

2023 HOUSE APPROPRIATIONS

HB 1016

Department 380 - Job Service North Dakota
House Bill No. 1016

Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2023-25 Executive Budget	\$7,429,784	\$115,181,768	\$122,611,552
2023-25 Base Level	410,229	64,995,263	65,405,492
Increase (Decrease)	\$7,019,555	\$50,186,505	\$57,206,060

Selected Budget Changes Recommended in the Executive Budget

	General Fund	Other Funds	Total
1. Adds funding for state employee salary and benefit increases of which \$1,856,003 is for salary increases and \$750,992 is for health insurance increases	\$25,669	\$2,581,326	\$2,606,995
2. Adds funding for 2 FTE positions for the H2A foreign agriculture workers program, of which \$439,818 is for salaries and \$23,460 is for operating expenses	\$463,278	\$0	\$463,278
3. Adds federal funding for 9 FTE vacant unfunded positions	\$0	\$1,166,890	\$1,166,890
4. Adds federal funding for temporary salaries	\$0	\$2,188,431	\$2,188,431
5. Adds federal funding for information technology (IT) contractual services for the unemployment insurance program	\$0	\$2,209,296	\$2,209,296
6. Adjusts funding for unemployment insurance administration and IT inflation costs	\$5,500,000	(\$2,500,000)	\$3,000,000
7. Adds one-time funding from the strategic investment and improvements fund for the unemployment insurance modernization project	\$0	\$45,000,000	\$45,000,000

A summary of the executive budget changes to the agency's base level appropriations is attached as an appendix.

A copy of the draft appropriations bill containing the executive budget recommendations is attached as an appendix.

Selected Bill Sections Recommended in the Executive Budget

Reed Act funds - Section 3 would identify \$10,915,000 of funding appropriated in Section 1 as from federal Reed Act funds made available to the state by the federal Reed Act distributions made in federal fiscal years 1957, 1958, 1999, and 2002, pursuant to Section 903 of the federal Social Security Act for the purpose of developing a modernized unemployment insurance computer system.

Federal funds appropriation - Section 4 would appropriate all federal funds received by Job Service North Dakota in excess of those funds appropriated in Section 1.

Unemployment insurance modernization project - Section 5 would identify \$45 million appropriated in Section 1 is one-time funding from the strategic investment and improvements fund for the unemployment insurance modernization project.

Continuing Appropriations

Federal advance interest repayment fund - North Dakota Century Code Section 52-04-22 - Collection of penalty and interest on delinquent unemployment insurance contribution reports and payment of any interest due on federal and nonfederal obligations of the unemployment insurance trust fund.

Unemployment insurance tax fund - Section 52-03-04 - Collection of unemployment taxes and the payments of unemployment benefits.

Job task analysis - Section 52-08-13 - Collection of fees for providing job task analysis services to employers that request these services and the payment of the expenses related to the activity.

Deficiency Appropriations

There are no deficiency appropriations for this agency.

Significant Audit Findings

The financial statement audit for Job Service North Dakota conducted by Brady, Martz and Associates, PC for the period ending June 30, 2021, identified no significant audit findings.

Major Related Legislation

House Bill No. 1092 - This bill gives Job Service North Dakota authority to sell the Minot regional office.

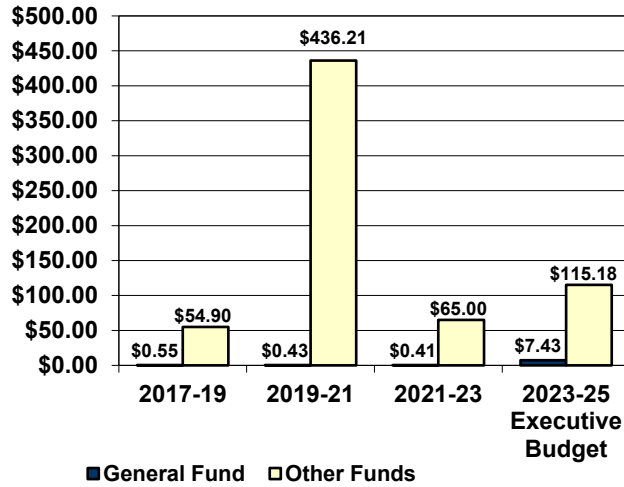
House Bill No. 1093 - This bill gives Job Service North Dakota authority to sell a vacant lot near the Grand Forks regional office.

January 6, 2023

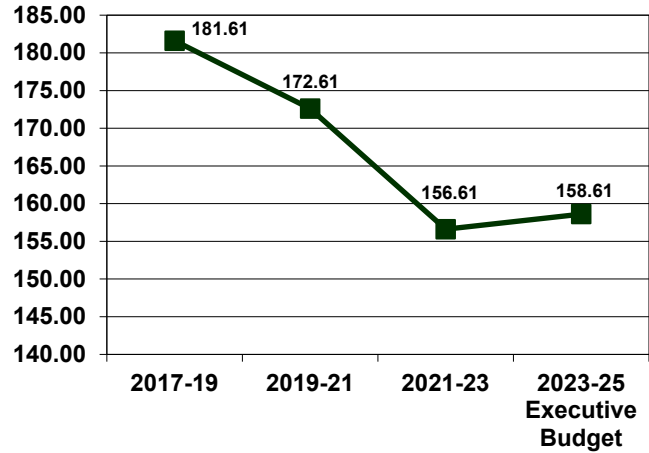
Historical Appropriations Information

Agency Appropriations and FTE Positions

Agency Funding (Millions)



FTE Positions



Ongoing General Fund Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
Ongoing general fund appropriations	\$1,888,080	\$445,793	\$430,624	\$410,229	\$7,429,784
Increase (decrease) from previous biennium	N/A	(\$1,442,287)	(\$15,169)	(\$20,395)	\$7,019,555
Percentage increase (decrease) from previous biennium	N/A	(76.4%)	(3.4%)	(4.7%)	1,711.1%
Cumulative percentage increase (decrease) from 2015-17 biennium	N/A	(76.4%)	(77.2%)	(78.3%)	293.5%

Major Increases (Decreases) in Ongoing General Fund Appropriations

2017-19 Biennium

- Removed funding for the Workforce 20/20 program (\$1,432,316)

2019-21 Biennium

- Removed 9 FTE unfunded positions and related operating expenses of \$22,290 (\$22,290)

2021-23 Biennium

- Reduced funding for unemployment insurance operating expenses, primarily related to IT data processing, IT contractual services and repairs, and IT equipment, including \$4,248,062 from federal funds and \$21,679 from the general fund (\$21,679)

2023-25 Biennium (Executive Budget Recommendation)

- Adds funding for temporary positions for workforce facilitation at the Bakken Skills Center, of which \$340,000 is for salaries and \$50,000 is for operating expenses \$390,000
- Adds funding for a job placement pilot program for recently incarcerated individuals, of which \$340,000 is for temporary salaries and \$300,000 is for grants \$640,000
- Adjusts funding for unemployment insurance administration and IT inflation costs \$5,500,000

One-Time General Fund Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
One-time general fund appropriations	\$89,500	\$100,000	\$0	\$0	\$0

Major One-Time General Fund Appropriations

2017-19 Biennium

- 1. Renovation costs associated with a potential relocation to the Bismarck regional office \$100,000

2019-21 Biennium

- 1. None

2021-23 Biennium

- 1. None

2023-25 Biennium (Executive Budget Recommendation)

- 1. None

Job Service North Dakota - Budget No. 380
House Bill No. 1016
Base Level Funding Changes

	Executive Budget Recommendation			
	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	156.61	\$410,229	\$64,995,263	\$65,405,492
2023-25 Ongoing Funding Changes				
Adds funding for the cost to continue salary increases		\$393	\$204,416	\$204,809
Salary increase		24,383	1,831,620	1,856,003
Health insurance increase		1,286	749,706	750,992
Adds funding for FTE positions for the H2A foreign agriculture workers program	2.00	463,278		463,278
Adds federal funding for vacant FTE unfunded positions			1,166,890	1,166,890
Adds federal funding for temporary salaries			2,188,431	2,188,431
Adds funding for temporary positions for workforce facilitation at the Bakken Skills Center		390,000		390,000
Adds funding for a job placement pilot program for recently released former incarcerated individuals		640,000		640,000
Adds funding for IT rate increases		215	135,577	135,792
Adds federal funding for IT contractual services for the unemployment insurance program			2,209,296	2,209,296
Adjusts funding for unemployment insurance administration and IT inflation costs		5,500,000	(2,500,000)	3,000,000
Adjusts operating expenses			(242,766)	(242,766)
Reduces funding for the trade adjustment assistance for workers program			(526,539)	(526,539)
Reduces Reed Act funds			(30,126)	(30,126)
Total ongoing funding changes	2.00	\$7,019,555	\$5,186,505	\$12,206,060
One-time funding items				
Adds funding for the unemployment insurance modernization project			\$45,000,000	\$45,000,000
Total one-time funding changes	0.00	\$0	\$45,000,000	\$45,000,000
Total Changes to Base Level Funding	2.00	\$7,019,555	\$50,186,505	\$57,206,060
2023-25 Total Funding	158.61	\$7,429,784	\$115,181,768	\$122,611,552
<i>Federal funds included in other funds</i>			\$69,570,308	
<i>Total ongoing changes as a percentage of base level</i>	1.3%	1711.1%	8.0%	18.7%
<i>Total changes as a percentage of base level</i>	1.3%	1711.1%	77.2%	87.5%

Other Sections in Job Service North Dakota - Budget No. 380

	Executive Budget Recommendation
Reed Act funds	Section 3 would identify \$10,915,000 of funding appropriated in Section 1 is from federal Reed Act funds made available to the state by the federal Reed Act distributions made in federal fiscal years 1957, 1958, 1999, and 2002, pursuant to Section 903 of the federal Social Security Act for the purpose of developing a modernized unemployment insurance computer system.
Federal funds appropriation	Section 4 would appropriate all federal funds received by Job Service North Dakota in excess of those funds appropriated in Section 1.
Strategic investment and improvements fund - One-time funding	Section 5 would identify \$45 million appropriated in Section 1 is one-time funding from the strategic investment and improvements fund for the unemployment insurance system modernization project.

**HOUSE BILL NO. 1016
(Governor’s Recommendation)**

Introduced by

Appropriations Committee

(At the request of the Governor)

A bill for an Act to provide an appropriation for defraying the expenses of job service North Dakota.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, and from special funds derived from federal funds and other income, to job service North Dakota for the purpose of defraying the expenses of job service North Dakota, for the biennium beginning July 1, 2023 and ending June 30, 2025, as follows:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and Wages	\$28,994,942	\$7,286,943	\$36,281,885
Operating Expenses	17,164,373	50,175,782	67,340,155
Capital Assets	20,000	0	20,000
Grants	8,281,051	(226,539)	8,054,512
Reed Act–UI Computer Modernization	<u>10,945,126</u>	<u>(30,126)</u>	<u>10,915,000</u>
Total All Funds	\$65,405,492	\$57,206,060	\$122,611,552
Less Estimated Income	<u>64,995,263</u>	<u>50,186,505</u>	<u>115,181,768</u>
Total General Fund	\$ 410,229	\$ 7,019,555	\$ 7,429,784
Full-time Equivalent Positions	156.61	2.00	158.61

SECTION 2. ONE-TIME FUNDING. The following amounts reflect the one-time funding items approved by the sixty-sixth legislative assembly for the 2019-21 biennium:

<u>One-Time Funding Description</u>	<u>2021-23</u>	<u>2023-25</u>
Unemployment Insurance Modernization Project	\$611,852	\$45,000,000
Total All Funds	\$611,852	\$45,000,000
Total Special Funds	<u>611,852</u>	<u>45,000,000</u>
Total General Fund	\$0	\$0

The 2023-25 one-time funding amounts are not a part of the entity's base budget for the 2025-27 biennium. The job service North Dakota shall report to the appropriations committees of the sixty-ninth legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2023 and ending June 30, 2025.

SECTION 3. APPROPRIATION - REED ACT FUNDS - UNEMPLOYMENT INSURANCE COMPUTER MODERNIZATION. The special fund appropriation of \$10,915,000 in section 1 of this Act is from federal Reed Act funds made available to the state by the federal Reed Act distributions made in federal fiscal years 1957, 1958, 1999, and 2002, pursuant to section 903 of the Social Security Act. This sum, or so much of the sum as may be necessary, is for the purpose of developing a modernized unemployment insurance computer system, for the biennium beginning July 1, 2023 and ending June 30, 2025.

SECTION 4. APPROPRIATION. All federal funds received by job service North Dakota in excess of those funds appropriated in section 1 of this Act are appropriated for the biennium beginning July 1, 2023 and ending June 30, 2025.

SECTION 5. ESTIMATED INCOME – STRATEGIC INVESTMENT AND IMPROVEMENTS FUND – ONE TIME FUNDING. The estimated income line item in section 1 of this Act includes the sum of \$45,000,000 from the strategic investment and improvements fund for the unemployment insurance system modernization project. This funding is considered a one-time funding item.

2023 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division
Prairie Room, State Capitol

HB 1016
1/6/2023

A BILL for an Act to provide an appropriation for defraying the expenses of job service North Dakota.

9:00 Chairman Nathe opened the meeting

Members present: Chairman Nathe, Vice Chairman Swiontek, Representatives; Martinson, Richter, Sanford, Schatz, Hanson.

Discussion Topics:

- Budget
- Workforce Services, Unemployment Insurance, Labor Markets

Patrick Bertagnolli Executive Director of Job Service in support - testimony #12460

Darren Brostrom - Deputy Director of Job Service answered questions.

Additional Testimony- #12477

9:55 Chairman Nathe closed the meeting.

Donna Lynn Knutson, Committee Clerk

2023 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division
Prairie Room, State Capitol

HB 1016
1/17/2023

A BILL for an Act to provide an appropriation for defraying the expenses of job service North Dakota.
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8:31 AM Chairman Nathe opened the committee meeting

Members present: Chairman Nathe, Vice Chairman Swiontek, Representatives: Martinson, Richter, Sanford, Schatz, Hanson.

No Video Available Until 8.39.15.

8:32 AM Chairman Nathe called a recess.

8:36 AM Chairman Nathe resumed the committee meeting.

Discussion Topics:

- Base level funding changes
- Funding for a new IT system
- Job service utilization

Levi Kinnischtzke discussed a long sheet, #24463.

Nicole Legacy, Job Service finance department spoke in favor of HB 1016.

Phil Davis, Job Service Workforce Director – testified in favor of HB 1016, testimony #14198.

Darren Brostrom, Director Unemployment Insurance at State of ND- spoke in favor of HB 1016.

9:29 AM Chairman Nathe adjourned the meeting

Donna Lynn Knutson, Committee Clerk

2023 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division
Prairie Room, State Capitol

HB1016
1/24/223

A BILL for an Act to provide an appropriation for defraying the expenses of job service North Dakota.
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3:03 PM Chairman Nathe opened the committee meeting

Members present: Chairman Nathe, Vice Chairman Swiontek, Representatives; Martinson, Richter, Sanford, Schatz, Hanson.

Discussion Topics:

- Career Academy full-time employees
- Unemployment Technology Modernization

Representative Richter – spoke in favor of HB 1016

Additional Written Testimony:

Pat Bergagnolli, Executive Director Job Service #16466

3:08 PM Chairman Nathe adjourned the meeting

Donna Knutson, Committee Clerk

2023 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division
Prairie Room, State Capitol

HB1016
1/27/2023

A BILL for an Act to provide an appropriation for defraying the expenses of job service North Dakota.
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10:42 AM Chairman Nathe opened the committee meeting

Members present: Chairman Nathe, Vice Chairman Swiontek, Representatives; Martinson, Richter, Sanford, Schatz
Representative Hanson was absent.

Discussion Topics:

- IT software
- Budget information
- Base level funding changes

Vice Chairman Swiontek testified in favor of HB 1016, testimony #16475, #17470

Representative Schatz spoke in favor of HB 1016

Pat Bertagnolli, executive Director of Job Service spoke in favor HB 1016.

10:58 AM Chairman Nathe adjourned the meeting.

Donna Lynn Knutson, Committee Clerk

2023 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division
Prairie Room, State Capitol

HB 1016
2/6/2023

A BILL for an Act to provide an appropriation for defraying the expenses of job service North Dakota.
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9:05 AM Chairman Nathe opened the meeting.

Members present: Chairman Nathe, Vice Chairman Swiontek, Representatives: Martinson, Richter, Sanford, Schatz, Hanson.

Discussion Topics:

- Salary increases
- Foreign agriculture workers program
- Job placement for formerly incarcerated individuals
- Funding for IT

Vice Chairman Swiontek testified in favor of HB 1016, #19275.

9:18 AM Chairman Nathe closed the hearing

Donna Lynn Knutson, Committee Clerk

2023 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division
Prairie Room, State Capitol

HB 1016
2/7/2023

A BILL for an Act to provide an appropriation for defraying the expenses of job service North Dakota.
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10:07 AM Chairman Nathe opened the meeting.

Members present: Chairman Nathe, Vice Chairman Swiontek, Representatives: Martinson, Richter, Sanford, Schatz, Hanson.

Discussion Topics:

- Committee vote

Vice Chairman Swiontek moved do pass as amended for HB 1016, 23.0245.01001, #20900.

Representative Hanson seconded the motion.

Roll call vote was taken.

Representatives	Vote
Representative Mike Nathe	Y
Representative Steve Swiontek	Y
Representative Karla Rose Hanson	Y
Representative Bob Martinson	Y
Representative David Richter	Y
Representative Mark Sanford	Y
Representative Mike Schatz	N

6-1-0 Motion carried.

Vice Chairman Swiontek will carry the bill.

Additional Testimony: #19643

10:14 AM Chairman Nathe adjourned the meeting

Donna Lynn Knutson, Committee Clerk

2023 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee Brynhild Haugland Room, State Capitol

HB 1016
2/16/2023

BILL for an Act to provide an appropriation for defraying the expenses of job service North Dakota

9:42 AM Chairman Vigesaa- Meeting was called to order and roll call was taken:

All Members Present; Chairman Vigesaa, Representative Kempenich, Representative B. Anderson, Representative Bellew, Representative Brandenburg, Representative Hanson, Representative Kreidt, Representative Martinson, Representative Mitskog, Representative Meier, Representative Mock, Representative Monson, Representative Nathe, Representative J. Nelson, Representative O'Brien, Representative Pyle, Representative Richter, Representative Sanford, Representative Schatz, Representative Schobinger, Representative Strinden, Representative G. Stemen and Representative Swiontek.

Discussion Topics:

- Amendment

Representative Swiontek Give the statement of purpose and the amendment
23.0245.01001 (#21003)

Representative Swiontek Move to adopt the amendment.

Seconds the motion.

Committee discussion Roll call vote

Representatives	Vote
Representative Don Vigesaa	Y
Representative Keith Kempenich	Y
Representative Bert Anderson	Y
Representative Larry Bellew	N
Representative Mike Brandenburg	Y
Representative Karla Rose Hanson	Y
Representative Gary Kreidt	Y
Representative Bob Martinson	Y
Representative Lisa Meier	Y
Representative Alisa Mitskog	Y
Representative Corey Mock	Y
Representative David Monson	Y
Representative Mike Nathe	Y
Representative Jon O. Nelson	Y
Representative Emily O'Brien	Y
Representative Brandy Pyle	Y

Representative David Richter	Y
Representative Mark Sanford	Y
Representative Mike Schatz	N
Representative Randy A. Schobinger	Y
Representative Greg Stemen	Y
Representative Michelle Strinden	Y
Representative Steve Swiontek	Y

Motion Carries 21-2-0

Representative Swiontek- Move for a Do Pass as Amended

Representative Nathe Seconds the motion.

Committee discussion Roll call vote

Representatives	Vote
Representative Don Vigesaa	Y
Representative Keith Kempenich	Y
Representative Bert Anderson	Y
Representative Larry Bellew	N
Representative Mike Brandenburg	Y
Representative Karla Rose Hanson	Y
Representative Gary Kreidt	Y
Representative Bob Martinson	Y
Representative Lisa Meier	Y
Representative Alisa Mitskog	Y
Representative Corey Mock	Y
Representative David Monson	Y
Representative Mike Nathe	Y
Representative Jon O. Nelson	Y
Representative Emily O'Brien	Y
Representative Brandy Pyle	Y
Representative David Richter	Y
Representative Mark Sanford	Y
Representative Mike Schatz	N
Representative Randy A. Schobinger	Y
Representative Greg Stemen	Y
Representative Michelle Strinden	Y
Representative Steve Swiontek	Y

Motion Carries 21-2-0 Representative Swiontek will carry the bill.

10:17 AM Chairman Vigesaa Closed the meeting for HB 1016

Risa Berube, Committee Clerk

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2-16-23

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1016

Page 1, line 2, after "Dakota" insert "; and to provide for a report"

Page 1, replace lines 10 through 21 with:

"	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$28,994,942	\$6,496,929	\$35,491,871
Operating expenses	17,164,373	50,125,782	67,290,155
Capital assets	20,000	0	20,000
Grants	8,281,051	(226,539)	8,054,512
Reed Act - unemployment insurance computer modernization	<u>10,945,126</u>	<u>(30,126)</u>	<u>10,915,000</u>
Total all funds	\$65,405,492	\$56,366,046	\$121,771,538
Less estimated income	<u>64,995,263</u>	<u>49,742,586</u>	<u>114,737,849</u>
Total general fund	\$410,229	\$6,623,460	\$7,033,689
Full-time equivalent positions	156.61	2.00	158.61

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO SIXTY-NINTH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items approved by the sixty-seventh legislative assembly for the 2021-23 biennium and the one-time funding items included in the appropriation in section 1 of this Act:

<u>One-Time Funding Description</u>	<u>2021-23</u>	<u>2023-25</u>
Unemployment insurance modernization project	\$0	\$45,000,000
Total other funds	\$0	\$45,000,000

The 2023-25 biennium one-time funding amounts are not part of the entity's base budget for the 2025-27 biennium. Job service North Dakota shall report to the appropriations committees of the sixty-ninth legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2023, and ending June 30, 2025."

