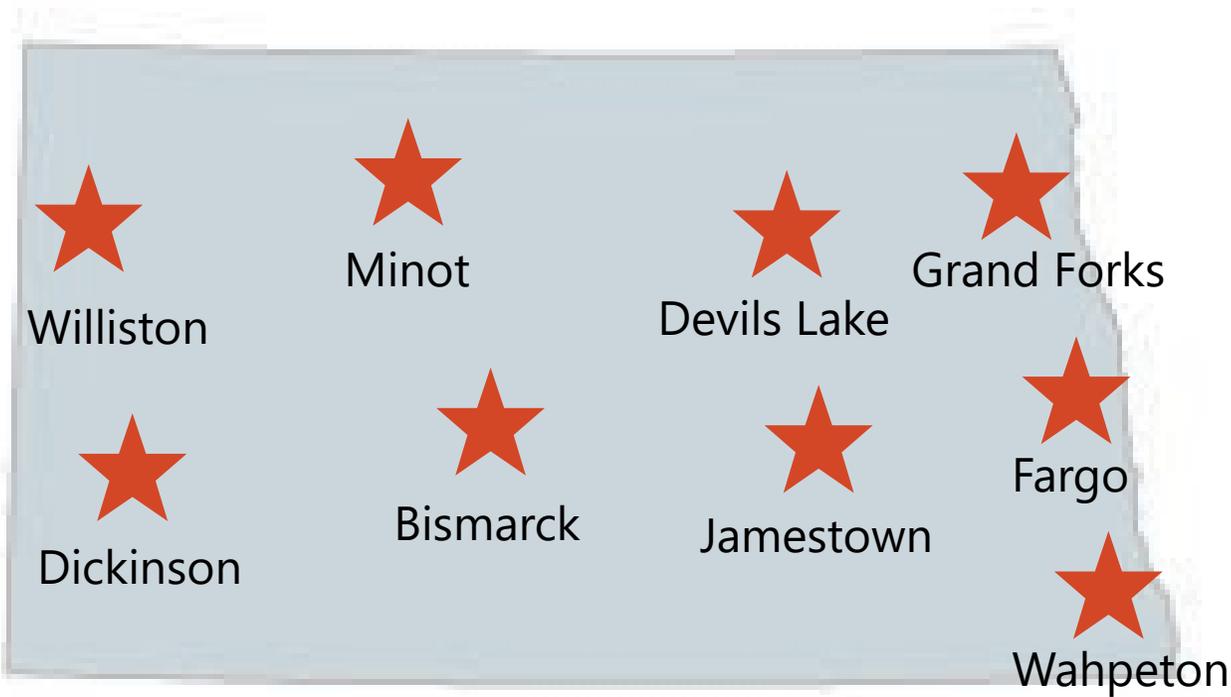
HIRING EVENTS



COMMUNITY OUTREACH

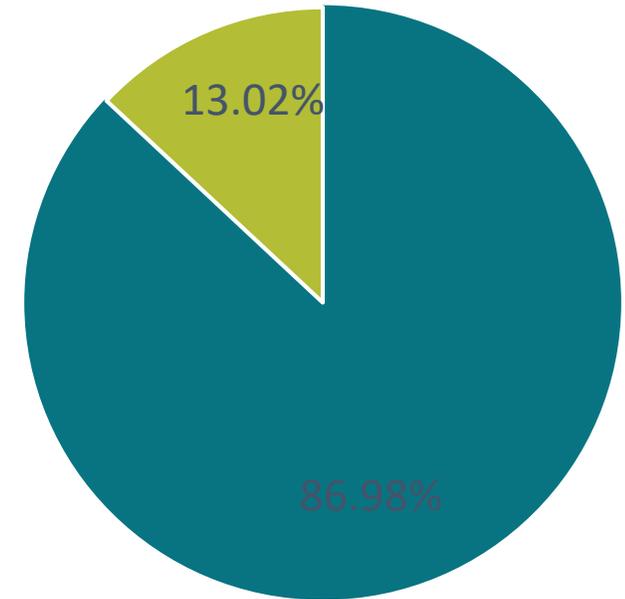
IMPACTING NORTH DAKOTA'S WORKFORCE

OUR BUSINESS – WORKFORCE SERVICES



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

JANUARY 2019-MARCH 2020 CUSTOMERS



■ Workforce Programs ■ UI

OUR BUSINESS – WORKFORCE SERVICES



FEDERAL PROGRAMS

WIOA YOUTH

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

WIOA ADULT

523 Participants
82.7% Employed 1 year after program exit

WIOA DISLOCATED WORKER

107 Participants
80.0% 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

OUR BUSINESS – WORKFORCE SERVICES



Connecting
Employers &
Job Seekers
**Services for
Job Seekers**

In-Person Services

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

Virtual One Stop (Jobsnd.com)

