

**Job Service North Dakota
Budget No. 380
Senate Bill No. 2016**

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriation	181.61	\$545,793 ¹	\$54,899,156	\$55,444,949
2015-17 legislative appropriation	<u>237.76</u>	<u>1,977,580</u>	<u>70,467,866</u>	<u>72,445,446</u>
2017-19 appropriation increase (decrease) to 2015-17 appropriation	(56.15)	(\$1,431,787)	(\$15,568,710)	(\$17,000,497)

¹This amount includes \$100,000 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$445,793.

Item Description

Status/Result

FTE position changes - The Legislative Assembly approved 181.61 FTE positions for Job Service North Dakota for the 2017-19 biennium, a decrease of 56.15 FTE positions from the 2015-17 biennium.

All 56.15 FTE positions have been removed.

One-time funding - The Legislative Assembly provided \$100,000 of one-time funding from the general fund for defraying the expenses of Job Service North Dakota relocating from the Bismarck central office to the Bismarck regional office and for costs associated with renovations of the Bismarck regional office necessary for normal business operations. The funding is contingent on Job Service North Dakota relocating from the Bismarck central office to the Bismarck regional office during the 2017-19 biennium.

Job Service North Dakota has determined it is not feasible to relocate from the Bismarck central office to the Bismarck regional office due to capacity and security concerns. Therefore, Job Service North Dakota does not anticipate spending any of the \$100,000 appropriation.

Leased facilities - Section 6 of 2017 Senate Bill No. 2016 identified \$750,000 of estimated rent revenue as a result of Job Service North Dakota potentially leasing the Minot regional office and a portion of the Bismarck central office to other state agencies. Any revenue collected must be deposited in the Job Service North Dakota operating fund. If Job Service North Dakota does not lease these properties during the 2017-19 biennium, no rent revenue will be collected.

Job Service North Dakota began leasing a portion of the Minot regional office to the Attorney General's Bureau of Criminal Investigation in September 2017 at a rate of \$6.56 per square foot.

Section 9 of Senate Bill No. 2016 provides for a Legislative Management study of office space cost and value of properties owned by Job Service North Dakota in Fargo, Rolla, Minot, and Bismarck during the 2017-18 interim, with input from the Office of Management and Budget. If Job Service North Dakota sells or leases any of these properties before July 1, 2017, the property may not be included in the study.

Job Service North Dakota has determined the agency is able to conduct normal business operations by utilizing only two of the four floors of its central office building in Bismarck. In October 2017 Job Service North Dakota began leasing space on the ground floor of the central office to the Department of Corrections and Rehabilitation at a rate of \$7.78 per square foot. Job Service North Dakota is currently seeking another state agency to rent the remaining available space in the central office.

Through May 2018 Job Service North Dakota has received \$35,000 of rent revenue from state agencies leasing Job Service North Dakota facilities.

New jobs training - Section 8 of Senate Bill No. 2016 states that during the 2017-19 biennium, Job Service North Dakota may not award more than \$2.5 million for new agreements related to the new jobs training program under North Dakota Century Code Chapter 52-02.1.

Job Service North Dakota has not sold any properties during the 2017-19 biennium and does not anticipate leasing the Fargo or Rolla properties. Job Service North Dakota plans to request authority to sell the Rolla property from the 2019 Legislative Assembly.

Through March 2018 Job Service North Dakota has awarded \$900,000 of new job training funding and anticipates awarding the remaining amount during the 2017-19 biennium.

Job insurance trust fund balance - Section 52-02-17 requires Job Service North Dakota to report to the Legislative Council before March 1 of each year on the actual trust fund balance and the projected trust fund balance for the next 3 years.

Unemployment insurance computer modernization project - The Legislative Assembly appropriated \$11.5 million of federal funds from Reed Act distributions received in federal fiscal years 1957, 1958, 1999, and 2002 for continuing the agency's efforts to develop a modernized unemployment insurance computer system.

Electronic payment processing system - In Section 10 of 2017 Senate Bill No. 2021, the Legislative Assembly approved Bank of North Dakota loans for the Department of Transportation, Secretary of State, Parks and Recreation Department, Game and Fish Department, Workforce Safety and Insurance, and Highway Patrol for implementing a new electronic payment system related to merchant credit card fees. Section 11 of the bill provides for the repayment of the loans authorized in Section 10, using special funds derived from additional revenue received as a result of the new system.

While Job Service North Dakota was not authorized to obtain a Bank of North Dakota loan for the electronic payment processing system; however, Job Service North Dakota was allowed to participate in the program if existing funding could be utilized within the 2017-19 department budget.

As of December 31, 2017, the job insurance trust fund reserve was \$134.6 million, which was \$38.3 million less than the target balance of \$172.9 million.

In March 2018 Job Service North Dakota presented information related to increased unemployment claims and the decrease in the job insurance trust fund reserve to the Budget Section.

The projected job insurance trust fund balances for the next 3 years are:

December 31, 2018	\$153.5 million
December 31, 2019	\$158.4 million
December 31, 2020	\$162.0 million

Job Service North Dakota was participating in a four-state consortium with Colorado, Wyoming, and Arizona to develop a modernized unemployment insurance system with the vendor HCL Technologies Limited. Job Service North Dakota withdrew from the consortium in April 2015 due to a lack of progress made by HCL Technologies Limited and reduced certainty of the new unemployment insurance system meeting the needs of Job Service North Dakota. The remaining three states continued with the consortium until the fall of 2015. These three states pursued litigation against HCL Technologies Limited and settled in 2017. Job Service North Dakota was not associated with any lawsuit with HCL Technologies Limited, as Job Service North Dakota exited the consortium prior to the final cancelation of the agreement.

In October 2017 Job Service North Dakota entered into a three-state consortium with Idaho and Vermont for an Internet unemployment system (IUS), which was developed by the State of Idaho and Microsoft, to replace the current unemployment insurance computer system. In addition to the Reed Act funding of \$11.5 million appropriated by the Legislative Assembly, Job Service North Dakota was awarded \$6.7 million of federal funding from the United States Department of Labor in December 2017 for the implementation of the IUS. Job Service North Dakota anticipates Vermont will implement the IUS in the spring of 2019. Idaho will then update from IUS version 1.0 to IUS version 2.0. Job Service North Dakota will implement IUS 2.0 after it is developed by Idaho but the exact date of implementation is unknown at this time.

The unemployment insurance task contribution portion of the electronic payment processing system was implemented in March 2018 and the new jobs training portion of the system was completed in June 2018. Job Service North Dakota did not incur any additional costs because the work was primarily completed by Job Service North Dakota information technology staff and the work performed by Information Technology Department staff was included in the maintenance contract between Job Service North Dakota and the Information Technology Department. Any credit card transaction fees incurred by Job Service North Dakota for these services will be charged to the requesting customer.