Page 2, line 5, replace "\$10,945,126" with "\$10,915,000"

Page 2, after line 9, insert:

"SECTION 5. ESTIMATED INCOME - UNEMPLOYMENT INSURANCE MODERNIZATION PROJECT - FEDERAL STATE FISCAL RECOVERY FUND - ONE-TIME FUNDING. The estimated income line item in section 1 of this Act includes the sum of \$45,000,000 from federal funds derived from the state fiscal recovery fund for the unemployment insurance modernization project. This funding is considered a one-time funding item."

Re-number accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1016 - Job Service North Dakota - House Action

Handwritten: 2/16-23

	Base Budget	House Changes	House Version
Salaries and wages	\$28,994,942	\$6,496,929	\$35,491,871
Operating expenses	17,164,373	50,125,782	67,290,155
Capital assets	20,000		20,000
Grants	8,281,051	(226,539)	8,054,512
Reed Act - Computer modernization	10,945,126	(30,126)	10,915,000
Total all funds	\$65,405,492	\$56,366,046	\$121,771,538
Less estimated income	64,995,263	49,742,586	114,737,849
General fund	\$410,229	\$6,623,460	\$7,033,689
FTE	156.61	2.00	158.61

Department 380 - Job Service North Dakota - Detail of House Changes

	Adds Funding for the Cost to Continue Salaries ¹	Adds Funding for Salary and Benefit Increases ²	Adjusts Funding for Salaries and Wages ³	Adds FTE Positions for the H2A Foreign Agriculture Workers Program ⁴	Adds Funding for Temporary Salaries and Vacant FTE Positions ⁵	Adds Funding for a Job Placement Pilot Program ⁶
Salaries and wages	\$204,809	\$2,156,981		\$439,818	\$3,355,321	\$340,000
Operating expenses				23,460		
Capital assets						
Grants						300,000
Reed Act - Computer modernization						
Total all funds	\$204,809	\$2,156,981	\$0	\$463,278	\$3,355,321	\$640,000
Less estimated income	204,416	2,137,407	(2,500,000)	0	3,355,321	0
General fund	\$393	\$19,574	\$2,500,000	\$463,278	\$0	\$640,000
FTE	0.00	0.00	0.00	2.00	0.00	0.00

	Adjusts Base Level Funding ⁷	Adjusts Funding for Unemployment Insurance System Costs ⁸	Adds One-Time Funding for the Unemployment Insurance Modernization Project ⁹	Total House Changes
Salaries and wages				\$6,496,929
Operating expenses	(\$106,974)	\$5,209,296	\$45,000,000	50,125,782
Capital assets				
Grants	(526,539)			(226,539)
Reed Act - Computer modernization		(30,126)		(30,126)
Total all funds	(\$633,513)	\$5,179,170	\$45,000,000	\$56,366,046
Less estimated income	(633,728)	2,179,170	45,000,000	49,742,586
General fund	\$215	\$3,000,000	\$0	\$6,623,460
FTE	0.00	0.00	0.00	2.00

¹ Funding is added for the cost to continue salary increases.

² The following funding is added for 2023-25 biennium salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024, and increases in health insurance premiums from \$1,429 to \$1,648 per month:

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2-16-23

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Salary increase	\$18,258	\$1,370,455	\$1,388,713
Health insurance increase	<u>1,316</u>	<u>766,952</u>	<u>768,268</u>
Total	\$19,574	\$2,137,407	\$2,156,981

³ Funding of \$2.5 million for salaries and wages is reduced from federal funds and added from the general fund.

⁴ Funding is added for salaries and wages (\$439,818) and operating expenses (\$23,460) for 2 FTE positions for the H2A foreign agriculture workers program.

⁵ Federal funding is added for temporary salaries of 13 individuals (\$2,188,431) and 9 vacant FTE positions (\$1,166,890).

⁶ Funding of \$640,000 from the general fund, of which \$340,000 is for salaries and wages for two temporary positions and \$300,000 is for grants, is added for a job placement pilot program for recently released formerly incarcerated individuals. Grant funding will be used for basic support needs, including housing, transportation, and work supplies and clothing.

⁷ Base level funding is adjusted as follows:

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Adds funding for information technology rate increases	\$215	\$135,577	\$135,792
Adjusts federal funding for operating expenses, including data processing, travel, equipment and repairs, supplies, and printing	0	(242,766)	(242,766)
Reduces funding for the federal trade adjustment assistance for workers program to provide a total of \$1,866,010 from federal funds	<u>0</u>	<u>(526,539)</u>	<u>(526,539)</u>
Total	\$215	(\$633,728)	(\$633,513)

⁸ Funding for unemployment insurance system costs is adjusted as follows:

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Adds federal funding for information technology contractual services for the unemployment insurance program	\$0	\$2,209,296	\$2,209,296
Adds funding for unemployment insurance administration and information technology inflation costs	3,000,000	0	3,000,000
Reduces Reed Act funds to provide a total of \$10,915,000 from federal funds	<u>0</u>	<u>(30,126)</u>	<u>(30,126)</u>
Total	\$3,000,000	\$2,179,170	\$5,179,170

⁹ One-time funding of \$45 million from the federal State Fiscal Recovery Fund is added for the unemployment insurance modernization project.

This amendment also:

- Adds Section 2 to identify one-time funding appropriated in Section 1 for the 2023-25 biennium.
- Updates the amount of funding identified in Section 4 that is appropriated in Section 1 from federal Reed Act funds.
- Adds a section to identify the \$45 million appropriated for the unemployment insurance modernization project is one-time funding from the federal State Fiscal Recovery Fund.

REPORT OF STANDING COMMITTEE

HB 1016: Appropriations Committee (Rep. Vigesaa, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (21 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). HB 1016 was placed on the Sixth order on the calendar.

Page 1, line 2, after "Dakota" insert "; and to provide for a report"

Page 1, replace lines 10 through 21 with:

"	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$28,994,942	\$6,496,929	\$35,491,871
Operating expenses	17,164,373	50,125,782	67,290,155
Capital assets	20,000	0	20,000
Grants	8,281,051	(226,539)	8,054,512
Reed Act - unemployment insurance	<u>10,945,126</u>	<u>(30,126)</u>	<u>10,915,000</u>
computer modernization			
Total all funds	\$65,405,492	\$56,366,046	\$121,771,538
Less estimated income	<u>64,995,263</u>	<u>49,742,586</u>	<u>114,737,849</u>
Total general fund	\$410,229	\$6,623,460	\$7,033,689
Full-time equivalent positions	156.61	2.00	158.61

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO SIXTY-NINTH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items approved by the sixty-seventh legislative assembly for the 2021-23 biennium and the one-time funding items included in the appropriation in section 1 of this Act:

<u>One-Time Funding Description</u>	<u>2021-23</u>	<u>2023-25</u>
Unemployment insurance modernization project	<u>\$0</u>	<u>\$45,000,000</u>
Total other funds	\$0	\$45,000,000

The 2023-25 biennium one-time funding amounts are not part of the entity's base budget for the 2025-27 biennium. Job service North Dakota shall report to the appropriations committees of the sixty-ninth legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2023, and ending June 30, 2025."

Page 2, line 5, replace "\$10,945,126" with "\$10,915,000"

Page 2, after line 9, insert:

"SECTION 5. ESTIMATED INCOME - UNEMPLOYMENT INSURANCE MODERNIZATION PROJECT - FEDERAL STATE FISCAL RECOVERY FUND - ONE-TIME FUNDING. The estimated income line item in section 1 of this Act includes the sum of \$45,000,000 from federal funds derived from the state fiscal recovery fund for the unemployment insurance modernization project. This funding is considered a one-time funding item."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1016 - Job Service North Dakota - House Action

	<u>Base Budget</u>	<u>House Changes</u>	<u>House Version</u>
Salaries and wages	\$28,994,942	\$6,496,929	\$35,491,871
Operating expenses	17,164,373	50,125,782	67,290,155
Capital assets	20,000		20,000
Grants	8,281,051	(226,539)	8,054,512
Reed Act - Computer modernization	<u>10,945,126</u>	<u>(30,126)</u>	<u>10,915,000</u>

Total all funds	\$65,405,492	\$56,366,046	\$121,771,538
Less estimated income	64,995,263	49,742,586	114,737,849
General fund	\$410,229	\$6,623,460	\$7,033,689
FTE	156.61	2.00	158.61

Department 380 - Job Service North Dakota - Detail of House Changes

	Adds Funding for the Cost to Continue Salaries ¹	Adds Funding for Salary and Benefit Increases ²	Adjusts Funding for Salaries and Wages ³	Adds FTE Positions for the H2A Foreign Agriculture Workers Program ⁴	Adds Funding for Temporary Salaries and Vacant FTE Positions ⁵	Adds Funding for a Job Placement Pilot Program ⁶
Salaries and wages	\$204,809	\$2,156,981		\$439,818	\$3,355,321	\$340,000
Operating expenses				23,460		
Capital assets						
Grants						300,000
Reed Act - Computer modernization						
Total all funds	\$204,809	\$2,156,981	\$0	\$463,278	\$3,355,321	\$640,000
Less estimated income	204,416	2,137,407	(2,500,000)	0	3,355,321	0
General fund	\$393	\$19,574	\$2,500,000	\$463,278	\$0	\$640,000
FTE	0.00	0.00	0.00	2.00	0.00	0.00

	Adjusts Base Level Funding ⁷	Adjusts Funding for Unemployment Insurance System Costs ⁸	Adds One-Time Funding for the Unemployment Insurance Modernization Project ⁹	Total House Changes
Salaries and wages				\$6,496,929
Operating expenses	(\$106,974)	\$5,209,296	\$45,000,000	50,125,782
Capital assets				
Grants	(526,539)			(226,539)
Reed Act - Computer modernization		(30,126)		(30,126)
Total all funds	(\$633,513)	\$5,179,170	\$45,000,000	\$56,366,046
Less estimated income	(633,728)	2,179,170	45,000,000	49,742,586
General fund	\$215	\$3,000,000	\$0	\$6,623,460
FTE	0.00	0.00	0.00	2.00

¹ Funding is added for the cost to continue salary increases.

² The following funding is added for 2023-25 biennium salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024, and increases in health insurance premiums from \$1,429 to \$1,648 per month:

	General Fund	Other Funds	Total
Salary increase	\$18,258	\$1,370,455	\$1,388,713
Health insurance increase	1,316	766,952	768,268
Total	\$19,574	\$2,137,407	\$2,156,981

³ Funding of \$2.5 million for salaries and wages is reduced from federal funds and added from the general fund.

⁴ Funding is added for salaries and wages (\$439,818) and operating expenses (\$23,460) for 2 FTE positions for the H2A foreign agriculture workers program.

⁵ Federal funding is added for temporary salaries of 13 individuals (\$2,188,431) and 9 vacant FTE positions (\$1,166,890).

⁶ Funding of \$640,000 from the general fund, of which \$340,000 is for salaries and wages for two temporary positions and \$300,000 is for grants, is added for a job placement pilot program for recently released formerly incarcerated individuals. Grant funding will be used

for basic support needs, including housing, transportation, and work supplies and clothing.

⁷ Base level funding is adjusted as follows:

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Adds funding for information technology rate increases	\$215	\$135,577	\$135,792
Adjusts federal funding for operating expenses, including data processing, travel, equipment and repairs, supplies, and printing	0	(242,766)	(242,766)
Reduces funding for the federal trade adjustment assistance for workers program to provide a total of \$1,866,010 from federal funds	0	(526,539)	(526,539)
Total	\$215	(\$633,728)	(\$633,513)

⁸ Funding for unemployment insurance system costs is adjusted as follows:

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Adds federal funding for information technology contractual services for the unemployment insurance program	\$0	\$2,209,296	\$2,209,296
Adds funding for unemployment insurance administration and information technology inflation costs	3,000,000	0	3,000,000
Reduces Reed Act funds to provide a total of \$10,915,000 from federal funds	0	(30,126)	(30,126)
Total	\$3,000,000	\$2,179,170	\$5,179,170

⁹ One-time funding of \$45 million from the federal State Fiscal Recovery Fund is added for the unemployment insurance modernization project.

This amendment also:

- Adds Section 2 to identify one-time funding appropriated in Section 1 for the 2023-25 biennium.
- Updates the amount of funding identified in Section 4 that is appropriated in Section 1 from federal Reed Act funds.
- Adds a section to identify the \$45 million appropriated for the unemployment insurance modernization project is one-time funding from the federal State Fiscal Recovery Fund.

2023 SENATE APPROPRIATIONS

HB 1016

Department 380 - Job Service North Dakota
House Bill No. 1016

First Chamber Comparison to Base Level

	General Fund	Other Funds	Total
2023-25 First Chamber Version	\$7,033,689	\$114,737,849	\$121,771,538
2023-25 Base Level	410,229	64,995,263	65,405,492
Increase (Decrease)	\$6,623,460	\$49,742,586	\$56,366,046

First Chamber Changes

A summary of the first chamber's changes to the agency's base level appropriations and the executive budget is attached as an appendix.

Selected Bill Sections Included in the First Chamber Version

Federal funds appropriation - Section 3 appropriates all federal funds received by Job Service North Dakota in excess of those funds appropriated in Section 1.

Federal Reed Act funds - Section 4 identifies \$10,915,000 of funding appropriated in Section 1 is from federal Reed Act funds made available to the state by the federal Reed Act distributions made in federal fiscal years 1957, 1958, 1999, and 2002, pursuant to Section 903 of the federal Social Security Act for the purpose of developing a modernized unemployment insurance computer system.

Unemployment insurance modernization project - Federal State Fiscal Recovery Fund - Section 5 identifies \$45 million appropriated in Section 1 is one-time funding from the federal State Fiscal Recovery Fund for the unemployment insurance system modernization project.

Continuing Appropriations

Federal advance interest repayment fund - North Dakota Century Code Section 52-04-22 - Collection of penalty and interest on delinquent unemployment insurance contribution reports and payment of any interest due on federal and nonfederal obligations of the unemployment insurance trust fund.

Unemployment insurance tax fund - Section 52-03-04 - Collection of unemployment taxes and the payments of unemployment benefits.

Job task analysis - Section 52-08-13 - Collection of fees for providing job task analysis services to employers that request these services and the payment of the expenses related to the activity.

Deficiency Appropriations

There are no deficiency appropriations for this agency.

Significant Audit Findings

The financial statement audit for Job Service North Dakota conducted by Brady, Martz and Associates, PC for the period ending June 30, 2021, identified no significant audit findings.

Major Related Legislation

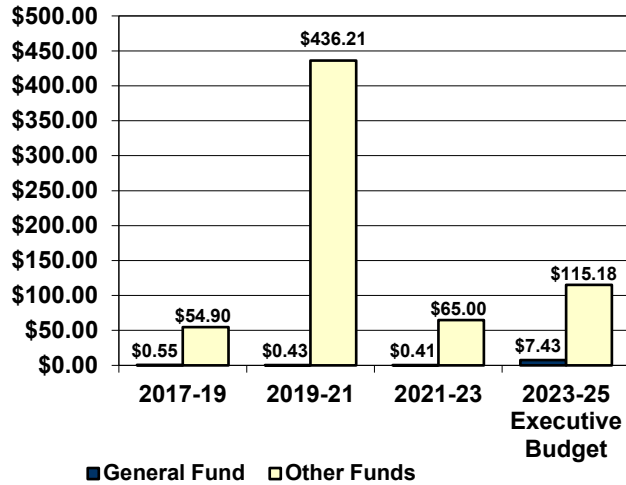
House Bill No. 1092 - This bill authorizes Job Service North Dakota to sell the Minot regional office.

House Bill No. 1093 - This bill authorizes Job Service North Dakota to sell a vacant lot near the Grand Forks regional office.

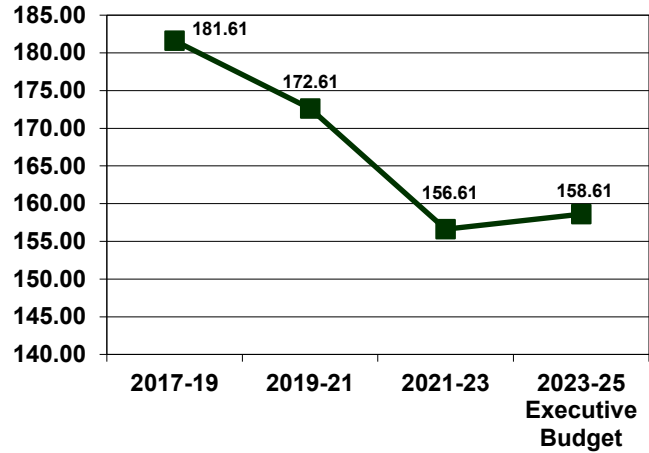
Historical Appropriations Information

Agency Appropriations and FTE Positions

Agency Funding (Millions)



FTE Positions



Ongoing General Fund Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
Ongoing general fund appropriations	\$1,888,080	\$445,793	\$430,624	\$410,229	\$7,429,784
Increase (decrease) from previous biennium	N/A	(\$1,442,287)	(\$15,169)	(\$20,395)	\$7,019,555
Percentage increase (decrease) from previous biennium	N/A	(76.4%)	(3.4%)	(4.7%)	1,711.1%
Cumulative percentage increase (decrease) from 2015-17 biennium	N/A	(76.4%)	(77.2%)	(78.3%)	293.5%

Major Increases (Decreases) in Ongoing General Fund Appropriations

2017-19 Biennium

Removed funding for the Workforce 20/20 program (\$1,432,316)

2019-21 Biennium

Removed 9 FTE unfunded positions and related operating expenses of \$22,290 (\$22,290)

2021-23 Biennium

Reduced funding for unemployment insurance operating expenses, primarily related to information technology (IT) data processing, IT contractual services and repairs, and IT equipment, including \$4,248,062 from federal funds and \$21,679 from the general fund (\$21,679)

2023-25 Biennium (Executive Budget Recommendation)

- Adds funding for temporary positions for workforce facilitation at the Bakken Skills Center, of which \$340,000 is for salaries and \$50,000 is for operating expenses \$390,000
- Adds funding for a job placement pilot program for recently incarcerated individuals, of which \$340,000 is for temporary salaries and \$300,000 is for grants \$640,000
- Adjusts funding for unemployment insurance administration and IT inflation costs \$5,500,000

Job Service North Dakota - Budget No. 380
House Bill No. 1016
Base Level Funding Changes

	Executive Budget Recommendation				House Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	156.61	\$410,229	\$64,995,263	\$65,405,492	156.61	\$410,229	\$64,995,263	\$65,405,492
2023-25 Ongoing Funding Changes								
Adds funding for the cost to continue salary increases		\$393	\$204,416	\$204,809		\$393	\$204,416	\$204,809
Salary increase		24,383	1,831,620	1,856,003		18,258	1,370,455	1,388,713
Health insurance increase		1,286	749,706	750,992		1,316	766,952	768,268
Adjusts funding for salaries and wages from federal funds to the general fund		2,500,000	(2,500,000)	0		2,500,000	(2,500,000)	0
Adds funding for FTE positions for the H2A foreign agriculture workers program	2.00	463,278		463,278	2.00	463,278		463,278
Adds federal funding for vacant FTE unfunded positions			1,166,890	1,166,890			1,166,890	1,166,890
Adds federal funding for temporary salaries			2,188,431	2,188,431			2,188,431	2,188,431
Adds funding for temporary positions for workforce facilitation at the Bakken Skills Center		390,000		390,000				0
Adds funding for a job placement pilot program for recently released formerly incarcerated individuals		640,000		640,000		640,000		640,000
Adds funding for IT rate increases		215	135,577	135,792		215	135,577	135,792
Adds federal funding for IT contractual services for the unemployment insurance program			2,209,296	2,209,296			2,209,296	2,209,296
Adds funding for unemployment insurance administration and IT inflation costs		3,000,000		3,000,000		3,000,000		3,000,000
Adjusts operating expenses			(242,766)	(242,766)			(242,766)	(242,766)
Reduces funding for the trade adjustment assistance for workers program			(526,539)	(526,539)			(526,539)	(526,539)
Reduces Reed Act funds			(30,126)	(30,126)			(30,126)	(30,126)
Total ongoing funding changes	2.00	\$7,019,555	\$5,186,505	\$12,206,060	2.00	\$6,623,460	\$4,742,586	\$11,366,046
One-Time Funding Items								
Adds funding for the unemployment insurance modernization project			\$45,000,000	\$45,000,000			\$45,000,000	\$45,000,000
Total one-time funding changes	0.00	\$0	\$45,000,000	\$45,000,000	0.00	\$0	\$45,000,000	\$45,000,000
Total Changes to Base Level Funding	2.00	\$7,019,555	\$5,186,505	\$57,206,060	2.00	\$6,623,460	\$4,742,586	\$56,366,046
2023-25 Total Funding	158.61	\$7,429,784	\$115,181,768	\$122,611,552	158.61	\$7,033,689	\$114,737,849	\$121,771,538
<i>Federal funds included in other funds</i>			\$69,570,308				\$114,127,056	
<i>Total ongoing changes as a percentage of base level</i>	1.3%	1711.1%	8.0%	18.7%	1.3%	1,614.6%	7.3%	17.4%
<i>Total changes as a percentage of base level</i>	1.3%	1711.1%	77.2%	87.5%	1.3%	1,614.6%	76.5%	86.2%

Other Sections in Job Service North Dakota - Budget No. 380

	Executive Budget Recommendation	House Version
Federal funds appropriation	Section 4 would appropriate all federal funds received by Job Service North Dakota in excess of those funds appropriated in Section 1.	Section 3 appropriates all federal funds received by Job Service North Dakota in excess of those funds appropriated in Section 1.
Reed Act funds	Section 3 would identify \$10,915,000 of funding appropriated in Section 1 is from federal Reed Act funds made available to the state by the federal Reed Act distributions made in federal fiscal years 1957, 1958, 1999, and 2002, pursuant to Section 903 of the federal Social Security Act for the purpose of developing a modernized unemployment insurance computer system.	Section 4 identifies \$10,915,000 of funding appropriated in Section 1 is from federal Reed Act funds made available to the state by the federal Reed Act distributions made in federal fiscal years 1957, 1958, 1999, and 2002, pursuant to Section 903 of the federal Social Security Act for the purpose of developing a modernized unemployment insurance computer system.
Unemployment insurance modernization project - Federal State Fiscal Recovery Fund	Section 5 would identify \$45 million appropriated in Section 1 is one-time funding from the strategic investment and improvements fund for the unemployment insurance system modernization project.	Section 5 identifies \$45 million appropriated in Section 1 is one-time funding from the federal State Fiscal Recovery Fund for the unemployment insurance system modernization project.