One Stop System for Job Seekers

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

Job Seeker Education

Workshop Facilitation in all 9 Workforce Centers

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

OUR BUSINESS – WORKFORCE SERVICES



Employer Services

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

Virtual One-Stop (Jobsnd.com)

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

Rapid Response

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

H2A

- 710 Job Orders & Housing Inspections
- 1,988 hours conducting inspections
- 51,190 miles driven

STATE PROGRAM

NEW JOBS TRAINING

- 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



Connecting
Employers &
Job Seekers

**Services for
Employers**

OUR BUSINESS – WORKFORCE SERVICES



In-House Hiring Events



- 503 during 2019
- 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

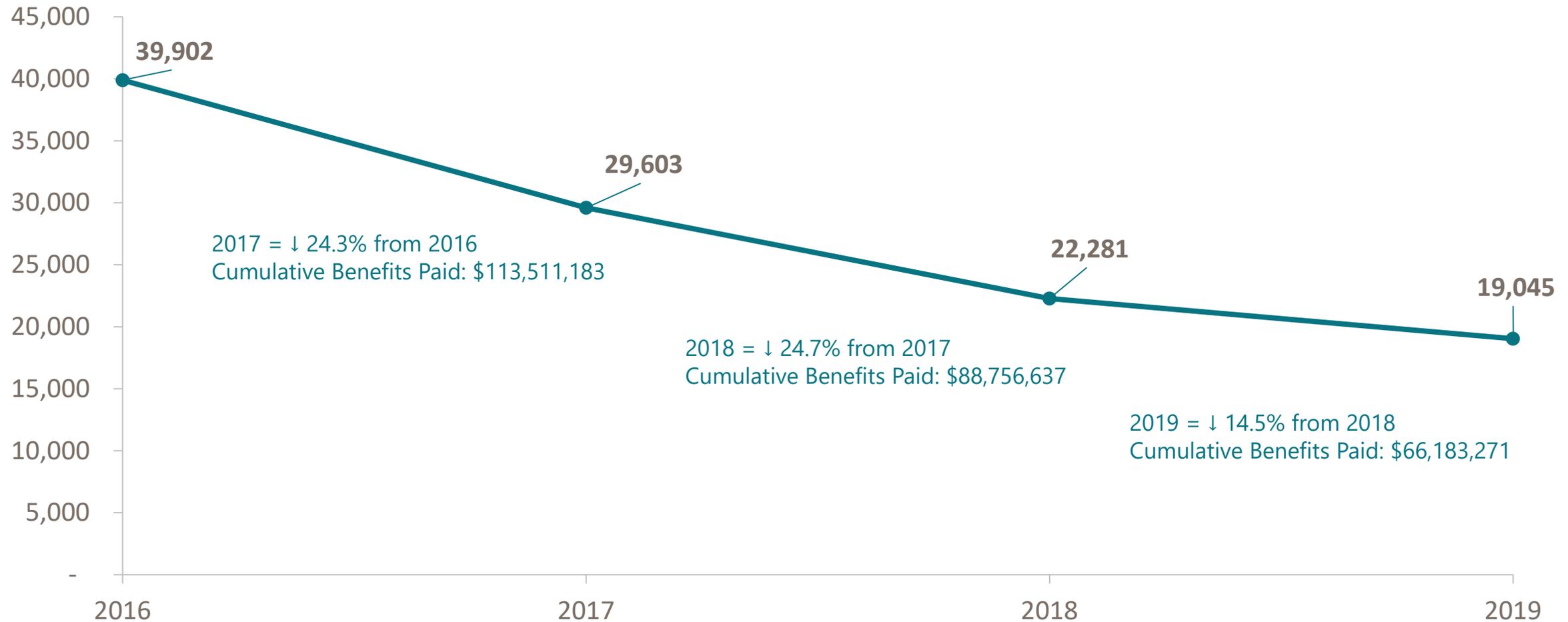
OUR BUSINESS - UNEMPLOYMENT



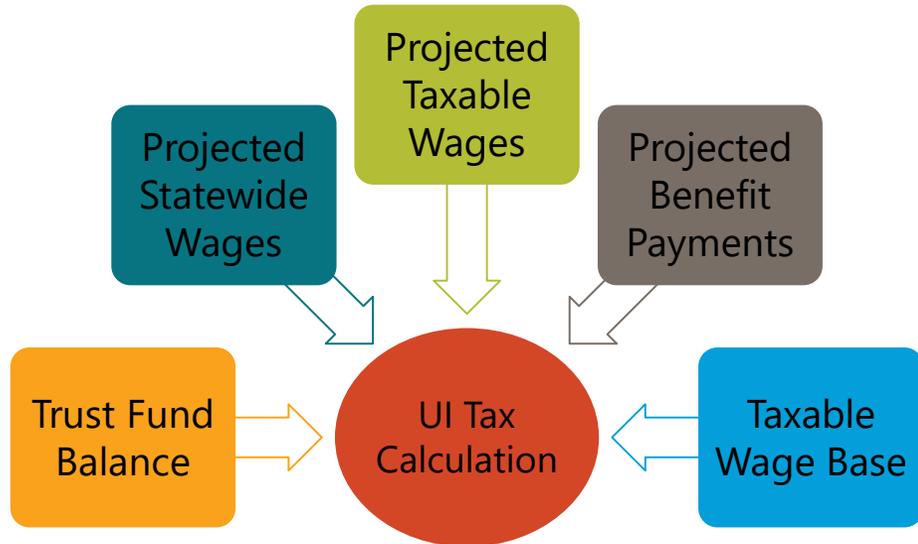
IMPACTING NORTH DAKOTA'S ECONOMY & WORKFORCE