2023 SENATE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division Sakakawea Room, State Capitol

HB 1016
3/13/2023

A BILL for an Act to provide an appropriation for defraying the expenses of job service North Dakota; and to provide for a report.

2:30 PM Chairman Sorvaag opened the hearing on HB 1016.

Members present: Senators Sorvaag, Krebsbach, Rust, Schaible, and Meyer

Discussion Topics:

- Job Service North Dakota
- Organizational structure
- Program highlights
- Workforce innovation and opportunity act
- Partnership with department of corrections
- Jobs for veterans state grant
- Foreign labor certification program
- Rural outreach centers
- Federal Funding
- Growth and staffing
- System modernization
- Budget requests

2:30 PM Patrick Bertagnolli, Executive Director North Dakota Job Service, introduced the bill, testified in favor, testimony # 23645

2:53 PM Phil Davis, Workforce Services Director, answered questions from the committee, no written testimony

Additional written testimony:

- **Andrea Pfennig, Director Government Affairs for Greater North Dakota Chamber, testimony # 23922**
- **Dana Hager, Economic Development Association North Dakota, testimony #24275**

3:10 PM Chairman Sorvaag closed the hearing.

Kathleen Hall, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division Sakakawea Room, State Capitol

HB 1016
3/17/2023

A BILL for an Act to provide an appropriation for defraying the expenses of job service North Dakota; and to provide for a report.
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9:45 AM Chairman Sorvaag opened the meeting on HB 1016.

Members present: Senators Sorvaag, Krebsbach, Rust, Schaible, and Meyer

Discussion Topics:

- Job Service North Dakota
- Budget sheet review
- Committee discussion

9:46 AM Adam Mathiak, Legislative Council, reviewed the budget long sheet, testimony #25698

9:51 AM Phil Davis, Workforce Service Director North Dakota Job Service, answered questions from the committee, no written testimony

9:53 AM Chairman Sorvaag closed the meeting.

Kathleen Hall, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division Sakakawea Room, State Capitol

HB 1016
3/27/2023

A BILL for an Act to provide an appropriation for defraying the expenses of job service North Dakota; and to provide for a report.

8:45 AM Chairman Sorvaag opened the meeting on HB 1016.

Members present: Senators Sorvaag, Krebsbach, Rust, Schaible, and Meyer

Discussion Topics:

- Job Service
- Committee action

8:45 AM Senator Meyer explained amendment LC 23.0245.02001, testimony # 26947.

8:48 AM Senator Meyer moved to adopt AMENDMENT 23.0245.02001.
Senator Schaible seconded the motion.

Senators	Vote
Senator Ronald Sorvaag	Y
Senator Karen K. Krebsbach	Y
Senator Scott Meyer	Y
Senator David S. Rust	Y
Senator Donald Schaible	Y

Motion passed 5-0-0.

8:50 AM Senator Meyer moved DO PASS AS AMENDED.
Senator Schaible seconded the motion.

Senators	Vote
Senator Ronald Sorvaag	Y
Senator Karen K. Krebsbach	Y
Senator Scott Meyer	Y
Senator David S. Rust	Y
Senator Donald Schaible	Y

Motion passed 5-0-0.

Senator Mayer will carry the bill to the full committee.

8:52 AM Chairman Sorvaag closed the meeting.

Kathleen Hall, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee Roughrider Room, State Capitol

HB 1016
3/28/2023

A BILL for an Act to provide an appropriation for defraying the expenses of job service North Dakota; and to provide for a report.

2:47 PM Chairman Bekkedahl opened the hearing on HB 1016.

Members present: Senators Bekkedahl, Krebsbach, Burckhard, Davison, Dever, Dwyer, Erbele, Kreun, Meyer, Roers, Schaible, Sorvaag, Vedaa, Wanzek, Rust, and Mathern.

Discussion Topics:

- Job Service
- Committee action

2:47 PM Senator Meyer introduced amendment LC 23.0245.02001, testimony # 26919.

2:49 PM Senator Meyer moved to adopt AMENDMENT 23.0245.02001.
Senator Kreun seconded the motion.

Senators	Vote
Senator Brad Bekkedahl	Y
Senator Karen K. Krebsbach	Y
Senator Randy A. Burckhard	Y
Senator Kyle Davison	Y
Senator Dick Dever	Y
Senator Michael Dwyer	Y
Senator Robert Erbele	Y
Senator Curt Kreun	Y
Senator Tim Mathern	Y
Senator Scott Meyer	Y
Senator Jim P. Roers	Y
Senator David S. Rust	Y
Senator Donald Schaible	Y
Senator Ronald Sorvaag	Y
Senator Shawn Vedaa	Y
Senator Terry M. Wanzek	Y

Motion passed 16-0-0.

2:52 PM Senator Meyer moved DO PASS AS AMENDED.
Senator Rust seconded the motion.

Senators	Vote
Senator Brad Bekkedahl	Y
Senator Karen K. Krebsbach	Y
Senator Randy A. Burckhard	Y
Senator Kyle Davison	Y
Senator Dick Dever	Y
Senator Michael Dwyer	Y
Senator Robert Erbele	Y
Senator Curt Kreun	Y
Senator Tim Mathern	Y
Senator Scott Meyer	Y
Senator Jim P. Roers	Y
Senator David S. Rust	Y
Senator Donald Schaible	Y
Senator Ronald Sorvaag	Y
Senator Shawn Vedaa	Y
Senator Terry M. Wanzek	Y

Motion passed 16-0-0.

Senator Meyer will carry the bill.

2:54 PM Chairman Bekkedahl closed the hearing.

Kathleen Hall, Committee Clerk

AG
3-28-23
(1-2)

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1016

Page 1, line 2, remove "; and to provide for a report"

Page 1, replace line 12 with:

"Salaries and wages \$28,994,942 \$4,898,290 \$33,893,232"

Page 1, replace lines 18 through 20 with:

"Total all funds \$65,405,492 \$54,767,407 \$120,172,899
Less estimated income 64,995,263 48,598,789 113,594,052
Total general fund \$410,229 \$6,168,618 \$6,578,847"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1016 - Job Service North Dakota - Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
Salaries and wages	\$28,994,942	\$35,491,871	(\$1,598,639)	\$33,893,232
Operating expenses	17,164,373	67,290,155		67,290,155
Capital assets	20,000	20,000		20,000
Grants	8,281,051	8,054,512		8,054,512
Reed Act - Computer modernization	10,945,126	10,915,000		10,915,000
Total all funds	\$65,405,492	\$121,771,538	(\$1,598,639)	\$120,172,899
Less estimated income	<u>64,995,263</u>	<u>114,737,849</u>	<u>(1,143,797)</u>	<u>113,594,052</u>
General fund	\$410,229	\$7,033,689	(\$454,842)	\$6,578,847
FTE	156.61	158.61	0.00	158.61

Department 380 - Job Service North Dakota - Detail of Senate Changes

	Adjusts Funding for Salary and Benefit Increases ¹	Removes Salary Funding for Funding Pool ²	Total Senate Changes
Salaries and wages	\$450,014	(\$2,048,653)	(\$1,598,639)
Operating expenses			
Capital assets			
Grants			
Reed Act - Computer modernization			
Total all funds	\$450,014	(\$2,048,653)	(\$1,598,639)
Less estimated income	<u>443,919</u>	<u>(1,587,716)</u>	<u>(1,143,797)</u>
General fund	\$6,095	(\$460,937)	(\$454,842)
FTE	0.00	0.00	0.00

¹ Salaries and wages funding is adjusted to provide for 2023-25 biennium salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and for adjustments to health insurance premium rates as follows:

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Salary increase	\$6,125	\$461,165	\$467,290
Health insurance increase	(30)	(17,246)	(17,276)
Total	\$6,095	\$443,919	\$450,014

AG
3-28-23
(2-2)

The House provided salary adjustments of 4 percent on July 1, 2023, and July 1, 2024.

² Funding for new FTE positions and estimated savings from vacant FTE positions is removed as shown below. These amounts are available to the agency if needed by submitting a request to the Office of Management and Budget for a transfer from the new and vacant FTE funding pool.

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
New FTE positions	(\$439,818)	\$0	(\$439,818)
Vacant FTE positions	(21,119)	(1,587,716)	(1,608,835)
Total	(\$460,937)	(\$1,587,716)	(\$2,048,653)

REPORT OF STANDING COMMITTEE

HB 1016, as engrossed: Appropriations Committee (Sen. Bekkedahl, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (16 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1016 was placed on the Sixth order on the calendar. This bill does not affect workforce development.

Page 1, line 2, remove "; and to provide for a report"

Page 1, replace line 12 with:

"Salaries and wages \$28,994,942 \$4,898,290 \$33,893,232"

Page 1, replace lines 18 through 20 with:

"Total all funds \$65,405,492 \$54,767,407 \$120,172,899
 Less estimated income 64,995,263 48,598,789 113,594,052
 Total general fund \$410,229 \$6,168,618 \$6,578,847"

ReNUMBER accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1016 - Job Service North Dakota - Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
Salaries and wages	\$28,994,942	\$35,491,871	(\$1,598,639)	\$33,893,232
Operating expenses	17,164,373	67,290,155		67,290,155
Capital assets	20,000	20,000		20,000
Grants	8,281,051	8,054,512		8,054,512
Reed Act - Computer modernization	<u>10,945,126</u>	<u>10,915,000</u>		<u>10,915,000</u>
Total all funds	\$65,405,492	\$121,771,538	(\$1,598,639)	\$120,172,899
Less estimated income	<u>64,995,263</u>	<u>114,737,849</u>	<u>(1,143,797)</u>	<u>113,594,052</u>
General fund	\$410,229	\$7,033,689	(\$454,842)	\$6,578,847
FTE	156.61	158.61	0.00	158.61

Department 380 - Job Service North Dakota - Detail of Senate Changes

	Adjusts Funding for Salary and Benefit Increases ¹	Removes Salary Funding for Funding Pool ²	Total Senate Changes
Salaries and wages	\$450,014	(\$2,048,653)	(\$1,598,639)
Operating expenses			
Capital assets			
Grants			
Reed Act - Computer modernization			
Total all funds	\$450,014	(\$2,048,653)	(\$1,598,639)
Less estimated income	<u>443,919</u>	<u>(1,587,716)</u>	<u>(1,143,797)</u>
General fund	\$6,095	(\$460,937)	(\$454,842)
FTE	0.00	0.00	0.00

¹ Salaries and wages funding is adjusted to provide for 2023-25 biennium salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and for adjustments to health insurance premium rates as follows:

	General Fund	Other Funds	Total
Salary increase	\$6,125	\$461,165	\$467,290
Health insurance increase	(30)	(17,246)	(17,276)
Total	\$6,095	\$443,919	\$450,014

The House provided salary adjustments of 4 percent on July 1, 2023, and July 1, 2024.

² Funding for new FTE positions and estimated savings from vacant FTE positions is

removed as shown below. These amounts are available to the agency if needed by submitting a request to the Office of Management and Budget for a transfer from the new and vacant FTE funding pool.

	General Fund	Other Funds	Total
New FTE positions	(\$439,818)	\$0	(\$439,818)
Vacant FTE positions	(21,119)	(1,587,716)	(1,608,835)
Total	(\$460,937)	(\$1,587,716)	(\$2,048,653)

TESTIMONY

HB 1016



House Appropriations
Committee

JOB SERVICE
NORTH DAKOTA
TESTIMONY

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House Bill 1016
Patrick Bertagnolli
January 6, 2023

**HOUSE APPROPRIATIONS COMMITTEE
HB 1016**

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TESTIMONY

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(slide 1)

WELCOME and INTRODUCTION

Good morning, Mr. Chairman and members of the House Appropriations Committee. My name is Patrick Bertagnoli, and I am the Executive Director of Job Service North Dakota (Job Service). I am here today to provide the appropriations testimony. Joining me today are three members of our leadership team including Nicole Lagasse, our Finance Manager, Darren Brostrom, our Unemployment Insurance Director and Deputy Director, and Phil Davis, our Workforce Services Director.

Job Service was established under North Dakota Century Code title 52 and is charged with administering the unemployment compensation program and the state's employment services. I was appointed to the Executive Director position with Job Service in February of 2022. I originally applied for the position because I wanted people to know the great things that this agency does, often not visible to the public. I already knew about many of the meaningful services Job Service provides based on my own personal experience, but I have learned that the agency does so much more than I even understood. Prior to coming to Job Service, I was not only a member of the Workforce Development Council, but I was also a customer of Job Service. I needed to hire employees as did every other oil and gas employer in the western part of the state. I invited Job Service staff to my organization to better understand the positions I was hiring for, and the skills needed to increase the quality and flow of applicants. Job Service employees matched my energy, and I was often asked by others how I was able to hire skilled employees so quickly. The answer was through my relationship with Job Service.

Now that I'm leading this team, I can proudly tell you what I knew before I came here. These employees are some of the most passionate and dedicated employees I've worked with throughout my career. They live and breathe Job Service, volunteer in their communities, and in short, they ride for the brand. They have strong connections within the communities, serve on boards, present to schools, and host multiple events across the state. They have solid partnerships with many employers, schools, regional Economic Development Councils, local chambers, and other workforce partners across the state. These employees are some of the best workforce experts in the state. They are knowledgeable about the employers they serve and workforce trends.

(slide 2)

ORGANIZATIONAL STRUCTURE

Our agency is structured to provide the best service to our North Dakota citizens and deliver on our mission of *Meeting Workforce Needs*. We have a strong leadership team leading each of our three main business units. [See Appendix A for our Leadership Team Structure].

Our Workforce Services Department serves our communities through outreach, statewide events, education, career expos, and partnerships. There are several grants and contracts we work under to remove barriers to employment to help individuals successfully find meaningful employment. We also connect employers and job seekers via our career and employer services and hiring events.

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Our Unemployment Insurance Department provides critical financial assistance to individuals during periods of temporary layoff through the payment of unemployment insurance benefits. These benefit payments provide a direct benefit to individuals and businesses throughout the state. By relieving some of the financial pressures of job loss, workers are able to support their families and are more likely to remain within their community. Business is benefited by the continued spending of unemployed individuals. The Unemployment Insurance Department also works with over 26,000 employers, sets tax rates, and ensures the trust fund is solvent.

Our third function is our Labor Market Information Department. This department turns data into insights, allowing businesses, job seekers, policy makers, and others to make informed decisions based on labor market and economic data.

At this time, I'm going to share more information about our workforce services and the impact we have on the workforce in North Dakota.

(slide 3)

WORKFORCE SERVICES

Workforce Services includes our Workforce Centers and our Workforce Programs Department. We have nine Workforce Centers across the state delivering key services to the citizens of North Dakota. Workforce Centers serve an average of 2,600 customers and take approximately 2,000 phone calls each month. During the last year, our Workforce Centers also provided over 46,000 services to employers throughout the state.

In 2022, our workforce team hosted 35 job fairs, 134 hiring events, facilitated the first Statewide Apprenticeship Expo and the first Nationwide Virtual Job Fair, held 48 student events, conducted 180 WIOA presentations, presented to multiple partners throughout the state, and conducted weekly outreach to rural communities, correctional facilities, and recovery centers. In total, we reached over 31,000 individuals.

Our Workforce Centers are also home to the Virtual One Stop System. This is North Dakota's largest ad-free jobs database. The platform is offered at no charge to job seekers and employers. We currently have over 184,000 users with 48,500 of those being new users. In the last year, our staff placed 32,013 job orders for employers, and we made 80,411 job referrals.

(slide 4)

Program Highlights

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 they could be more complex cases such as substance abuse, a criminal record, insufficient support services, inadequate access to technology, or a lack of technical or soft skills to succeed in today's workplace.

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Every client we work with is different and we strive to positively impact our clients by helping them remove barriers to obtaining meaningful employment and becoming self-sufficient through our 13 workforce programs. With the limited time we have together today, I'd like to highlight a few of our programs, but I encourage you to read through the appendices included with our testimony to learn more about the many services and successes we have within these programs. *[See Appendix B for more information on our Workforce Services area including numbers served and performance measurements]*

WIOA

We are able to help citizens of our state remove barriers under the Workforce Innovation and Opportunity Act (WIOA). WIOA serves three main demographics: youth, adult, and dislocated workers. During the 2021 program year, we served 951 participants of which 80% were either employed or in training one year after exiting the program. This program has a big impact on the workforce, and I'd like to share a couple of success stories with you.

Maame was taking a language class at the Adult Learning Center and was referred to Job Service for WIOA services. She entered the training program for a Certified Nursing Assistant (CNA) at Bismarck State College and completed her language work at the same time. Once she was certified, we helped her find employment. She was hired as a CNA with not only a sign-on bonus, but at a wage that exceeds the 75th percentile. Our WIOA funds not only helped Maame with her CNA training, but also helped her purchase the scrubs she is wearing in this photo.

Alysse is enrolled in our Crossroads program, which provides teenage parents help toward graduating from high school and to also work toward their goals post high school. Alysse started her journey in high school and went on to college for an AAS in Dental Hygiene. She stayed in the program through the duration of earning her degree and also enrolled in WIOA for tuition assistance. While attending college, she also worked part-time. She graduated from the Dental Hygiene program with honors and passed her licensing exam. Just this last June, one month after graduation, she found full-time employment in her field.

Ashleigh is an adult WIOA participant. She came to us with a high school diploma and was working 2-3 manual labor jobs including cleaning and maintenance and clerking at a retail store. She also picked up overtime when she could. Ashleigh applied for CDL training through TrainND Southwest, and she earned her Class A driver's license. In April of this year, within two weeks of receiving her license she applied, interviewed, and was hired at Northern Improvement. This upskilling and subsequent employment resulted in Ashleigh earning a significantly higher wage than her previous positions.

Ashleigh is not alone in gaining employment requiring a CDL. Job Service is extremely active in working to fill the critical in-demand transportation positions open within North Dakota. Using Bismarck as an example, we send our local CDL training candidates through Bismarck State College. They are currently getting 40-60% of their CDL program applicants from our referrals and they are consistently booked 3 months out.

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(slide 5)

While these participants are just three of our success stories, we have many more. We also know that we can make a greater impact, which is why we are requesting an appropriation for a Job Placement Pilot Program. This initiative was approved and recommended by the Workforce Development Council (WDC) with a main objective to connect recently or soon-to-be released ex-offenders with in-demand positions within North Dakota. This would be a collaborative effort with the Department of Corrections and Rehabilitation (DOCR), the F5 project, and others to ensure wrap-around, supportive services are provided.

Ex-Offenders were identified by the WDC as a population who experience barriers to entering the workforce, including the life-long impact of a criminal conviction on their record. As of 2020, North Dakota averaged 1,400 prisoner releases each year. Without a steady paycheck allowing for basic needs to be met, such as housing and food, many ex-offenders return to the prisons as indicated by North Dakota's recidivism rate of 40.3% in 2021. Ex-offenders are a target group to fill in-demand positions in skilled trades, transportation, IT, and a wide variety of other industries. Without tapping into this labor pool and preparing ex-offenders for the workforce, employers will continue to have difficulty filling in-demand positions.

This program, if funded, would supplement the existing services provided by Job Service through WIOA by serving a minimum of 150 participants per year with temporary employees who would be based out of our Fargo and Bismarck Workforce Centers. These employees would work directly with DOCR Case Managers and F5 Project representatives to identify employers and participants, and to ensure a successful transition to employment.

Our request is for \$640,000 of general funds which will pay for two temporary employees and support services to include basic needs such as housing, transportation, tools, work clothing, and equipment that are not otherwise paid for by the WIOA federal funding.

(slide 6)

JVSG

The Jobs for Veterans State Grant (JVSG) supports veterans who have barriers to employment. During the last year, we served 522 veterans. When compared to other states, North Dakota veterans have the highest labor participation in the nation.

The photo you see on this slide is of Stephen. Stephen is a North Dakota Marine Veteran Reservist. He's a campaign war veteran with three deployments, two to Iraq and one to Afghanistan, as a Military Police Officer. In June of 2022, Stephen completed his education with a Masters in Natural Resource Management from NDSU through the VA Veteran Readiness and Employment Program (VR&E). Stephen was excited and ready to hit the job market and was assigned a Veterans Employment Representative at Job Service.

Stephen had applied for several positions in the cities of Fargo and Moorhead as a Parks Superintendent, Conservationist, and anything remotely close to his degree. Although he

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received interviews for all the positions he applied for, he was not able to secure a job. Our Veteran Employment Representative worked with Stephen to create a targeted resume and fine-tune his interview skills and we worked to get him in front of an area business where he applied for a job, interviewed, and was offered the position. He started working as a Natural Resource Inspector in November of 2022.

Our veteran representatives work not only with job seekers, but with employers by making connections and educating employers on the value of hiring veterans, just like they did with Stephen. I'd like to thank one of our businesses today, All Embracing Home Care, LLC, a Grand Forks business. They were recently recognized and received the Gold Award with the Hire Vets Medallion Program. Employers like this are at the forefront, taking the initiative to understand the skills and value veterans have as they transition into the civilian workforce. So, thank you, All Embracing Home Care, for leading the way in hiring our veterans.

(slide 7)

H2A Visa Agricultural Program

The next program I would like to highlight is the H2A Visa Agricultural Program, also known as the Foreign Labor Certification Program. Job Service has been administering this program since 2007. The program provides assistance to agricultural employers who have a shortage of domestic workers. The program brings non-immigrant foreign workers to the U.S. to perform agricultural labor on a temporary or seasonal basis. Job Service provides employers with a quality inspection as required by the US Department of Labor.

This program has grown exponentially from processing 219 H2A applications in 2007 to 846 in 2022 and conducting 203 housing inspections in 2007 to 1,946 in 2022. [See Appendix C for Historical Foreign Labor Statistics] With the number of housing inspections conducted in 2022, our employees have driven over 33,500 miles facilitating the placement of 2,796 workers. North Dakota has a large land mass with remote farming communities and H2A workers are vital to these communities. David Lagein is a farmer and Towner County Commissioner who said, "The H2A Program was a life saver for us!"

(slide 8)

The H2A program is impactful in bringing needed seasonal workers to our agricultural employers across the state; However, it's growth hinders our ability to dedicate time to our other workforce services. To continue providing these valuable services, we are making a request for general funds in the amount of \$484,310. This request is for two full-time employees and related travel costs. These employees would be housed in one of the four centrally located Workforce Centers to include Bismarck, Minot, Devils Lake, and Jamestown. These employees would travel to farm and ranch locations to have continued dialogue with the Ag producers about housing needs, employer rights, and foreign worker rights. The employees would also conduct housing inspections per the Department of Labor requirements and provide a report of needed improvements and follow up. During the off-season months of July-September, the employees would provide rural outreach to smaller communities to bring awareness and education about the program, along with training

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opportunities and other skill-building resources to align individuals with needed services and to remove barriers to employment.

(slide 9)

Workforce Outreach

I mentioned previously that Job Service has connected with over 31,000 individuals during the last year. This is an example of the strong presence we have in the communities we serve. We partner with many employers, schools, and chambers to create awareness to careers for middle-school and high-school students. We also facilitate presentations in schools and at community events, and conduct outreach to tribal communities, New Americans, correctional facilities, recovery centers, and to some of our rural communities. We also provide a venue for statewide workforce and career events. This past year, we launched our first ever Nationwide Virtual Job Fair with 160 employers. This event attracted job seekers from 20 states and 6 countries. Our second virtual job fair will be held on February 8, 2023. This past year, we also hosted our first statewide Virtual Apprenticeship Expo with 25 exhibitors and 700 students.

Our employees are not only involved in their communities from a professional standpoint, but many volunteer with different organizations either serving on boards for causes they are passionate about or participate in other groups with their children. One such employee has a daughter in Girl Scouts, and this led to Job Service participating in a career exploration event for girl scouts in Bismarck and Fargo. You can see one of our employees working with a student in the Girl Scout program in the photo on this slide. The student is experiencing different careers through a virtual reality experience using the CareerView XR. We are fortunate to have these viewers in both Fargo and Bismarck through a partnership with Be More Colorful.

Despite our best efforts, we only have 9 Workforce Center locations and limited staff. This prohibits us from providing adequate services to job seekers and employers in our rural communities. Having a presence in these communities to facilitate workforce needs including educating, engaging, and aligning communities, schools, and industries is vital to having a cohesive presence throughout the state.

(slide 10)

Through our rural outreach initiatives, we have developed great relationships with Career and Technical Education (CTE) communities and schools throughout the state. The success of these partnerships has resulted in Job Service being asked to have an expanded presence in more rural type CTE centers to further align our communities, workforce, and schools, as well as support the momentum of the CTE curriculum and career exploration. This presents an opportunity for Job Service to provide additional outreach and workforce activities, including upskilling and training opportunities that may not otherwise be available, to citizens in rural areas.

We are asking for \$390,000 in general funds for a pilot project to provide an on-site full-time temporary employee at a CTE center in the eastern and western parts of the state. These positions are

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critical to working with citizens in rural areas in which we do not currently have a presence. These funds would also support administration costs related to the program.

(slide 11)

FUNDING

I'd like to take some time to talk about the Job Service budget. We are 98.4% 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. All programs offered by Job Service must meet negotiated levels of performance and every grant and contract has countless reporting requirements that are carried out by our staff monthly, quarterly, and annually.

The limited general funds we receive 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 Job Service, 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 can 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% of an FTE to assist state and local government employers with issues related to Social Security and Medicare wage reporting.

The limited special funds we receive are for the New Jobs Training Program. For more than 25 years, the state has administered this program 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. [See Appendix D for the most recent New Jobs Training annual report]

(slide 12)

From 2012 through 2022, the Job Service budget has remained fairly flat. This flat federal funding has not kept up with inflation for over a decade. This chart shows the flat federal funding over the years and a hypothetical equation if that funding had been adjusted for inflationary purposes. As you can see from this chart, as the funding remains flat, the gap between inflation and actual funding grows. In addition to funding not being adjusted for inflation, the federal dollars are not adjusted to support state level program increases such as legislative wage adjustments and IT cost increases.

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(slide 13)

In the last decade, North Dakota's population has grown by over 106,000, or about 15.8%. Employer establishments has also grown by 7,716, or 28%. During that same time, Job Service staffing has decreased by 105 FTEs, or -40%. The staff decrease percent increases to -60% when looking at a 20-year period. The lack of funding has resulted in continually shrinking staff. While efficiencies have been made, and technology has been leveraged, staffing levels have dipped to a level where providing services to our growing population is becoming problematic as there is a greater need for services. For example, just in our WIOA program alone, we are serving almost 9,600 more customers than we did 10 years ago. This funding shortfall has also resulted in the closure of 7 of our 16 Workforce Centers.

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 recognition and rewards. The reduction in approved staffing levels also forces us to hire temporary employees of which we see fewer applications and 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 50.7% 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. *[See more staffing information including challenges and comparisons in Appendix E, Agency Workforce Summary]*

(slide 14)

Many other surrounding states receive state dollars to help offset the additional costs in both workforce and unemployment insurance services, however, Job Service operates with minimal general fund dollars. We have captured the state comparisons on this slide using the states with which we typically compare ourselves: Wyoming, South Dakota, and Montana. Like North Dakota, these states have the same federal programs we do including the Workforce Innovation and Opportunity Act (WIOA), Unemployment Insurance, and Wagner-Peyser. These states are also small, and South Dakota and Wyoming are also considered a single-area state under WIOA with one state-level workforce board. While North Dakota has the least amount of Workforce Centers, it is also the only state that does not receive any state funds for workforce. North Dakota is also the only state that does not charge employers an unemployment insurance fee and does not receive any state funds for unemployment insurance.

(slide 15)

While funding remains flat, costs continue to increase resulting in a reduction of funds available to serve the citizens of North Dakota. In the past, when the Office of Management and Budget recommended legislative increases for staff, Job Service has never asked for any additional funding. Instead, we were placed in a difficult position to decide what services and/or staff to cut to stay within the approved budget. This is a very difficult position for our agency to be placed in, especially given the focus on workforce and the impact we make for the citizens and businesses of North Dakota. With

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no federal funding changes on the horizon, and the lack of federal funding dollars over the years, we cannot continue to absorb the legislative pay increases without drastically impacting the services to our citizens.

We are asking for a general fund appropriation of \$2,500,000 to help offset the increase for the compensation package being proposed from the Office of Management and Budget. This will allow Job Service to continue providing services to the citizens and will not place us in a position to make the choice to cut staff and/or services to stay within the approved budget.

(slide 16)

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, and process claims and benefit payments. The work they do serves a dual purpose as both a workforce and an economic stabilizer.

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 provided by the United States Department of Labor 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 after the associated increase in workload occurs.

In 2019¹, the National Association of State Workforce Agencies (NASWA) conducted a survey and found that supplemental funding using both general fund appropriations and employer contributions from fees, taxes, and assessments is utilized in many states. In fact, over 20 states provide supplemental funding to their Unemployment Insurance programs. In addition, 30 states allow the state to charge an administrative tax and/or fee to employers to help supplement the program costs.

While federal funding remains flat, the program growth and requirements continue to increase and become more complex. This requires shifting staff time from customer-focused activities to other unfunded federally mandated activities. This highlights the need for support of the Unemployment Insurance program as the current federal funding model is not sustainable for smaller states.

(slide 17)

Due to the lack of adjustments for inflation in federal funding, the increasing IT maintenance and hosting cost increases, as well as increased federal requirements and complexity, we are requesting a general fund appropriation of \$3,000,000 for unemployment insurance administration operating expenses, most of which relate to the increasing IT costs, which will have a direct impact to citizen services.

¹ No study was completed in 2020 or 2021 due to the pandemic

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(slide 18)

In the Governor's Legislative Budget Address, he specifically mentioned the legacy unemployment insurance system. This system was implemented in 1976, 46 years ago, when Art Link was North Dakota's Governor and President Gerald Ford lost to Jimmy Carter in the presidential election. Although many of you may remember these events from your youth, 41% of our own staff were not even born when we implemented this technology system.

The current system is not industry standard or widely used. The technology is so antiquated that employees who had knowledge of the system have retired, passed away, or are planning to retire. This requires us to contract with primarily off-shore contractors, which raises red flags for IRS requirements. The outdated technology also limits our ability to interface with other agencies and entities and prevents timely data analysis and business intelligence.

(slide 19)

The unemployment system has a great impact on the services provided by Job Service. Throughout the year, we can impact 20,000 claimants. During times of layoff, we issue unemployment benefit payments to eligible individuals. In turn, this allows them to support their families and stay in North Dakota. We have more than 26,000 employers covered by the Unemployment Insurance program and filing quarterly wage reports with us. When employees are laid off from work and receive benefit payments, they are more likely to stay and spend in North Dakota, creating an \$80-\$100M yearly economic impact to the state. If the technology system were to fail, and the chances of this happening grows each day, benefit payments would stop, potentially for extended timeframes. The burden on our workforce and employers would be extreme, potentially forcing workers to look for jobs in other states.

You might be asking yourself how we have survived all these years with old technology, or you might be wondering how we managed to be one of the top states to implement and meet reporting requirements during the pandemic. The answer is, it hasn't been easy. Without the dedicated staff working long hours to patch together programming requirements, or retirees coming back to work during the pandemic, we would not have been able to process the number of claims or implement the required programming.

(slide 20)

The need to modernize our technology is not new to us and is something we have discussed with the legislative body for many years. We have worked with the federal government and other states to attempt to modernize our system several times since the early 2000's. These efforts have been funded by the federal government, although at unrealistically low levels. Additionally, funding has come with federal "strings" attached. The strings attached were items such as implementing federal administration priorities and most impactfully required that states work in a consortium with other states. While the sharing of costs among states seems to be a logical approach, each state has varying state laws surrounding their Unemployment Insurance programs and each state has differing priorities. These differences and priorities have prevented successful development of a new

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system. This is a common story across the nation. At this point, the federal government has pulled all financial support for system modernization efforts other than some small federal priority projects that they hope states will integrate into their systems. As of today, 28 states are now actively engaged in some level of modernization with the systems being funded by the states themselves through state funds and employer fees or via American Rescue Plan Act (ARPA) funding. In 2021, Job Service made a request to the North Dakota legislative body for ARPA funding during the special session, however, our request was not supported, and funding was not received.

(slide 21)

That brings us to today and the reason for our request for an appropriation for Unemployment Insurance Technology Modernization. Without state funding, we can't move forward. We have taken the initial step of issuing a Request for Information with the initial results returning estimated costs of about \$75,000,000. These costs include vendor estimates, risk and contingency factors, licensing fees, State staff time, and outside contractors as needed. Implementation times indicate the project could take up to 4 years to complete. In the 2023-2025 Biennium, we are requesting \$45,000,000 in Strategic Investment and Improvement Funds (SIIF) to begin the modernization project.

(slide 22)

APPROPRIATIONS

With the system modernization being our final request, I would like to summarize all of our appropriation requests.

Throughout this testimony, we have noted the new funding requests as recommended by the Governor. These include the H2A Visa Program for \$484,310; the Job Placement Pilot Program for \$640,000; the Career and Tech Ed Partnership Program for \$390,000; Additional Salary and Wages expense of \$2,500,000 to cover the proposed compensation and benefit package, and pay equity; UI Administration operating costs of \$3,000,000 to adjust for inflationary costs and to account for increased program complexity and system costs; and finally \$45,000,000 during the next biennium to support our efforts to modernize the unemployment insurance system.

We are asking for the ongoing support of the general funds for Job Spidering, Mobile Application, and State SSA Liaison funding of \$415,474, as well as ongoing support of special funds for the New Jobs Training Program in the amount of \$611,460. We are also requesting a Federal Funds base budget in the amount of \$69,570,308. In addition to these funds, we are requesting that the long-standing language in our appropriation bill which will allow us to accept all federal funds received by Job Service in excess of those funds appropriated in section 1 of our bill for the biennium beginning July 1, 2023 and ending June 30, 2025. This critical continuing appropriation language is necessary due to the way in which the US Department of Labor provides funding to the agency and has been long considered necessary by the legislative body.

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(slide 23)

Slide 23 summarizes our base budget, optional budget requests and Governor's recommendations, which compile our 2023-25 appropriation request. Changes from the base budget include:

Salary

- A base budget request for increased salary appropriations in the unemployment department due to increased temporary staffing
- A base budget request as recommended in the Governor's budget for the salary increases in the next biennium, 6% in the first year and 4% in the second year, and health insurance increases for employee benefits. This increase is requested to be funded by General Funds in the amount of \$2,500,000 due to the insufficient Federal funding over the years.
- An optional budget request for the H2A VISA Program for \$460,850 to cover the costs for two FTE
- An optional budget request for the Job Placement Pilot Program for \$340,000 to cover the costs for two temporary employees
- An optional budget request for the Career and Tech Ed Partnership Program for \$340,000 to cover the costs for two temporary employees

Operating Expenses

- A base budget request increase to the operating expense line item for IT contractual services due to inflationary costs
- An optional budget request for the H2A VISA Program for \$23,460 to cover travel costs
- An optional budget request for the Career and Tech Ed Partnership Program for \$50,000 to cover administrative costs
- An optional budget request for the UI Administration operating costs of \$3,000,000 to adjust for inflationary costs and to account for increased program complexity and system costs
- An optional budget request of \$45,000,000 for the unemployment insurance modernization project

Grants

- A base budget request related to training dollars paid to citizens which was decreased under our WIOA, TAA, ATAA, and TRA grants.
- An optional budget request for the Job Placement Pilot Program for \$300,000 for program costs

(slide 25)

CONCLUSION

I've been with Job Service North Dakota for less than a year, but I can honestly say I'm humbled to be here and impressed by how committed the employees are to this organization and how passionate they are about the work they do. That work is incredibly important in building a skilled workforce and limiting the impact of downturns for healthy, vibrant communities.

I thank you for your time today and I will now entertain questions from the committee.

SLIDES



APPROPRIATIONS TESTIMONY

JOB SERVICE NORTH DAKOTA – HB 1016

PAT BERTAGNOLLI

JANUARY 6, 2023

NORTH
Dakota | Job Service
Be Legendary.™



JOB SERVICE NORTH DAKOTA

WORKFORCE SERVICES

- Serve our Communities
- Remove Barriers to Employment
- Connect Employers and Job Seekers

UNEMPLOYMENT INSURANCE

- UI Benefit Payments
- Tax Rates
- Trust Fund

LABOR MARKET INFORMATION

- Labor and Economic Data
- Education and Insights for Informed Decision Making

IMPACTING NORTH DAKOTA'S WORKFORCE

WORKFORCE SERVICES



9 WORKFORCE CENTERS

Average 2,600 Customers/Month
Average 2,000 Phone Calls/Month
46,566 Services to Employers in the last year



COMMUNITY IMMERSION

Connected with over 31,000 Individuals in the last year at local, statewide, and virtual events



VIRTUAL ONE-STOP SYSTEM

Largest Ad-Free Workforce Database in North Dakota available at no cost to employers or job seekers

184,234 Users 32,013 Job Orders
48,519 New Users 80,411 Job Referrals

PROGRAM HIGHLIGHTS - WIOA

OUR IMPACT

WORKFORCE
INNOVATION
AND
OPPORTUNITY
ACT

951 SERVED

Maame
Certified Nurse Asst.



WIOA Adult Program

Alysse
Dental Hygienist



Crossroads/WIOA
Youth Program

Ashleigh
Class A CDL Driver



WIOA Adult Program

REQUESTED APPROPRIATION JOB PLACEMENT PILOT PROGRAM

IMPACT IN 2022

1,400 Releases/Year
40% Recidivism Rate



GENERAL FUND REQUEST

\$640,000
Temp Employees
Support Services



PROGRAM HIGHLIGHTS - JVSG

OUR IMPACT

JOBS FOR
VETERANS
STATE GRANT
(JVSG)

522 SERVED

Stephen
Marine Veteran and
Natural Resource Inspector



JVSG Veteran Program



PROGRAM HIGHLIGHTS – H2A

OUR IMPACT

H2A Visa
Agricultural
Program

33,500+ Miles Driven

1,946 Inspections

2,796 Placements

"The H2A Program was a life saver for us!"