OUR BUSINESS - UNEMPLOYMENT

PRE-PANDEMIC ANNUAL UI CLAIMS



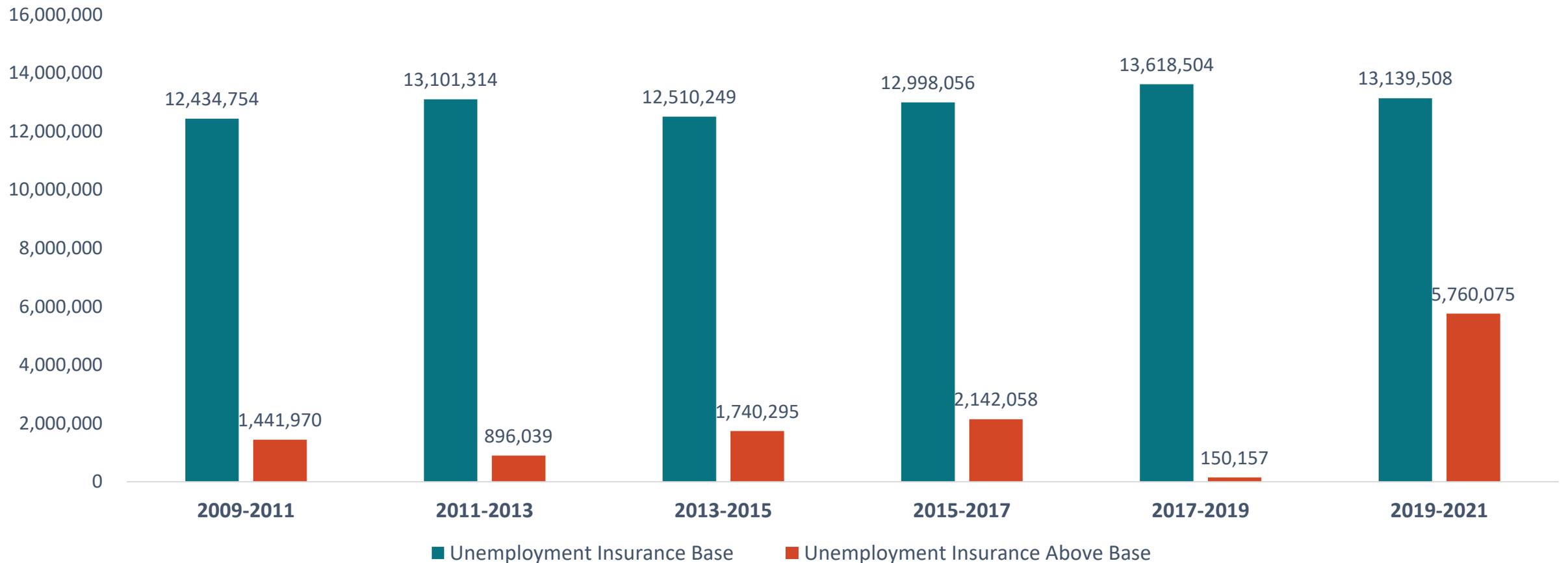
TAX RATES AND THE UI TRUST FUND



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

UNEMPLOYMENT INSURANCE FUNDING

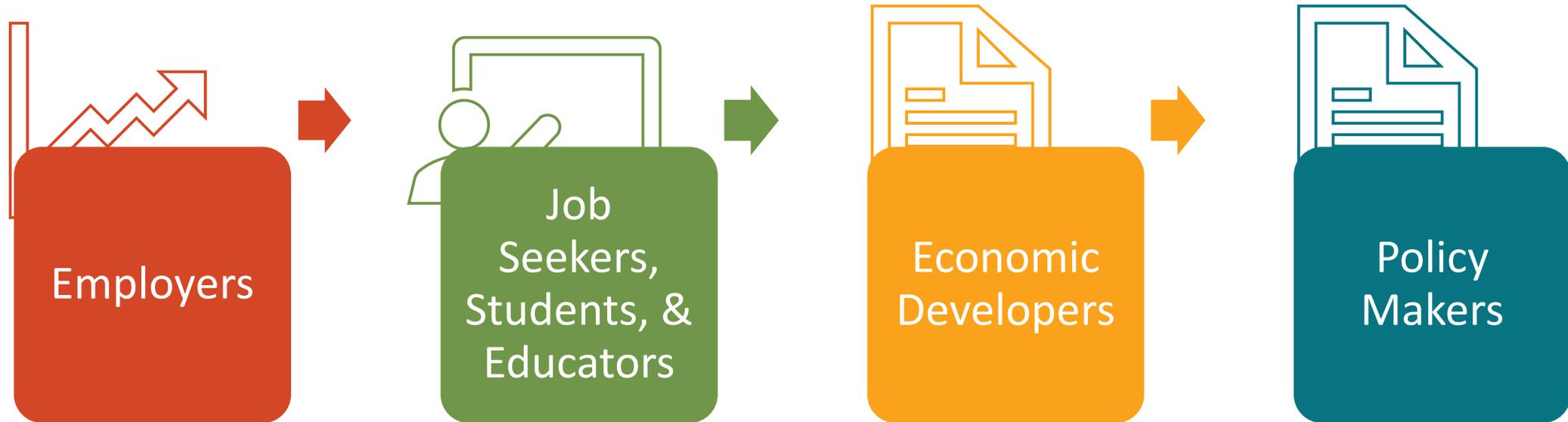
2009-2021 UNEMPLOYMENT INSURANCE BUDGET



APPENDIX E

Labor Market Information

OUR BUSINESS – LABOR MARKET INFORMATION



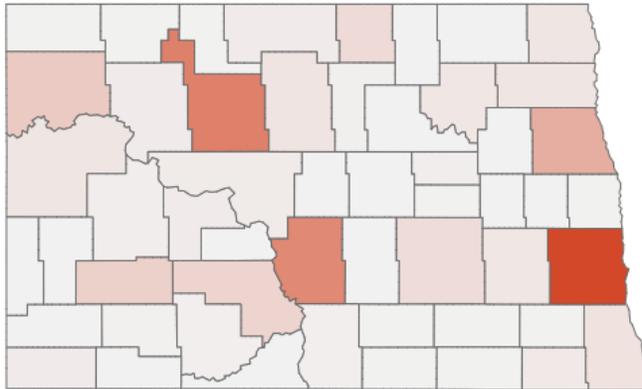
IMPACTING NORTH DAKOTA'S WORKFORCE

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



Last Updated 12/24/2020 7:30 AM

UNEMPLOYMENT INTERACTIVE DASHBOARD

Select Unemployment Data

Continued Claims

Initial Claims

Payments

Select Week (Ending date)

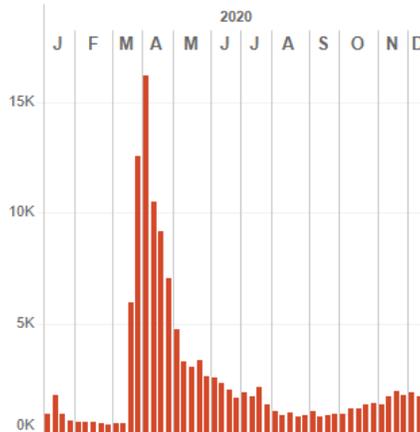
December 19, 2020

Select Type of Detail

Industry (Employer Type)

- Industry (Employer Type)
- Occupation Group (Employee Type)
- Gender
- Race/Ethnicity
- Age Group

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



APPENDIX F

Historical Funding

APPENDIX F

JSND HISTORICAL FEDERAL FUNDING*												
Biennium	2009-2011		2011-2013		2013-2015		2015-2017		2017-2019		2019-2021	
Wagner Peysner	\$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	

*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	# 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

* 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



Workforce Services

State Workforce Comparison



Population

762,062

577,737

882,235

1,062,305

Workforce Centers

9

22

16

17

State Funds

No

Yes

Yes

Yes

Our Business

Unemployment

Neighboring State Unemployment Comparison



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