-David Lagein, Farmer and Towner County
Commissioner

REQUESTED APPROPRIATION

H2A VISA AGRICULTURAL PROGRAM

IMPACT IN 2022

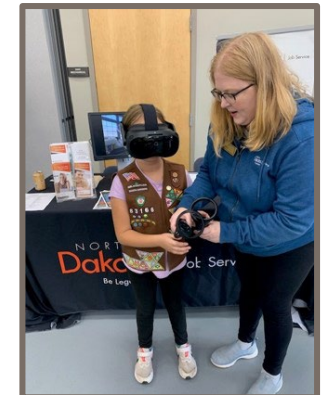
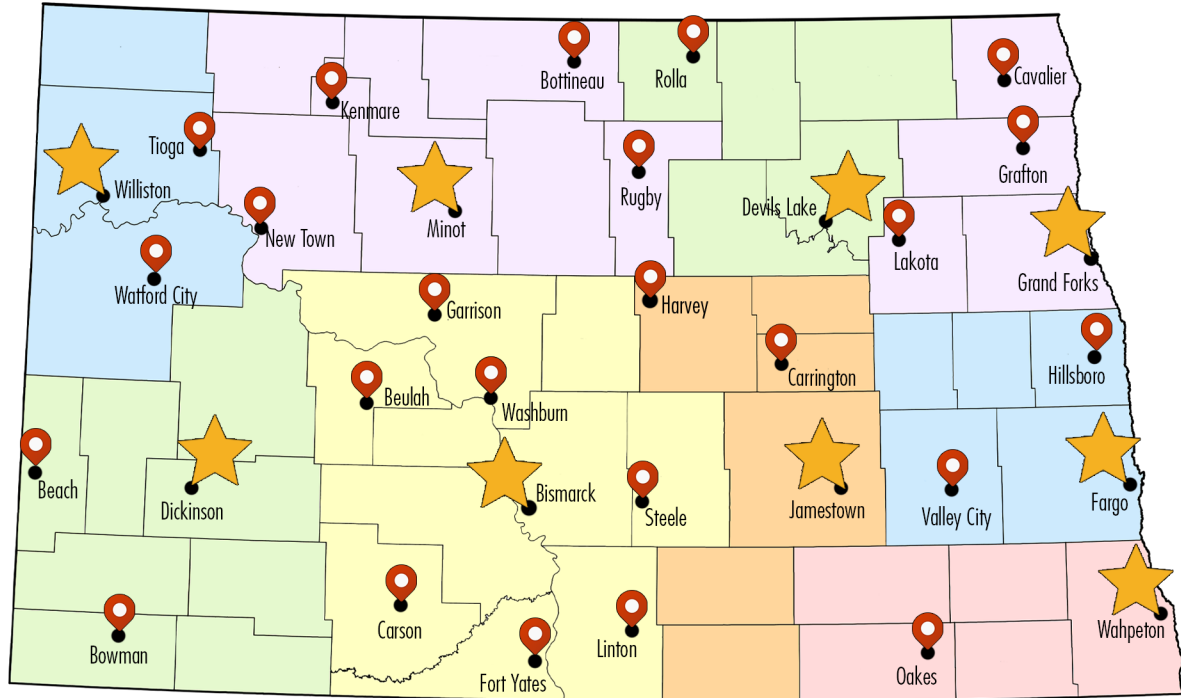
1,946 Inspections in 2022
2,796 Workers Placed
33,593 Miles Driven

GENERAL FUND REQUEST

\$484,310
2 FT Employees
Related Travel Costs



WORKFORCE OUTREACH



Job Fairs & Hiring Events | Rural Community Outreach | Career Expos | T-4 Events |
Apprenticeship Expos | High School Specific Events | WIOA Presentations | Tribal
Community Outreach | DOCR Outreach | Recovery Center Outreach

REQUESTED APPROPRIATION CTE PARTNERSHIP

IMPACT

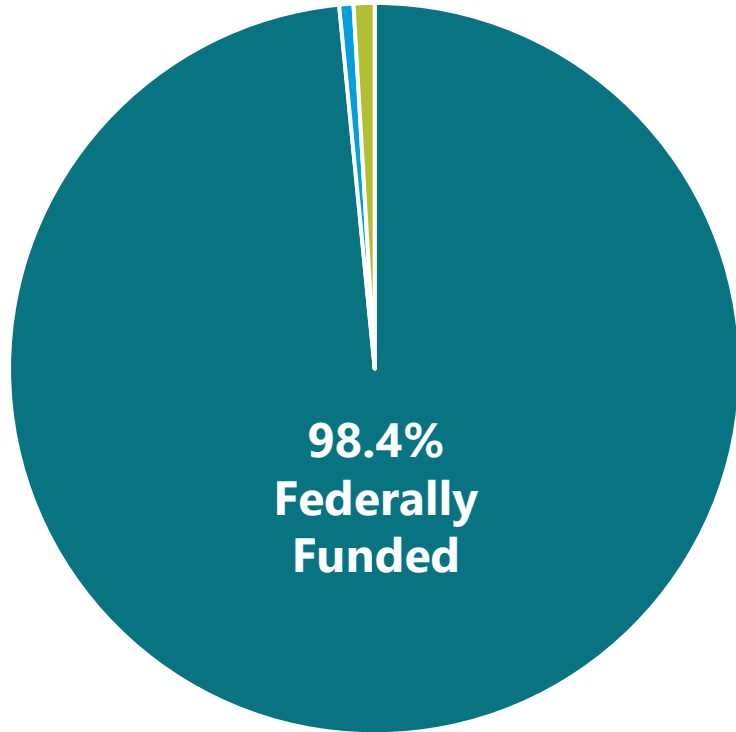
Rural Communities
Workforce Engagement & Alignment

GENERAL FUND REQUEST

\$390,000
2 Temp Employees
Program Administration Costs



FUNDING 2021-2023



- Federal Funds
- General Funds
- Special Funds

GENERAL FUNDS



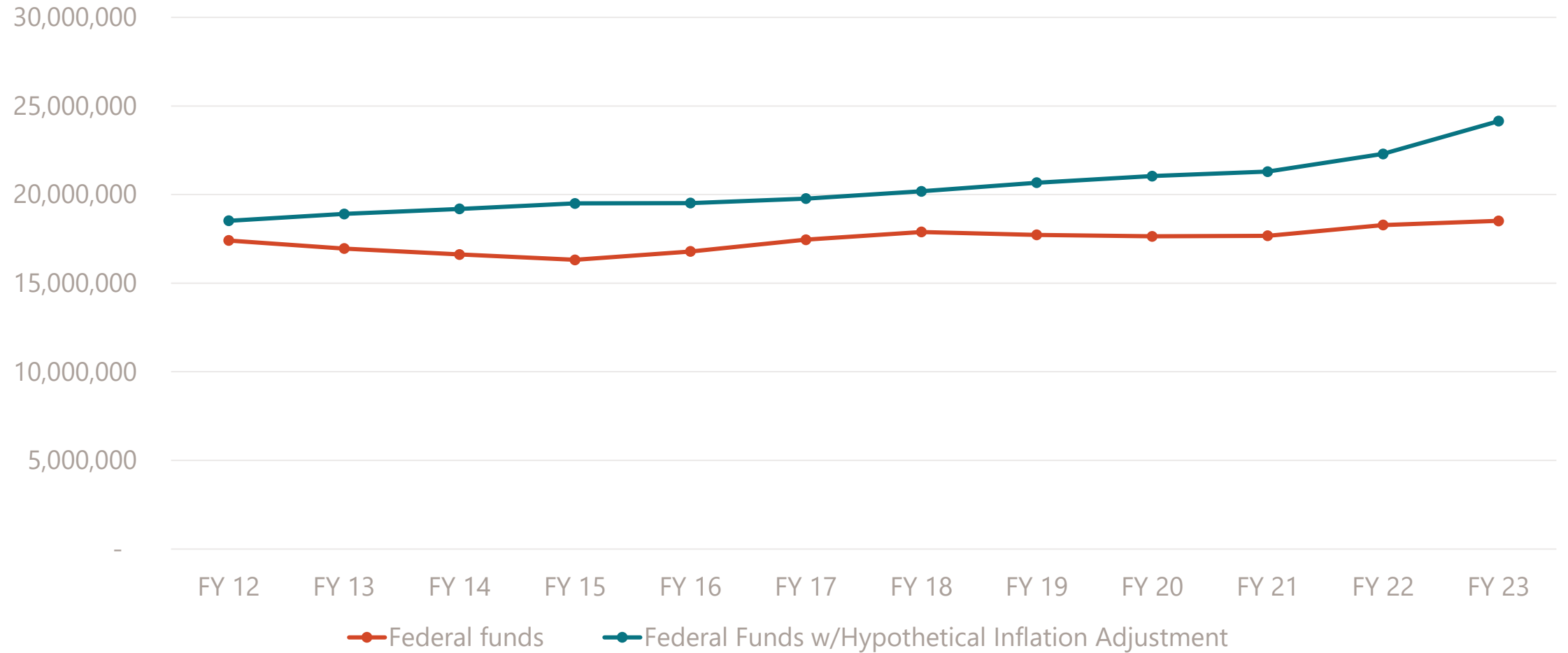
- Job Spidering
- Mobile App
- State SSA Liaison

SPECIAL FUNDS

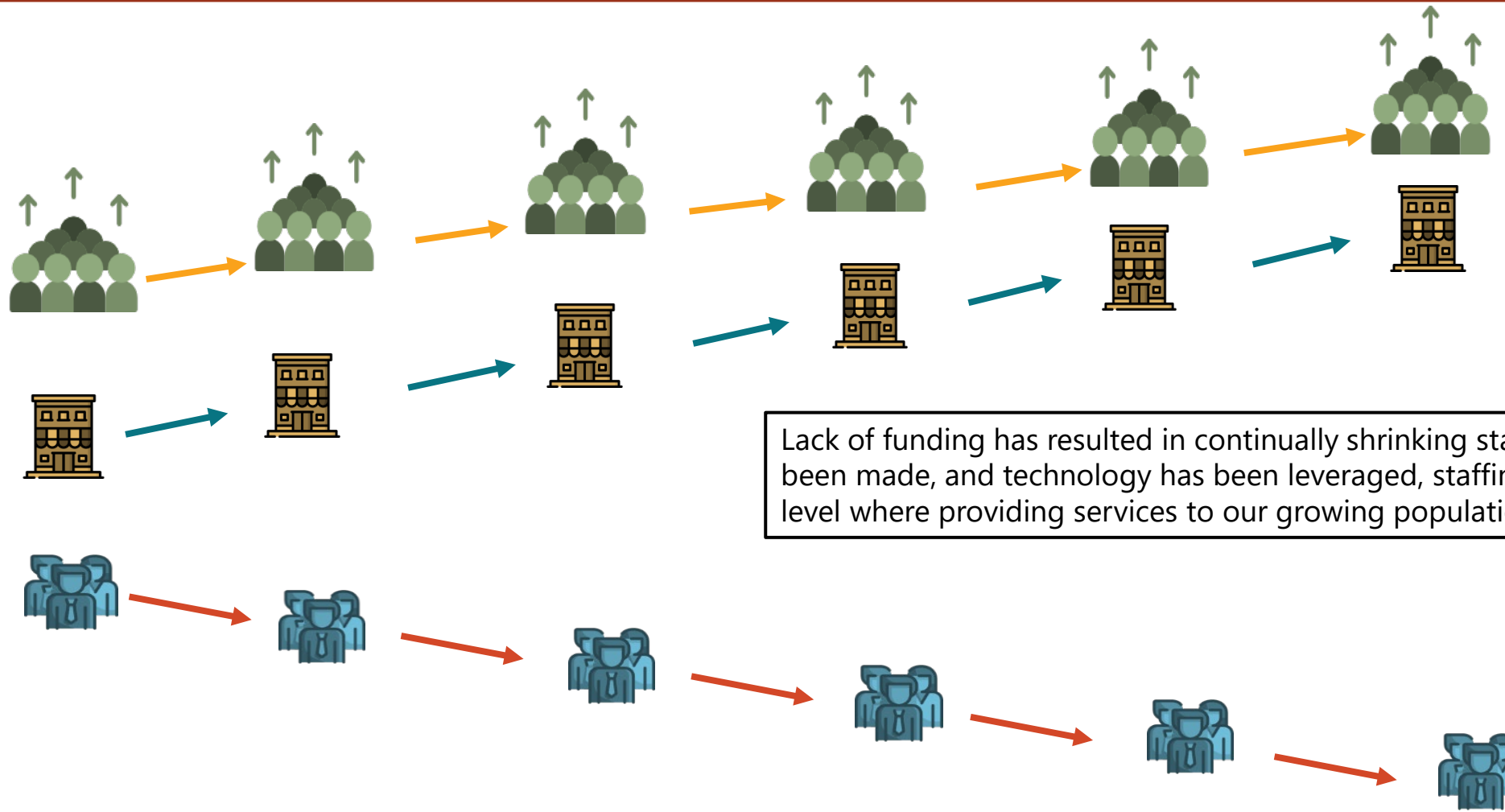


New Jobs Training:
Worker education and training when employers create new jobs

FUNDING HISTORY



STATE AND BUSINESS COMMUNITY GROWTH VERSUS JOB SERVICE STAFFING



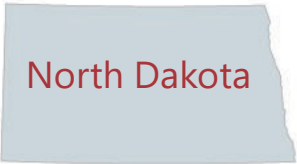



State population has grown by 106,000 in the last decade

Businesses have grown 7,700 in the last decade

Lack of funding has resulted in continually shrinking staff. While efficiencies have been made, and technology has been leveraged, staffing levels have dipped to a level where providing services to our growing populations is problematic

Job Service staffing has declined by 59% in the last 20 years.

STATE COMPARISON

State	Population	Workforce Centers	State Funds for Workforce	Employer UI Fee	State Funds for UI
 North Dakota	774,948	9	No	No	No
 Wyoming	578,803	18	Yes	Yes	Yes
 South Dakota	895,376	14	Yes	Yes	Yes
 Montana	1,104,271	17	Yes	Yes	Yes

REQUESTED APPROPRIATION SALARIES AND WAGES

- Federal funding has not been adjusted for inflation
- Federal funding is not adjusted for the compensation package (salary, benefits, and pay equity) as approved by the legislature

IMPACT

Direct impact to citizen services

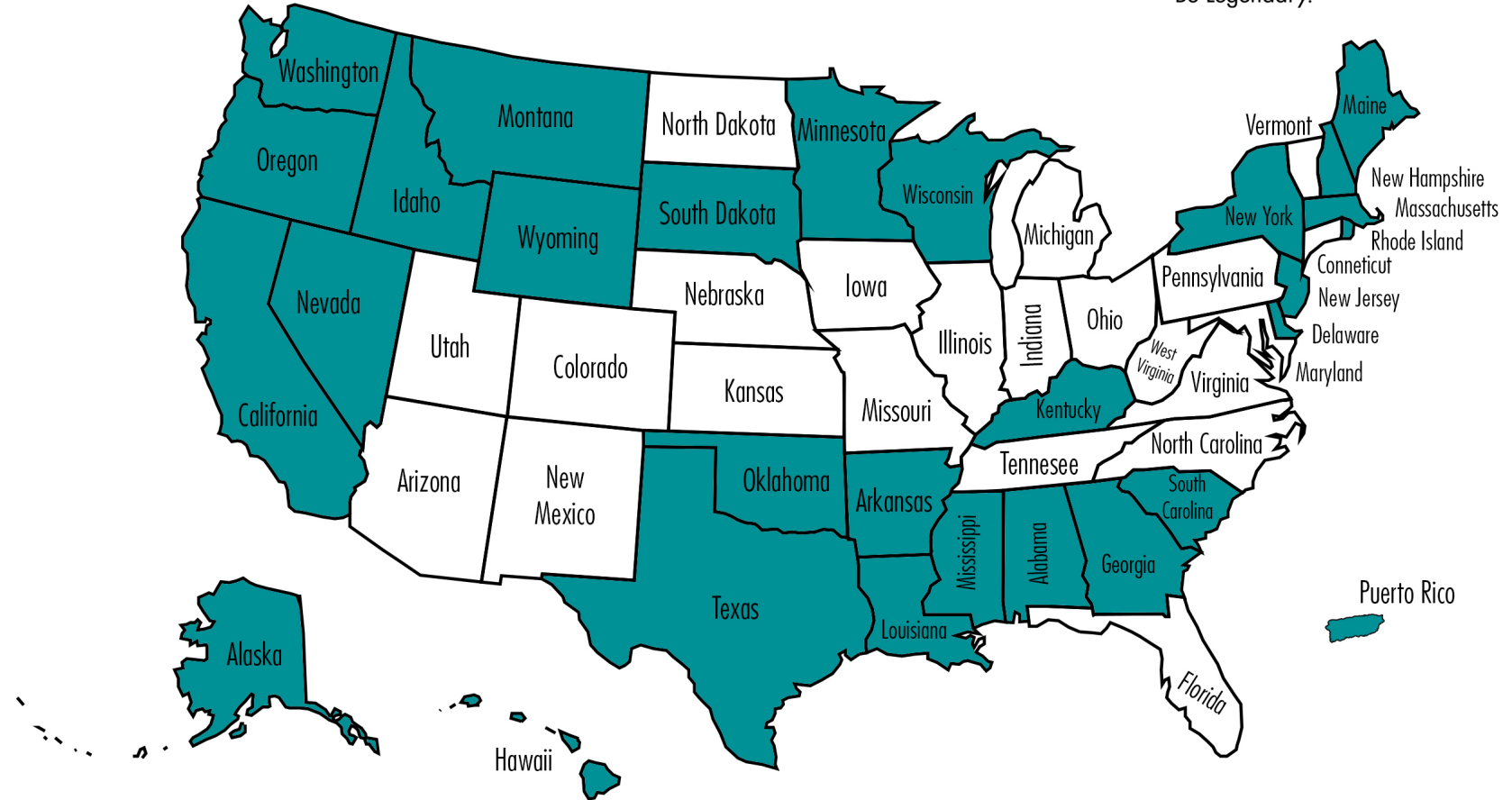
GENERAL FUND REQUEST

\$2,500,000



STATE
COMPARISONS

Unemployment
Insurance
Program



STATES THAT SUPPORT UNEMPLOYMENT OPERATIONS VIA FEES OR GENERAL FUNDS

REQUESTED APPROPRIATION UI ADMINISTRATION OPERATING EXPENSE

- Federal funding has not been adjusted for inflation
- No additional federal funds for increased federal requirements and complexity
- IT maintenance and hosting costs are increasing exponentially

IMPACT

Direct impact to citizen services

GENERAL FUND REQUEST

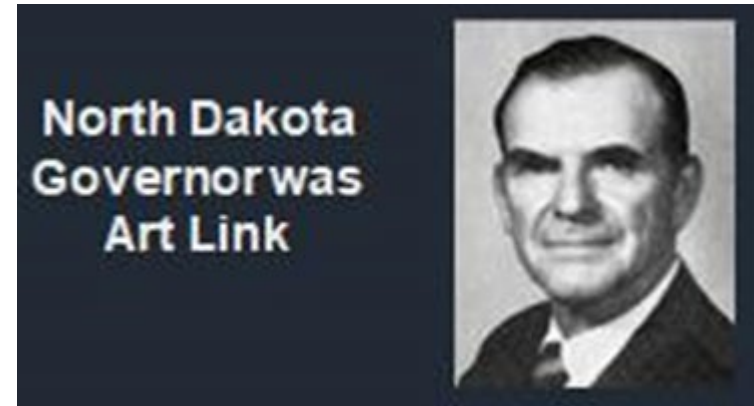
\$3,000,000



SYSTEM MODERNIZATION

46-Year-Old Unemployment Insurance System!

- Not industry standard or widely used or trained on
 - Employees with knowledge of the system have retired or are preparing to retire
 - Technology requires primarily off-shore contracts causing problems with IRS requirements
- Outdated database technology
 - Limits interface capabilities with other agencies/entities
 - Prevents timely data analysis and business intelligence



SYSTEM MODERNIZATION



20,000 UI Claimants/Year

26,000 Employers

IMPACT

\$80-\$100M Yearly
Economic Impact

Stopped benefit payments
could cause workforce
outmigration

SYSTEM MODERNIZATION

PRIOR MODERNIZATION EFFORTS

Federal Government funded consortium efforts at minimal levels.

Underfunding and varying state needs and priorities led to most consortiums failing. Federal Government then pulled all modernization funds.

ND requested ARPA funds from ND Legislature in 2021 Special Session. Request was not funded.

REQUESTED APPROPRIATION

UI MODERNIZATION



SIIF FUND REQUEST

\$45,000,000

TIMELINE

Up to 4 years to complete implementation

COST CONSIDERATIONS

Vendor Estimates
Risk and Contingency Factors
Licensing Fees
State Staff Time
Contractors as needed

APPROPRIATION REQUESTS

OPTIONAL REQUEST	FUNDING	EMPLOYEES
<u>GENERAL FUND</u>		
H2A Visa Program	\$484,310	2 Full Time
Job Placement Pilot Program	\$640,000	2 Temp
CTE Partnership	\$390,000	2 Temp
Salaries and Wages	\$2,500,000	N/A
UI Admin Operating Expense	\$3,000,000	N/A
<u>STRATEGIC INVESTMENT AND IMPROVEMENT FUND</u>		
UI Modernization	\$45,000,000	N/A

BASE REQUEST	FUNDING
General Fund	\$415,474
Special Fund	\$611,460
Federal Fund	\$69,570,308

2023-2025 APPROPRIATION

	2023-25 Base	Governor's Recommendations & Optional Requests	2023-25 Appropriation
Salaries and Wages	\$ 28,994,942	\$ 7,286,943	\$ 36,281,885
Operating Expenses	\$ 17,164,373	\$ 50,175,782	\$ 67,340,155
Capital Assets	\$ 20,000	\$ -	\$ 20,000
Grants	\$ 8,281,051	\$ (226,539)	\$ 8,054,512
Reed Act-UI Computer Modernization	\$ 10,945,126	\$ (30,126)	\$ 10,915,000
Total All Funds	\$ 65,405,492	\$ 57,206,060	\$ 122,611,552
Less Estimated Income – Federal	\$ 64,389,161	\$ 5,181,147	\$ 69,570,308
Less Estimated Income – Special	\$ 606,102	\$ 45,005,358	\$ 45,611,460
Total General Fund	\$ 410,229	\$ 7,019,555	\$ 7,429,784
Full-Time Equivalent Positions	156.61	2.00	158.61

QUESTIONS

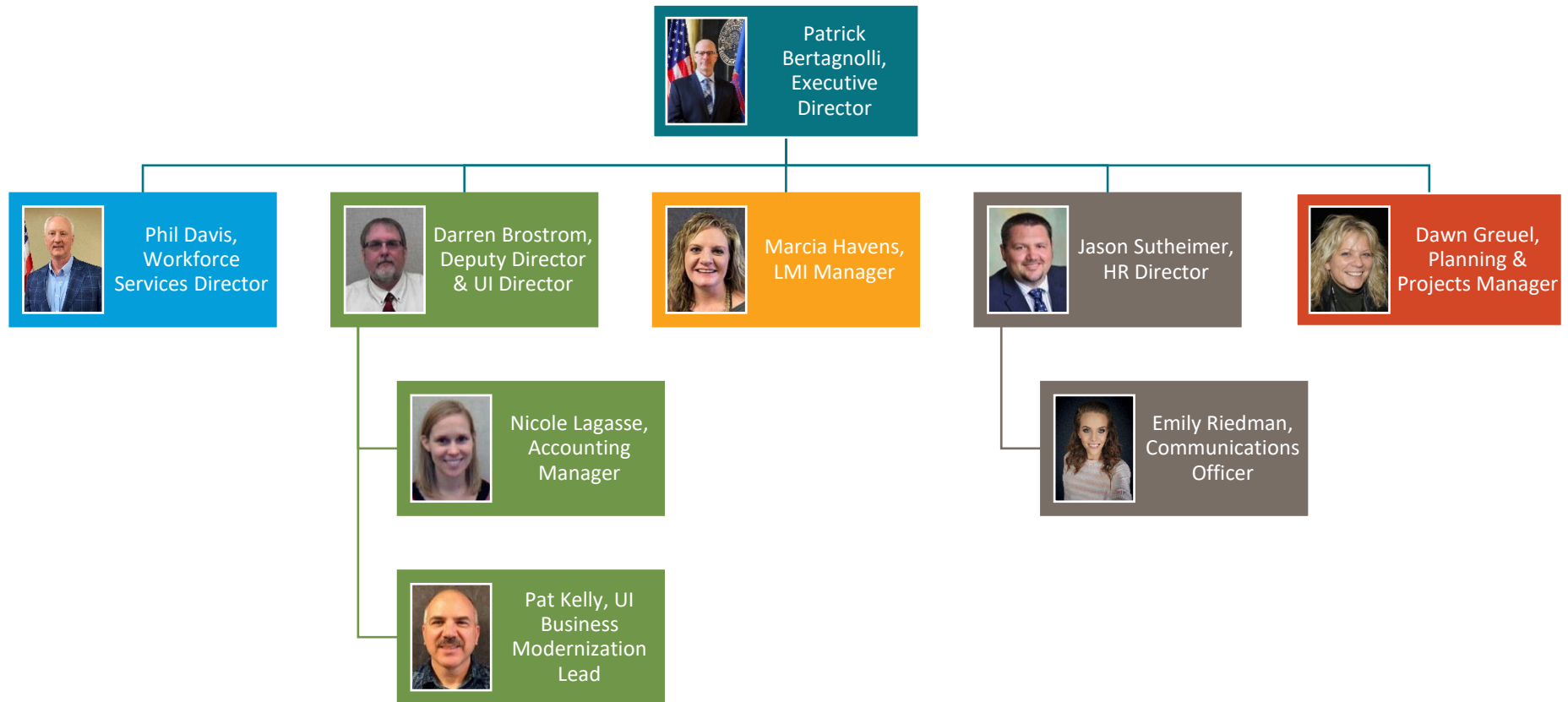


APPENDIX

APPENDIX A
Organizational Chart
Leadership Team

APPENDIX A

ORGANIZATIONAL CHART JSND LEADERSHIP TEAM



APPENDIX B

Workforce Services

WORKFORCE SERVICES



IMPACTING NORTH DAKOTA'S WORKFORCE

Serving Our Communities

Community Outreach | Statewide
Workforce Events | Workforce
Education | Career Expos |
School Partnerships |
Community Boards

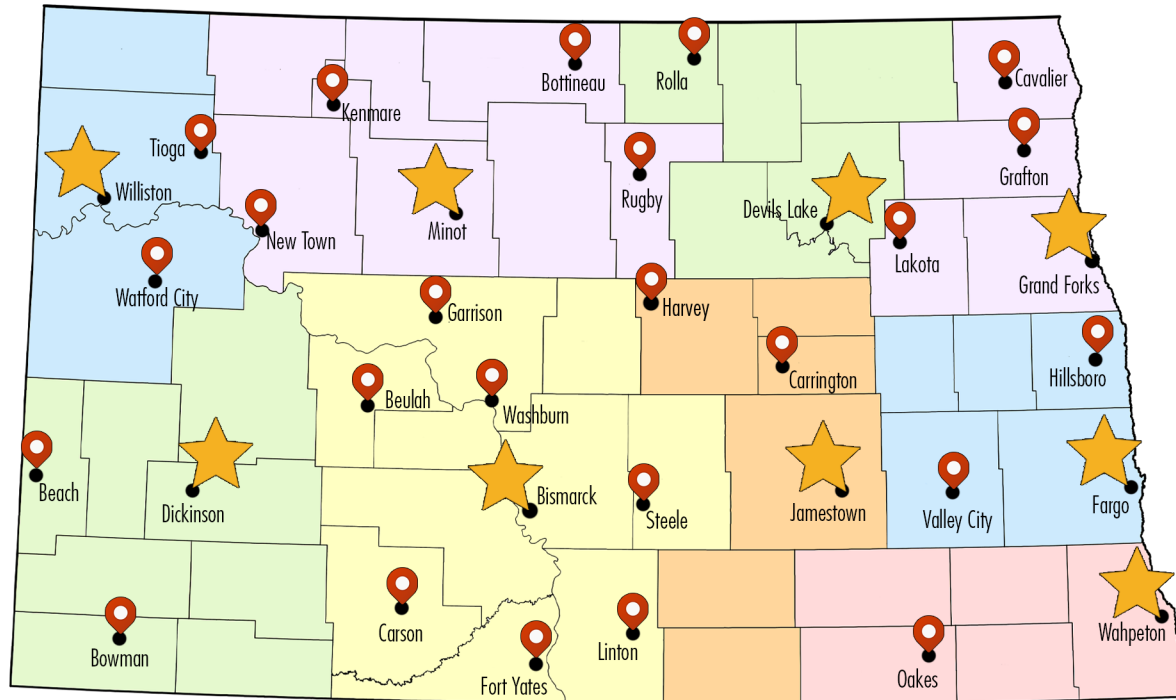
Removing Barriers to Employment

Federal Grants | DHS
Contracts

Connecting Employers & Job Seekers

Career Services | Employer
Services | Hiring Events

★ WORKFORCE CENTERS



Connected with over 31K individuals during outreach events

Job Fairs & Hiring Events | Rural Community Outreach | Career Expos | T-4 Events | Apprenticeship Expos | High School Specific Events | WIOA Presentations | Tribal Community Outreach | DOCR Outreach | Recovery Center Outreach

REMOVING BARRIERS TO EMPLOYMENT

- WIOA 2021 Program Year
 - **Youth**
 - 161 Participants*
 - 77.2% Employed or in Training 1 year after program exit
 - **Adult**
 - 393 Participants*
 - 74.6% Employed 1 year after program exit
 - **Dislocated Worker**
 - 30 Participants*
 - 80.0% employed 1 year after program exit

**Includes only WIOA participants who completed short-term training activities*

**WORKFORCE INNOVATION
AND OPPORTUNITY ACT
(WIOA)**

REMOVING BARRIERS TO EMPLOYMENT

Program supports veterans who have barriers to employment

- 522 Participants in the last year
 - 52.5% employed 1 year after program exit
- 4 CPs and 1 DVOP
 - Serve veterans and employers across the state
 - Including Tribal outreach

**Veterans receive priority of service in all of our programs*

**JOBS FOR VETERANS
STATE GRANT**

REMOVING BARRIERS TO EMPLOYMENT

BASIC EMPLOYMENT SKILLS TRAINING

- Participants on SNAP
- Cass & Burleigh counties only
- 21% in unsubsidized employment 6 months after program exit

PARENTAL RESPONSIBILITY INITIATIVE FOR THE DEVELOPMENT OF EMPLOYMENT

- 147 new enrollments in calendar year 2021
- 67% increase in child support payments through June of 2021

JOBS OPPORTUNITY & BASIC SKILLS

- Participants on TANF
- Southeast ND - Primarily Cass & Richland counties
- Average of 84 served/month w/87% in work & training opportunities

DEPARTMENT OF HEALTH AND HUMAN SERVICES CONTRACTS

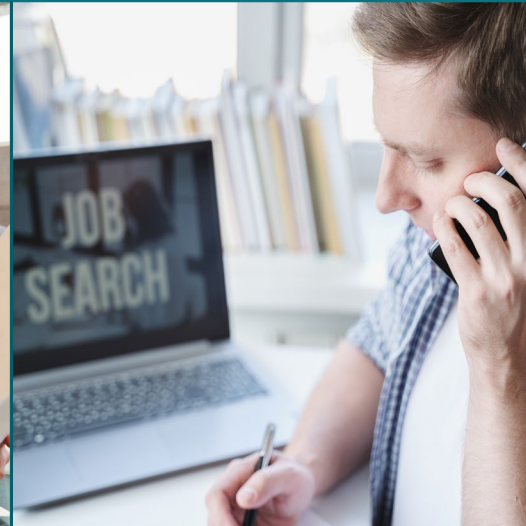
SERVICES FOR JOB SEEKERS

CONNECTING EMPLOYERS AND JOB SEEKERS



In-Person Services

- 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

- Create resumes, search for work, apply for jobs
- 184,234 active users
- 48,519 In/out of state new users
- 5M Pageviews



Job Seeker Education

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

SERVICES FOR EMPLOYERS

CONNECTING EMPLOYERS AND JOB SEEKERS



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

- 32,013 job orders created by employers
- 80,411 job referrals made



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

- 1,946 Housing Inspections
- 33,593 miles driven
- 2,796 Placements

NEW JOBS TRAINING

-State Program-

- 10-year income tax reimbursement
- Available to primary sector employers
- Offsets costs of providing workers with education and training for newly created positions

WORK OPPORTUNITY TAX CREDIT

-Federal Program-

- 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
- 14,548 Applications Received in 2021
 - Approximately 50% are certified

SERVING OUR COMMUNITIES

In-House Hiring Events

- 186 during 2022
- 466 Job-seekers

Multi-Industry Job Fairs

- 1,402 Employers
- 2,598 Participants
- Employers indicated they would hire 54%



Barnes County
CAREER & JOB EXPO

Wednesday, October 20th
10:00 am - 2:00 pm
Hi-Liner Activity Center

701.490.3536 | recruit@hellovalley.com | valleycitynd.org/expo

VCBC
VALLEY CITY-BARNES COUNTY
DEVELOPMENT CORPORATION



JOIN US!! **MFG DAY** **JOIN US!!**

OCTOBER 12, 2022
8:15 AM - 3:30 PM (MDT)
BIESIOT ACTIVITIES CENTER
DICKINSON, ND

NCS THE SCIENCE OF SUCCESS North Dakota State College of Science
BYC BISMARCK STATE COLLEGE North Dakota's Polytechnic Institution
D DICKINSON STATE UNIVERSITY
NDSU NORTH DAKOTA STATE UNIVERSITY

Fisher Industries **Coca-Cola** **Butler** **CAT**
STEFFES
Baker Boy **TMI** **KMM**
LWT **GNDC**
Lynnes Welding Training Killdeer Mountain Mfg. Inc. Greater North Dakota Chamber

IMPACT DAKOTA People • Purpose • Process • Performance
Impact Dakota is the official representative of the MEP National Network in North Dakota.



JOBS
Workforce Information & Strategies

CHAMBER NETWORK LUNCHEON

Wednesday, October 6 11:30 AM - 12:30 PM
Rough Rider Center \$10/person (lunch provided)

Speakers: Workforce Leaders from State & Local Levels

Paula Hickel, Wilson Workforce Center Manager
Phil Davis, Workforce Services Director
Katie Ralston, Workforce Division Director
James Leiman, Commissioner

NORTH Dakota | Job Service Be Legendary.™
NORTH Dakota | Commerce Be Legendary.™



#JobUpND Job Fairs
1:30 to 3:30 p.m. • 1350 32nd St. S. • Fargo

JULY 15 RESTAURANTS	JULY 22 HEALTH CARE
JULY 29 MANUFACTURING	AUGUST 5 GOVERNMENT
AUGUST 12 HOSPITALITY	AUGUST 19 RETAIL
AUGUST 26 TECHNOLOGY	NORTH Dakota Job Service Be Legendary.™

SERVING OUR COMMUNITIES

Community & School Presentations

- Employees provide presentations of available services along with workforce information throughout the communities

Career Expos

- Partner with employers, schools, chambers and EDCs to expose middle- and high-school students to career options across the state

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

Connected
with over
31,000
individuals
within our ND
Communities

VIRTUAL JOB FAIR

NORTH
Dakota | Job Service
Be Legendary.™



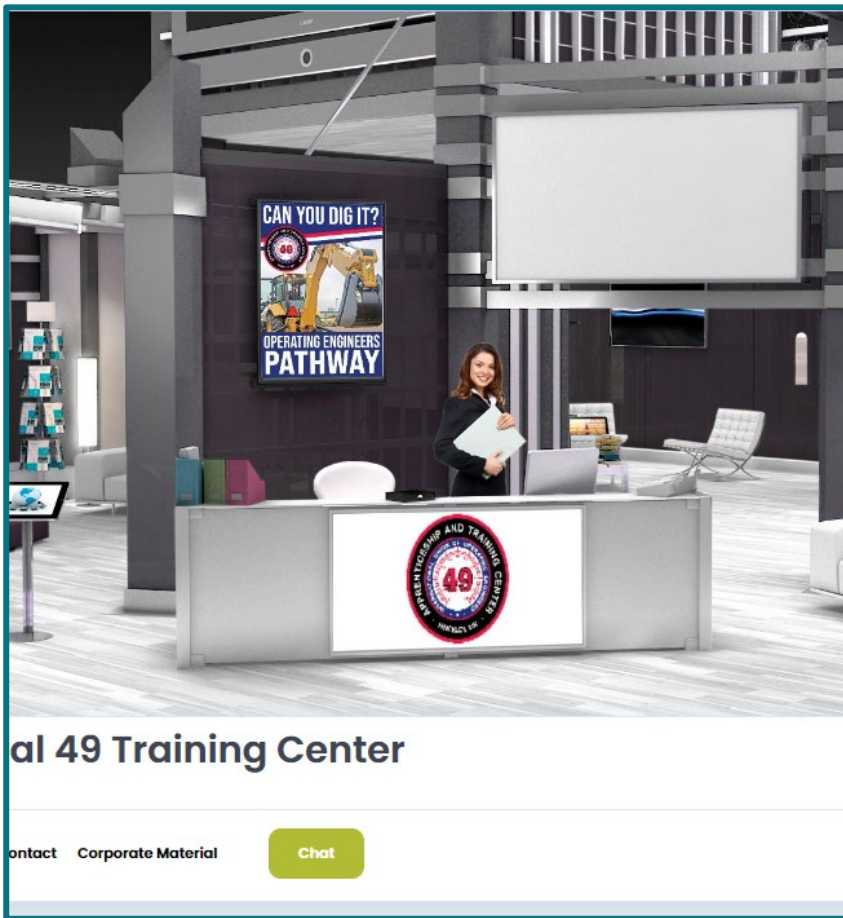
LAUNCHED FIRST
NATIONWIDE JOB FAIR
IN MAY 2022



160 Employers
with
Job Seekers from 20
States and 6 Countries



APPRENTICESHIP EXPO



LAUNCHED FIRST
STATEWIDE APPRENTICESHIP
EXPO IN NOVEMBER 2022

25 Exhibitors
800 Registered Students



APPENDIX C

H2A Program History

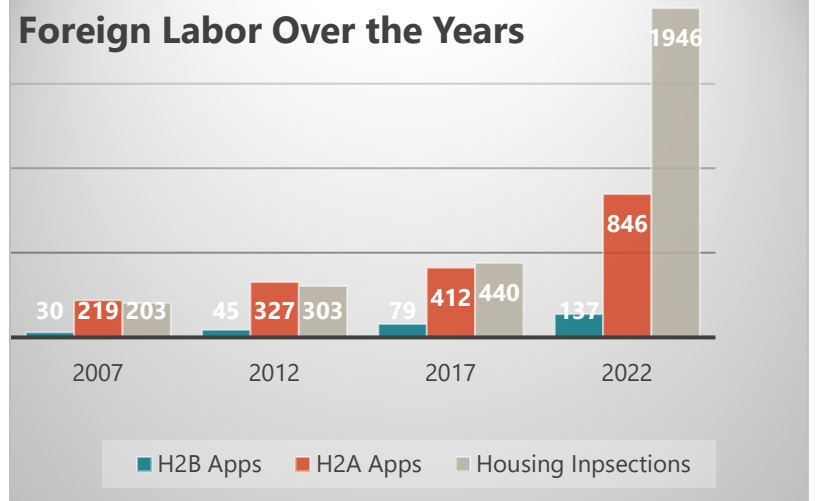
APPENDIX C

H2A Agricultural Program

Since 2007, Job Service North Dakota (JSND) has been administering the H2A Foreign Labor Certification Program. This program provides assistance to agricultural employers who have a shortage of domestic workers. The program brings non-immigrant foreign workers to the U.S. to perform agricultural labor on a temporary or seasonal basis. Worker housing provided by the employer receives a quality inspection by JSND as outlined by the US Department of Labor.

The program has grown exponentially from processing 219 H2A applications in 2007 to 846 in 2022 and conducting 203 housing inspections in 2007 to 1,946 in 2022 [See Graph 1].

Graph 1: Historical Foreign Labor



Over the last 3 years, JSND has facilitated the housing inspections and subsequent placement of thousands of seasonal workers to help agricultural employers during the busy seasons. In the 2022 program year alone, JSND has facilitated the placement of 2,796 workers. [See Table 1]

Table 1: 3-Year Look Back Period of Worker Placement

(Oct 1 – Sept 30)	# of H2A workers
FY20	2,258
FY21	2,390
FY22	*2,796

To conduct these housing inspections, JSND employees must travel from a Workforce Center Location resulting in over 33,500 miles driven in the last year to conduct the 1,946 inspections. [See Table 2]

Table 1 Inspections and Miles Driven by Location as of 8/15/22

LOCATION	# HOUSING INSPECTIONS	# MILES DRIVEN
Bismarck	255	5,125
Devils Lake	315	8,130
Dickinson	111	466
Fargo	108	110
Grand Forks	138	311
Jamestown	397	7,240
Minot	399	7,955
Wahpeton	142	896
Williston	81	3,360
TOTALS	1,946	33,593

APPENDIX D

New Jobs Training Annual Report

New Jobs Training Program

ANNUAL REPORT

About the program

This North Dakota program offers incentives to primary sector businesses that are creating new full time employment opportunities through business expansion, creation and/or relocation to the state. Funding is provided to help offset the cost of training new employees.

Under the North Dakota New Jobs Training Program, a business may be able to obtain funds in the form of a loan, a reimbursement grant, or under a self-financing option. State income tax withholding from the new positions created are matched for up to ten years, until the maximum reimbursement is reached, or until the loan is repaid, whichever comes first.

A North Dakota New Jobs Training Preliminary Agreement establishes the effective date for a project and must be signed and in place prior to the start date of any new employee. To qualify, the business must agree that all the new jobs created will be paying a minimum of \$10 per hour plus benefits within the first 12 months of employment.

For complete information, visit jobsnd.com/employer-resources/north-dakota-new-jobs-training-program or call 701-328-1976.



New Jobs Training Program

ANNUAL REPORT

Over the last two Bienniums (2017-2019 and 2019-2021), Job Service North Dakota has entered into 29 New Job Training Program contracts, creating 852 full-time positions while generating \$2,920,675 in available training dollars that will be returned to the employers during the 10 years of the contract.

Additionally, there are 77 current contracts in place that date back to 2012.

2019-2021 Biennium

Business	Amount	Positions
Dakota Fence Company	\$193,773.73	67
The Vidar Group, LLC	\$174,600.00	37
Mobile Recon Systems, LLC	\$124,575.00	15
Tailorie	\$156,100.00	20
PRx Performance	\$238,680.19	105
Paragon Pro Manufacturing Solutions	\$9,037.61	10
Northrop Grumman Corp.	\$56,512.59	31
QED Embedded	\$33,930.00	5
Air Seeder Parts, LLC	\$18,796.76	5
701x	\$89,408.60	8
Aldevron, LLC	\$373,161.30	100
Agathos Biologics	\$169,020.00	20
WCCO Belting, Inc.	\$20,383.50	25
	\$1,657,979.28	448

2017-2019 Biennium

Business	Amount	Positions
Elinor Coatings	\$60,546.69	23
Mainsaver	\$75,110.00	20
Red River Biorefinery	\$318,197.23	41
Aldevron, LLC	\$185,455.53	100
Aldevron, LLC	\$109,551.57	30
BNG Holdings, Inc.	\$213,944.00	40
Clean Republic	\$4,892.04	6
Degelman Industries USA, Ltd.	\$14,956.99	10
Golden Valley Ingredients (Anchor)	\$11,918.33	10
Korber Medipak Systems NA, Inc.	\$122,582.65	40
Project Phoenix, LLC	\$28,539.57	10
Sheyenne Forming	\$16,763.19	7
Solid Comfort Inc.	\$6,641.58	10
SunGold Foods Inc.	\$44,567.72	43
The Koble Group	\$25,586.76	6
Thyssenkrupp Materials NA	\$23,442.09	8
	\$1,262,695.94	404

APPENDIX E

Workforce Summary

Job Service North Dakota

Job Service was founded as part of the 1935 Social Security Act. We impact North Dakota's workforce by offering a variety of services to connect employers and job seekers including employment and training services. We extend our reach beyond our nine Workforce Centers through outreach and education, career and apprenticeship expos, hiring events, school partnerships, and other career-related services. With the largest ad-free jobs database in North Dakota, we help individuals search for and find meaningful employment. The Unemployment Insurance Department provides temporary income replacement for those who become unemployed through no fault of their own. Job Service also has many labor market informational reports and dashboards to help individuals, businesses, and policy makers make informed decisions related to the workforce in North Dakota.

WHAT HAPPENS IF WE CAN'T DO OUR JOB...



Unstable economy

Unemployment Insurance benefits provide temporary income replacement allowing citizens to stay and spend in North Dakota providing an economic stabilizer.



Increase in Government Subsidies

Removing barriers to find meaningful employment is a core service to help individuals get and maintain sustainable employment. Without this type of help, individuals would be more reliant on Government subsidies.



Decrease in Population

The services offered through unemployment insurance and workforce services allows individuals to receive income-replacement benefits and to connect to North Dakota employers. Without these services, individuals may look out of state for meaningful work opportunities.



Workforce Services

Many services and programs are offered to help individuals connect to employers for meaningful employment. Creating these opportunities puts more people into the workforce.



Labor Market Information

Public policy makers and community leaders would not have accurate workforce data to make effective decisions and/or policies.

CURRENT AGENCY TEAM MEMBER STATS

148 regular team members

9 regular pos. vacancies

38 temporary team members

36% looked for other work in past year

49 average age

12 average years of service

24 retirement-eligible

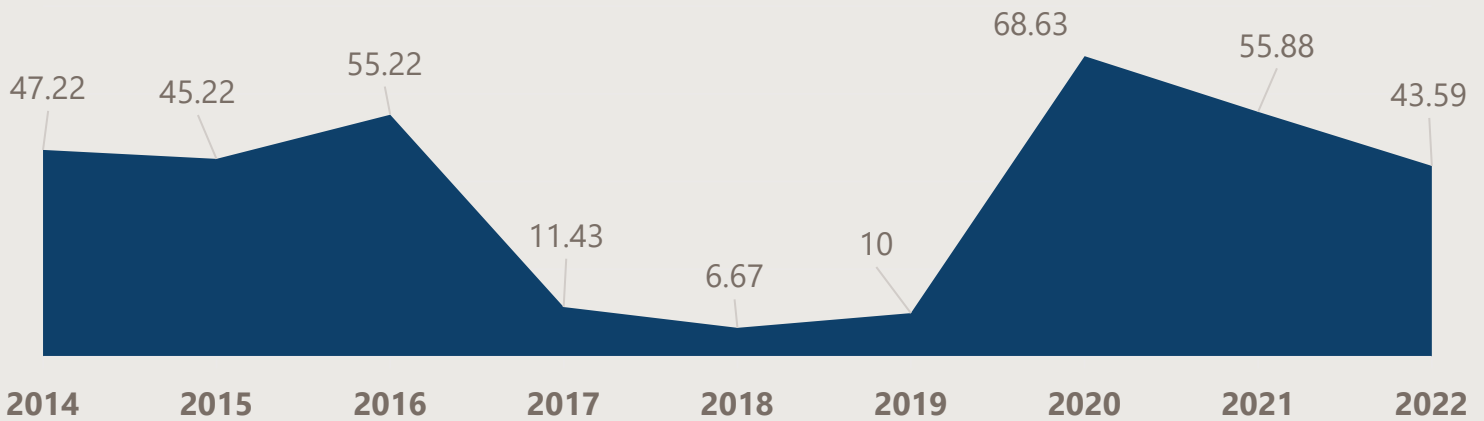
50.7% retirement-eligible in 10 yrs

HOW WE COMPARE – LAST 10 YEARS

	2011	2021	% Change
Population	685,526	774,948	13.04%
Staffing	261.74	156.61	(40.17%)
Budget	\$71,996,698	\$65,405,492	(9.15%)
Jobs Posted	195,567	213,339	9.09%
Clients (WIOA)	74,892	84,138	12.35%
UI Claims (Initial)	19,383	25,452	31.31%
UI Appeals	2,713	8,542	214.85%
ND Employers	24,850	35,065	41.10%

JOB SERVICE NORTH DAKOTA

PERCENT OF POSTING WITH LESS THAN 3 APPLICANTS



In addition to the low number of candidates per vacancy announcement, we have experienced lower quality candidates and many times have applicants who lack qualifications and/or skills to perform the position's duties. The lack of applicants has often led to extended periods without proper staffing. In 2022, Job Service averaged 4.94 applicants per job posting, which is down from 18.89 in 2017.

COST OF TURNOVER

\$92K
per team member

JSND's cost of turnover is great because it takes well over a year to fully train our employees on the complexity of our workforce, unemployment, and labor market information programs and grants.

In specific cases we have extended our probation periods to 9 months so that employees can be evaluated on all aspects of their duties.

STAFF RETENTION CHALLENGES



Government Agencies

Job Service is the lowest paid agency with over 100 staff members. On average, we lose one employee per month to another government agency (approx. 1/2 of our turnover) due to pay.



Federal Funding

Job Service is over 98% Federally Funded. Federal funds have not been increased or adjusted for inflation over the past 10 years. This results in an inability to use available methods to reward & retain employees.



Business Clients

Our employees are often offered excessive wages and recruitment bonuses to work for the businesses we serve due to our employee's extensive knowledge of our programs.

INDUSTRY OUTLOOK: Job Service North Dakota is 98.4% federally funded. Over the past 10 years, this funding has remained stagnant without being adjusted for inflationary and/or salary cost increases thereby resulting in an actual decrease in the funds needed to sustain adequate programming. This places Job Service in a difficult decision to cut services and programming or both. In most cases, there is staff turnover which has direct and indirect impact to operating costs. Turnover also results in the loss of critical organizational knowledge. With many individuals leaving Job Service for other state agencies, we have become a training ground for other government agencies and private organizations. Without alternative funding, Job Service could potentially lose its ability to properly staff our agency and provide meaningful and effective services to the citizens of North Dakota.

Testimony of Dana Hager
Economic Development Association of North Dakota
In Support of HB 1016
January 6, 2023

Chair Nathe and members of the House Appropriations Committee - Education and Environment Division:

EDND represents more than 80 state economic development organizations on the front line of economic development efforts throughout North Dakota. The primary purpose of the organization is to promote the creation of new wealth throughout North Dakota to develop more vibrant communities and improve quality of life. It is for these reasons our organization and its members want to express support for HB 1016, the Job Service North Dakota appropriation bill.

EDND recognizes the importance of connecting businesses and education through expanded career counseling, career and technical education, and post-secondary education and training programs that support the state's most critical occupational needs. Job Service North Dakota serves as the conduit between job seekers and employers, and EDND urges the funding for continuation of its programming.

Job Service provides many essential services for economic developers, including regional and company-specific job fairs, and is also a great resource for wage-related information for economic developers and businesses. We see the agency as the state's premier job source organization. Programs such as New Jobs Training provide worker education and training specifically required for jobs in new and expanding primary sector businesses and encourages employers to create new high-wage jobs in our state.

North Dakota's economy is changing, and, now more than ever, a strong workforce is vital to the success of our state's communities. Connecting job seekers with resources and education in order to be placed in a high-demand career path is key to workforce attraction and sustainability. EDND supports the investments included in this bill to help North Dakota continue to grow and diversify our state's economy.

Thank you for this opportunity to address your committee and express our support for HB 1016.

SECTION I

About JSND Department Summaries Brochure of Services

WHO WE ARE



OUR WORK:

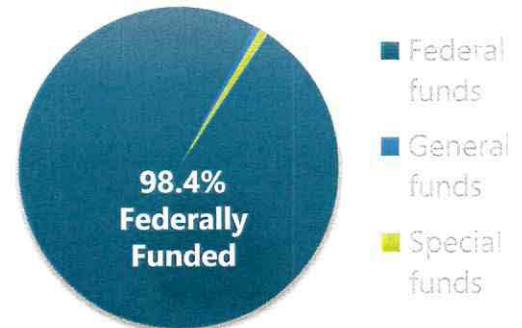
Connect Employers and Job Seekers
Labor Market Information
Unemployment Insurance Benefits



OUR EMPLOYEES:

156 FTE's and 38
temp employees

NORTH
Dakota | Job Service
Be Legendary.™



OUR CUSTOMERS:

Employers ~ Job Seekers ~ Populations with Barriers ~
Public Policy Makers ~ The Unemployed ~ Workforce
Partners

OUR BUDGET:

Operating Budget for the
21-23 Biennium is \$65,405,492

HOW WE SERVE

Workforce Services connects employers and job seekers, offering a variety of programs and education. We work statewide with partners and the Workforce Development Council.

9 Workforce Centers
13 Workforce Programs

Workforce Connection
www.jobsnd.com

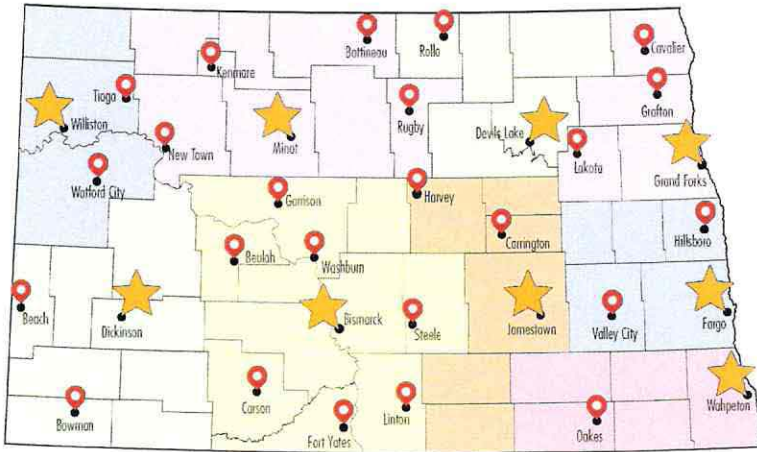
- 2,600 Average walk-in customers/month
- Over 2,000 Phone calls/month
- 46,566 Services to Employers
- Program Highlights:
 - 951 WIOA Youth and Adults Served
 - 522 Veterans Served
 - 1,946 H2A Visa Program Inspections
 - 33,593 Miles driven
 - 2,796 Placements



Workforce Connection is North Dakota's largest ad-free jobs database. It is available at no cost to both job seekers and employers!

HOW WE SERVE

(continued from page 1)



- Job Fairs & Hiring Events
- Rural Community Outreach
- Career Expos, T-4 Events, Apprenticeship Expos, and High School Specific Events
- WIOA Presentations
- Tribal Community Outreach
- DOCR and Recovery Center Outreach

Unemployment Insurance provides monetary benefits to unemployed workers which serves as an economic stabilizer allowing workers to stay and spend in ND.

20,000 UI
Claimants/Year

26,000
Employers/Year

Economic
Impact of \$80M
to \$100M/Year

Labor Market Information (LMI) provides education and data to job seekers, students, employers, economic developers, and others for informed decision making.

- 30+ LMI Products produced periodically
- 32 Product training sessions with 471 participants
- Over 10,000 website visits

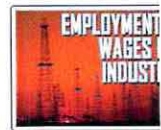
Visit www.ndlmi.com for more LMI resources!



Dashboards



Employment and Wages by Occupation



Employment and Wages by Industry



Online Job Openings Report



North Dakota's Oil and Gas Economy



Area Profiles

INTRODUCTION

Job Service North Dakota (JSND) was established under North Dakota Century Code Title 52 and is charged with administering the unemployment compensation program and the state's employment services. To facilitate these services, JSND has organized with three main departments: Workforce Services, Unemployment Insurance, and Labor Market Information. Department summaries follow:

Unemployment Insurance (UI)

UI is a critical program to the citizen and employer communities of North Dakota. The program serves several roles that truly benefit North Dakota. Some of these benefits include:

- Provides a very cost-effective financial safety net to citizens of North Dakota who find themselves temporarily unemployed due to no fault of their own.
- Serves as an economic stabilizer by providing financial assistance to community members, allowing them to make purchases within their communities for basic needs, housing, etc. Without UI benefit payments, large layoffs in a community not only negatively impact individual citizens but could devastate businesses that rely upon expenditures from these individual citizens.
- Serves as a retention tool by allowing highly skilled and trained individuals to stay within their communities in North Dakota rather than looking to other states for consistent employment as a result of unemployment, whether due to employer closure, lay off, or seasonal layoff.
- In a normal year, \$80 to \$100 million of benefits are paid to unemployed individuals within North Dakota. In more extreme situations such as natural disasters, UI, through the Disaster Unemployment Assistance program, provides critical benefits to business owners and farmers, both critical components of the North Dakota economy. An extremely rare but incredibly impactful benefit of the UI program occurred during the pandemic. Throughout the pandemic, the UI program provided over \$1.2 billion in benefits to North Dakota citizens.

The benefits of the UI program are accomplished via taxes collected from North Dakota employers. With 68% of North Dakota's employers paying the lowest tax rate of 0.08% on a taxable wage base of \$40,800, yearly premiums paid by most employers amounts to \$32.64 per employee per year.

Labor Market Information

The Labor Market Information Center (LMIC) is the official source for North Dakota Labor Market Information. The LMIC promotes North Dakota's economic health by providing information to help people understand our economy and make informed labor market choices. LMIC collects, analyzes, and publishes statistical data and reports on North Dakota's labor force, industries, occupations, employment projections, wages, and other important labor market and economic data.

Workforce and labor market information is essential to our economy, providing for the efficient operation of labor markets by supplying quality labor market intelligence. *Accurate, Objective, Relevant, Timely, and Accessible* workforce and labor market information is critical for:

- Building a skilled workforce that spurs business competitiveness and economic growth;
- Strengthening career pathways and guiding skill attainment for good jobs, economic opportunity, and career growth;
- Understanding the rapidly changing nature of work and how it impacts the workforce and U.S. economy; and
- Spending workforce training and education funds effectively.

Job seekers, educators, and students can:

- Assess job skills, set goals, and research training providers
- Research possible career choices
- Research regional labor market information, such as wages

Employers, economic developers, and other workforce professionals can:

- Research labor market information on wages and economic data
- Assess the current trends in North Dakota's job market
- Review the current economic climate for an industry anywhere in North Dakota
- Analyze the labor market in areas of North Dakota where you may want to locate your business

Labor markets cannot function efficiently and effectively without quality information to support the investment decisions of the workforce development system—Federal and State policymakers; State and local Workforce Development Boards; Federal, State, and local government agencies; and frontline staff—and the investment decisions of business managers, workers, students, jobseekers, and educators.

WORKFORCE SERVICES

Workforce Services includes both the Workforce Centers and Workforce Programs Departments. Workforce Services is critical and impacts North Dakota's workforce by serving the communities throughout the state, removing barriers to employment, and connecting employers and job seekers.

There are nine (9) Workforce Centers across the state delivering key services through 13 different federal and state-contracted programs. Workforce Programs is responsible for the implementation, maintenance, and compliance of the policies and procedures related to these programs.

Employer Services

Workforce Services assists employers with employment needs including:

- Job postings, job fairs, assessments, consultative services, and virtual recruiter services
 - In the last year, 32,013 job orders were created and 80,411 referrals to jobs were made through the virtual one-stop system and JSND staff.
 - In May of 2022, JSND hosted the first-ever Nationwide Virtual Job Fair attracting 160 employers and job seekers from 20 states and 6 countries

- Rapid Response services to employers to help support employees affected by business closings including unemployment insurance education, employment support, workshops, and reverse job fairs.
- New Jobs Training Program, a program offering up to a 10-year income tax reimbursement to help offset costs of providing workers with education and training for new positions
- Work Opportunity Tax Credit for employers who hire citizens with barriers to employment
 - JSND received 14,548 applications in 2021
- H2A Visa Agricultural Program allows agricultural employers to seek foreign labor when domestic talent is not available
 - In the last program year, JSND drove 33,500 miles to conduct 1,946 inspections, resulting in the placement of 2,796 workers

Job Seeker Services

Workforce Services assists job seekers by offering a variety of services:

- In person services to include job search, labor market, transferrable skills, resume building, job applications, interview preparation, and other services specific to each individual
 - In 2022, the Workforce Centers averaged 2,600 in-person customers each month and took over 2,000 phone calls each month
 - Rural outreach is conducted on a bi-monthly basis to 24 communities and four tribal reservations outside of the Workforce Center location
- The Virtual One Stop (VOS) system is North Dakota's largest ad-free jobs database and offers job seekers the ability to create resumes, search and apply for jobs, and mock interview for jobs
 - VOS currently has 184,234 active users of the system with 48,519 new users
 - VOS has seen over 5M pageviews in the last year
- Educational workshops are also offered within the Workforce Centers. The topics include job searches, resume writing, interview skills, networking, and how to spot job scams

Removing barriers to employment is a critical component to the work performed within the workforce centers under both federal grants and state contracted services. These services are provided through case management services and clients are tracked up to 2 years following program completion.

- Workforce Innovation and Opportunity Act (Employment and Training program)
 - 951 adults, youth, and dislocated workers were served during the last program year.
- Jobs for Veterans State Grants
 - 522 Veteran participants served in the last program year
- State contracts with the Department of Health and Human Services include:
 - BEST – Basic Employment Skills Training for participants on SNAP benefits
 - PRIDE – Parental Responsibility Initiative for the Development of Employment which helps noncustodial parents find employment or better paying jobs so they can meet their child support obligations.
 - 67% increase in child support payments through June of 2021

- JOBS – Jobs Opportunity and Basic Skills is available to citizens in Cass and Richland Counties for those on the TANF program

JSND also offers a variety of services within the communities throughout North Dakota. Over the last year, JSND staff connected with 31,000 individuals at various events including:

- Community and school presentations
- Career Expos
- Job Fairs and Hiring Events
- Community and Board presence
- Community Outreach

OUR MISSION

Meeting Workforce Needs

OUR CORE VALUES

Purposeful, Respectful, Collaborative, Loyal

OUR STRATEGIC ANCHORS

Integrity First

Service Before Self

Excellence in All We Do

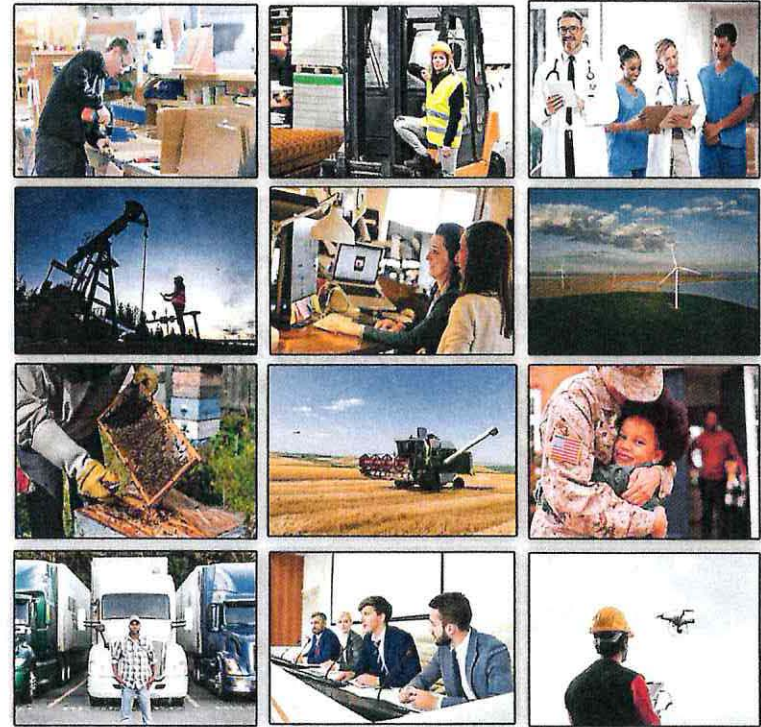
OUR BUSINESS

Providing Workforce and Unemployment Services



OUR LOCATIONS

NORTH
Dakota | Job Service
 Be Legendary.™



NORTH
Dakota | Job Service
 Be Legendary.™

american**jobcenter**

WORKFORCE PROGRAMS
 JOB SERVICE NORTH DAKOTA
 JSND 6139 (R.12.2022)

Job Service North Dakota is an equal opportunity employer/program provider.
 Auxiliary aids and services are available upon request to individuals with disabilities.
 In compliance with the Stevens Amendment, Job Service North Dakota states that the Federal government
 has provided Title I and III monies to support work experience and training opportunities for WIOA eligible individuals.



SCAN ME

WWW.JOBSND.COM

WWW.JOBSND.COM

- **WIOA ADULT AND DISLOCATED WORKERS**

Provides job training, education, and employment services aimed at improving employability.

- **UNEMPLOYMENT INSURANCE**

The unemployment insurance program is an economic stabilizer during downturns.

We work with employers to set rates and collect insurance premiums.

Those premiums are used to provide weekly monetary benefits to eligible unemployed workers who count on partial income replacement payments to help cover expenses while they look for work or wait to return to work after a short or seasonal layoff.

- **FOREIGN LABOR CERTIFICATION**

Helps both agricultural and nonagricultural employers find workers.

- **WIOA YOUTH**

Provides an array of services to youth ages 14-24 who may have barriers to academic or employment success.

- **VETERANS**

Helps veterans and qualified individuals who may have barriers to finding employment.

- **REEMPLOYMENT SERVICES PROGRAM (RSP)**

Offers individualized services to unemployment insurance claimants including education, training, and referrals leading to successful employment outcomes.

- **BASIC EMPLOYMENT SKILL TRAINING (BEST)**

Helps recipients of SNAP benefits gain skills and work experience in order to obtain regular employment.

- **CROSSROADS**

Provides employment education, career guidance, and assistance to support teen parents' continued participation in school.

- **LABOR MARKET INFORMATION (LMI)**

Provides workforce data and education to job seekers, students, employers, economic developers, and other workforce professionals.

- **NEW JOBS TRAINING**

This program provides incentives to primary sector employers who create new full-time permanent employment opportunities.

- **TRADE ADJUSTMENT ASSISTANCE (TAA)**

Offers a variety of benefits and reemployment services to workers who become unemployed as a result of foreign competition.

- **JOB OPPORTUNITY & BASIC SKILLS (JOBS)**

Helps TANF recipients become self-sufficient by guiding participants in the removal of barriers to employability.

- **PARENTAL RESPONSIBILITY INITIATIVE FOR THE DEVELOPMENT OF EMPLOYMENT (PRIDE)**

This program helps non-custodial parents find and maintain employment to meet child support obligations and to attain self-sufficiency.

- **JOB SEEKER SERVICES**

A variety of services including education, resume assistance, assessments, career guidance, and training which are designed to help workers find employment.

- **WORK OPPORTUNITY TAX CREDIT (WOTC)**

This federally funded program provides tax incentives to ND businesses who hire job seekers facing employment barriers.

- **EMPLOYER SERVICES**

A variety of services to employers including recruitment, referrals, job orders, job fairs, and assisting with restructuring or layoffs.

SECTION II

Vacant FTE Detail

VACANT FTE DETAIL

This response is in reference to item #3 on the Legislative Greensheet for adding federal funding for 9 FTE vacant unfunded positions in the amount of \$1,166,890.

Summary:

The previous budget system allowed vacant positions with zero salary; however, the new budget system requires an allocation for salaries. The 9 FTE positions are held in the event there is a need to hire additional staff due to federal program requirements that receive additional funds.

Detail:

- The vacant FTE list is a long-standing aspect of our appropriation bills.
- These vacant positions are included within our approved FTE count from the 2021 Legislative Session.
- Although the positions are within the JSND approved FTE count and are considered “funded” in that regard, the designation of funded indicates that JSND has the authority to expend federal funds available to us in order to utilize the positions. This provides JSND the ability to utilize the positions should federal funding be available to us. Federal funding did not provide that option during the 2021-2023 biennium, and we are currently uncertain as to the 2023-2025 biennium.
- The availability of the vacant positions for utilization by JSND is important to ensure effective, timely operation of the federal programs we administer. Rapid changes and priority projects of the United States Department of Labor (USDOL), the federal agency charged with allocating federal funds to JSND, can result in the need to ramp up quickly. Having positions available to act quickly without needing to move through normal channels to adjust FTE counts provides us the ability to rapidly integrate new initiatives that benefit the citizens of North Dakota. Job Service has been a good steward of our FTE count in the past and has been conservative with the public funds provided to us to carry out our mission.

SECTION III

Funding History

FUNDING

Job Service North Dakota (JSND) is 98.4% 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.
- All programs must meet negotiated levels of performance and every grant and contract has countless reporting requirements and are subject to scheduled audits

History

- From 2012 through 2022, the budget has remained fairly flat
- Federal funding has not kept up with inflation for over a decade
- Federal dollars are not adjusted to support state level program increases such as legislative wage adjustments and IT cost increases
- The chart below identifies each federal funding bucket
 - Other Federal dollars noted in the chart below are for other federal grants including Jobs For Veterans State Grant, Workforce Opportunity Tax Credit, Foreign Labor Certification, Trade Adjustment Assistance, Jobs Opportunity & Basic Skills, Parental Responsibility Initiative for the Development of Employment and Basic Employment Skill Training.
 - Above base funding noted is additional funding for the UI Administration Grant and is based on workloads. These dollars are not guaranteed and are only allocated if there is money remaining that the federal government has not distributed to states
- Funding is based on workload. However, the funding provided may not truly reflect this as the USDOL allocates dollars based on their available funds after funding USDOL operations. The funding model also “punishes” for efficiency. The faster work is completed, the lower the funding. JSND staffing levels require efficient operations so our minutes per unit are lower than other states, which lowers our funding.

Biennium	09-11		11-13		13-15		15-17		17-19		19-21		21-23	
<i>Wagner Peysner</i>	\$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	\$5,036,558	\$5,066,886
<i>Workforce Innovation & Opportunity Act</i>	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	5,205,190	5,267,546	5,258,265
<i>Unemployment Insurance Base</i>	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	7,071,994	7,276,340
<i>Unemployment Insurance Above Base</i>	947,363	494,607	319,479	576,560	616,343	1,123,952	1,751,963	390,095	106,649	43,508	3,089,432	1,376,878	0	0
<i>Labor Market Information</i>	947,317	928,392	938,958	865,457	873,675	872,971	847,502	863,004	873,198	871,289	900,965	890,437	903,918	917,241
<i>Other Federal Programs</i>	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	2,506,392	2,912,691	4,422,210	1,219,960
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	23,243,078	21,966,542	22,702,226	19,738,692
	\$51,358,735		\$45,731,506		\$41,162,338		\$45,176,162		\$42,359,457		\$45,209,620		\$42,440,918	

SECTION IV

UI Technology Modernization

CURRENT SYSTEM WAS IMPLEMENTED IN 1976, OVER 46 YEARS AGO

At that time in history:



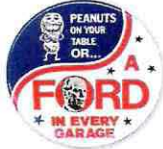
Our country was celebrating our bicentennial. Unlike the mainframe, bicentennial quarters are now collectable



Apple Computers was started and the computers were essentially a keyboard mounted to a wooden box



Art Link was Governor



Gerald Ford was President but lost to Jimmy Carter in the fall



41% of Job Service's employees were not even born



Cell Phones were not a thing



The rock group ABBA was at the top of the charts



The original Rocky movie was in theaters

THE RISK OF NOT MODERNIZING NOW IS HUGE

- Each day, the system gets closer to a major technology failure. With all the technology the system must interface with, and with all of the program changes initiated by the federal government, the system has been cobbled together and modified to accommodate changes. All of these changes have created very complicated failure points. At this point, it is not **if** the system fails, but **when**.
- The core applications supporting Unemployment Insurance is based on 46-year-old mainframe code. That code is written in a computer language that is next to impossible to find programmers to support.
- The system requires constant programming just to keep running and to keep up with changes. JSND has **two** programmers left from what used to be a pool of 15. One is eligible to retire and the other is very close.
- JSND has augmented our state programmers with contractors from offshore, primarily Eastern Europe and India. Offshore contracting is not an adequate or a permanent solution and it is not feasible to operate solely with offshore programmers.

HASN'T THIS BEEN TRIED ALREADY?

- JSND has been a part of two different projects to replace the UI system. Both projects required JSND to be a member of a consortium as a requirement for federal funding.
- In both cases above, a lack of funding and ultimately different goals and priorities of the consortium states caused the projects to fail. JSND with its small staff, needs a system with a great deal of automation to maintain timely claim processing. Other consortium states were

not interested in developing that level of automation as they have adequate staff to keep up with volume and did not want to invest in the level of automation required by JSND.

CAN'T WE JUST TAKE A SYSTEM FROM ANOTHER STATE?

- Due to state legislation creating unique laws in every state, no two states are the same. Taking a system designed specifically for one state has been proven to be almost impossible to successfully work in another state. However, there is a great deal of commonality between states, and vendors have built solutions where a base system can be purchased and then configured/modified to meet each state’s need. It is our intent to utilize this format. It should be noted that this approach does minimize risk and speeds implementation, but remains an expensive process and is a very large and complex project.

WHAT IS BEING DONE TO ENSURE PROJECT SUCCESS AND MINIMIZE VENDOR FAILURE?

Many efforts are being made to minimize risk and ensure successful project completion:

- Collaborative efforts. We are working with NDIT, OMB, AG’s Office, the National Association of State Workforce Agencies, the Information Technology Support Center (a quasi-federal partner that supports states with information technology projects), and other states.
- Best practices. We have consulted with other states, utilized our own experiences, and gathered information as to how to successfully complete a project such as this.
- Effective project oversight. JSND is following all state laws and policies that have been created to create an environment for success. We have engaged NDIT, initiated an Executive Steering Committee made up of JSND leadership, NDIT leadership, NDIT large project oversight staff, OMB leadership, and Legal Counsel. A procurement collaboration team made up of JSND staff, OMB procurement staff, and Legal Counsel from the Attorney General’s office have also been active in the procurement process.
- As part of the contract with the successful vendor, safety nets such as monetary holdbacks for non-performance will be included.

PLANNED SCHEDULE FOR VENDOR SELECTION:

EVENT	DATE
RFP issued	December 8, 2022
Deadline for Submission of Questions and Objections	December 22, 2022, 2:00 PM, C.T
Solicitation Amendment with Responses to Questions issued approximately (if required)	January 3, 2023
Deadline for Receipt of Proposals (Solicitation Closing)	February 24, 2023, 2:00 PM, C.T.
Initial evaluation completed by approximately	March 17, 2023
Demonstrations of most susceptible vendors. (RFP section 5.7)	April 3 – April 6, 2023
Proposal Demonstration evaluation completed approximately	April 14, 2023

UI Modernization Details

STATE - Sandbox approximately	April 18 – 24, 2023
Proposal Evaluation completed by approximately	April 25, 2023
Negotiations approximately	May – June 2023
Notice of Intent to Award issued approximately	June 30, 2023
Deadline for Bidders List and Secretary of State Registration. Delete if not used	Prior to Contract Signing
Contract executed approximately	July 10, 2023
Contract start approximately	July 17, 2023

FINANCIAL DETAILS BROKEN DOWN BY YEAR AND PROJECTED EXPENDITURE TYPE:

	<u>YEAR 1</u>	<u>YEAR 2</u>	<u>YEAR 3</u>	<u>YEAR 4</u>	<u>TOTAL PROJECT IMPLEMENTATION COSTS</u>
GOVERNANCE	\$527,927	\$538,864	\$548,562	\$558,441	\$2,173,794
BENEFITS FUNCTIONAL	\$669,813	\$740,813	\$754,720	\$883,872	\$3,049,218
TAX FUNCTIONAL	\$434,438	\$380,224	\$520,697	\$713,837	\$2,049,196
TECH TEAM	\$1,469,188	\$1,497,996	\$1,526,803	\$1,555,611	\$6,049,598
AUGMENTED STAFF	\$2,461,015	\$2,509,270	\$2,557,526	\$2,605,781	\$10,133,592
VENDOR SERVICES	\$6,000,000	\$6,000,000	\$6,000,000	\$6,000,000	\$24,000,000
LICENSING COSTS	\$6,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$12,000,000
INFRASTRUCTURE FEES	\$6,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$12,000,000
	\$23,562,381	\$15,667,167	\$15,908,308	\$16,317,542	\$71,455,398

Definitions

Governance	This refers to project costs incurred for the oversight of the project. ND Century Code outlines requirements for large project oversight. The governance costs incurred included items such as NDIT project management costs, NDIT large project oversight, Attorney General legal oversight, OMB procurement oversight costs, executive oversight
Benefits Functional	This refers to the business staff costs incurred by JSND staff assigned to the project. These staff define requirements, work with vendors to articulate program needs, test developed software. These activities will be associated with the payment of test developed UI benefits.
Tax Functional	This refers to the business staff costs incurred by JSND staff assigned to the project. These staff define requirements, work with vendors to articulate program needs, test developed software. These activities will be associated with the employer and tax related items.
Tech Team	This refers to the state IT staff costs incurred by staff assigned to the project. These staff work on development items, interface with vendors, lead data migration efforts, develop data dictionaries, etc.
Augmented Staff	This refers to business and IT staff hired to assist state staff in maintaining current system operations, cover benefit and tax based daily activities, complete necessary programming, provide IT assistance with interfaces, etc.
Vendor Services	This refers to costs incurred through the primary vendor hired to replace and implement the new system. The vendor will be providing a completed UI system that must be customized to meet North Dakota law, policy, and regulations.
Licensing Costs	This refers to costs that will be incurred through the licensing of the new system and any necessary corresponding software needed to operate the system.
Infrastructure Fees	This relates to necessary infrastructure, hosting, and maintenance fees that will be incurred through the implementation of the new system.

Unemployment Insurance (UI) provides monetary benefits to unemployed workers during short-term layoffs. This critical economic stabilizer allows workers to support their families while staying & spending in North Dakota communities.

WHY IS A NEW SYSTEM NEEDED NOW?

Risk and need have been recognized and discussed for years. Multiple attempts at modernization through federally funded state consortiums have occurred, but lack of resources and competing priorities to meet each state's needs have prevented success. A breaking point has now been reached!

⚠️ MULTIPLE SYSTEM FAILURE & RISK POINTS ⚠️



AGING MAINFRAME SYSTEM

Vendor specific 40-year-old technology

- Not industry standard; not widely used
- No formal training available for new programmers; requires primarily off-shore contractors due to limited trained USA staff

Outdated database technology

- Limited capability for interfaces, business intelligence, and modern web tools

External systems required for functionality

- Creates support complications
- Prevents data sharing with other agencies needing data



STAFFING

Key staff losses

- Loss of 28 UI and IT staff over 17 years leaving only 2 UI programmers who do programming/analysis and manage contract programmers
- One is retirement eligible now and the other within 1.5 years
- Multiple years needed to gain system knowledge and expertise
- Further loss of staff would be devastating, negatively impacting system operation



FUNDING

Long-term decline in federal funding requires sustainable, affordable system now

- Technology spend will continue to grow as technology ages

IMPACTS OF SYSTEM FAILURE OR SLOWDOWN

20,000
UI Claimants/
Year

26,000
Employers/
Year

Economic
Impact of \$80
to \$100 M

Stopped benefit
payments could
cause workforce
outmigration

IMPROVED CUSTOMER EXPERIENCE

- Mobile application
- Online payments
- Online employer entries
- Extended hours of services
- Additional language capability
- Interactive customer correspondence
- Interfaces for integration to other systems
- Linkage to other state entities

LEVERAGE REAL-TIME DATA WITH BUSINESS INTELLIGENCE

- Timely, critical workforce data allowing for improved decision making
- In-depth data analysis and reporting
- Enhanced flexibility for ad-hoc reporting
- Addition of dashboards

SUSTAINABLE TECHNOLOGY PLATFORM

- Availability of IT resources to support and maintain the system
- Elimination of proprietary system reduces technical debt
- Industry-standard technologies
- Improved training and succession planning

ARCHITECTURAL DESIGN TO IMPROVE CAPABILITY & SECURITY

- Integrated identity verification for improved security
- Improved maintenance and interfacing with standard technology
- Elimination of external systems
- Scalability at multiple system levels
- Provides system documentation, easing support and maintenance

CONFIGURATION FRAMEWORK TO SUPPORT CHANGE

- Faster production time for changes
- Less reliance on programming staff
- Robotic Process Automation (RPA) creates efficiencies

SECTION V

Workforce Services Appropriations Supplement

INTRODUCTION

The Job Service North Dakota 2023-2025 House Appropriations testimony included requested appropriations for three workforce programs. Each is explained in more detail below:

JOB PLACEMENT PILOT PROGRAM

The Job Placement Pilot Program is an initiative approved and recommended by the Workforce Development Council (WDC) with a main objective to connect recently or soon-to-be released ex-offenders with in-demand positions within North Dakota.



Why do we need this program?

- Ex-Offenders were identified by the WDC as a population who experience barriers to entering the workforce, including the life-long impact of a criminal conviction on their record.
- As of 2022, North Dakota averaged 1,400 prisoner releases each year
 - Without a steady paycheck allowing for basic needs to be met, such as housing and food, many ex-offenders return to the prisons as indicated by North Dakota's recidivism rate of 40.3% in 2021
- Ex-offenders are a target group to fill in-demand positions in skilled trades, transportation, IT, and a wide variety of other industries

How many people will you serve?

- This program, serve a minimum of 150 participants per year

Will others be involved in this program?

- This program would be a collaborative effort with the Department of Corrections and Rehabilitation (DOCR), the F5 project, and others to ensure wrap-around, supportive services are provided

What will the funds pay for?

- \$340,000 is for the salary and benefits for 2 temporary employees over the next biennium
 - Employees would be based out of the Fargo and Bismarck Workforce Centers
- \$300,000 is designated for supplemental support services such as housing, transportation, tools, work clothing and equipment that is not otherwise paid for by the WIOA federal funding

H2A VISA AGRICULTURAL PROGRAM

Since the early 2000's, JSND has been administering the H2A Foreign Labor Certification Program. This program provides assistance to agricultural employers who have a shortage of domestic workers. The program brings non-immigrant foreign workers to the U.S. to perform agricultural labor on a temporary or seasonal basis. Worker housing provided by the employer receives a quality inspection by JSND as outlined by the US Department of Labor.

Why do we need to fund this program?

H2A workers are vital to rural farming communities.

- Currently, JSND receives the 6th highest number of H2A applications in the United States.
- The program has grown exponentially
 - 203 inspections in 2007 to 1,946 today
- The current staffing hours and time to travel to locations is unsustainable for the long-term
- Without additional funding to support additional staff, other workforce services will be reduced due to the time and staffing needed to conduct the required housing inspections



What will the funds pay for?

- \$460,850 is for 2 full-time employees over the next biennium
 - Includes both salary and benefits
 - Employees would be based out of one of the centrally located Workforce Centers
- \$23,460 is designated for travel expenses for staff to travel to the inspection locations

CAREER AND TECHNICAL EDUCATION (CTE) PARTNERSHIP

The CTE partnership is a pilot project to support the work of the CTE Centers and align schools, communities, and the workforce. This partnership will allow for a presence in the rural communities to serve employers and job seekers.

Why is JSND making this request?

- Communities have requested this approach to address the workforce needs in rural areas
- With only 9 Workforce Center locations, JSND does not have a constant presence in the rural communities
- With additional funding, there is a potential to have a greater impact on the workforce
- Serving the rural communities in this capacity would allow connection to employers and provided needed employment services to job seekers including upskilling and training, and other job-related services that are not otherwise available

**REQUESTED APPROPRIATION
CTE PARTNERSHIP**

IMPACT

Rural Communities
Workforce Engagement & Alignment

GENERAL FUND REQUEST

\$390,000
2 Temp Employees
Program Administration Costs



North Dakota
Job Service

How does this request differ from the request CTE is making for workforce staff?

- These services are geared toward employers and adult learners who are utilizing the CTE centers in the rural communities

What will the funds pay for?

- \$340,000 is for the salary and benefits for 2 temporary employees over the next biennium
- \$50,000 is designated for program administration costs

SECTION VI

Additional Funding Requests Supplement

INTRODUCTION

Job Service North Dakota (JSND) made two additional funding requests in the appropriations testimony.

REQUESTED APPROPRIATION
SALARIES AND WAGES



- Federal funding has not been adjusted for inflation
- Federal funding is not adjusted for the compensation package (salary, benefits, and pay equity) as approved by the legislature

IMPACT
Direct impact to citizen services

GENERAL FUND REQUEST
\$2,500,000

REQUESTED APPROPRIATION
UI ADMINISTRATION OPERATING EXPENSE



- Federal funding has not been adjusted for inflation
- No additional federal funds for increased federal requirements and complexity
- IT maintenance and hosting costs are increasing exponentially

IMPACT
Direct impact to citizen services

GENERAL FUND REQUEST
\$3,000,000

Why are you requesting additional funds?

- JSND budget reflects fairly flat federal funding since 2012
- No adjustments have been made to the federal funding for inflation
- Federal dollars are not adjusted to support state level program increases such as legislative wage adjustments
- Federal dollars are not adjusted to support increased IT and other state program costs

How have you continued to operate in the past without additional funding?

- JSND has never requested additional funds to offset the legislative increases
- We were forced to make decisions to either cut services or staff
- Staff has been reduced by almost 60% over the last 20 years
- The funding shortfall resulted in needing to close 7 of the 16 workforce centers
- We have had to hire temporary staff due to the inability to pay employees equitable wages
 - Resulted in fewer applications and higher turnover for these positions

How do other states manage?

- Many other surrounding states receive state dollars to help offset the additional costs in both workforce and unemployment insurance services
- North Dakota is typically compared to Wyoming, South Dakota, and Montana because they are considered small states and have the same federal programs

STATE COMPARISON					
State	Population	Workforce Centers	State Funds for Workforce	Employer UI Fee	State Funds for UI
North Dakota	774,948	9	No	No	No
Wyoming	578,803	18	Yes	Yes	Yes
South Dakota	895,376	14	Yes	Yes	Yes
Montana	1,104,271	17	Yes	Yes	Yes

- South Dakota and Wyoming are also considered a single-area state under WIOA with one state-level workforce board
- For UI services supplemental funding using both general fund appropriations and employer contributions from fees, taxes, and assessments is utilized in many states
 - Over 20 states provide supplemental funding to their Unemployment Insurance programs
 - 30 states allow the state to charge an administrative tax and/or fee to employers to help supplement the program costs



Does the request for \$3M pay for wages of regular UI staff?

- The \$2.5M request is for the salary and benefit increases for **all** staff, including regular UI staff
- The \$3M is primarily related to the increasing programmatic costs related to UI Administration
 - Increased federal requirements
 - Increased program complexity
 - Increased IT maintenance and hosting costs
 - There are continually increasing IT changes and cost increases. One example of this is an upcoming replacement of the state Interactive Voice Response (IVR) system. NDIIT is replacing this system and charges the agencies using the system for the rewrite
 - Each year, we hire temporary staff for a number of months to handle the seasonal workload. Some of the requested funding would be used for this purpose

Why ask for the Wage Support and the UI Administration Support at this time?

- Efficiencies in people, processes, and technology have been leveraged to capacity
 - Staffing levels have dipped to a level where providing services to a growing population is becoming problematic. There is a greater need for services with a population increase of 15.8% in the last decade and business establishments increasing by 28%
- Program requirements continue to increase and become more complex
- IT maintenance and hosting costs have increased
- Federal funding model is no longer sustainable
- 50% of JSND staff are eligible to retire during the next 10 years, requiring the need to hire FTE's and not temporary staff to replace those retiring

Knutson, Donna

From: Swiontek, Steve
Sent: Tuesday, January 24, 2023 3:42 PM
To: Knutson, Donna
Subject: Fwd: IT Lessons - response requested
Attachments: Lessons Learned for UI Technology Project - Rep Swiontek.docx

Hi Donna. Please send this entire information eMail and print form to all E & E division members and individuals who assist the committee.

From: Bertagnolli, Pat G. <patbertagnolli@nd.gov>
Sent: Tuesday, January 24, 2023 12:44 PM
To: Swiontek, Steve <sswiontek@ndlegis.gov>
Subject: FW: IT Lessons - response requested

Representative Swiontek,

We understand that this is a BIG question and concern. As a result, Darren put together some great information to address those concerns. We know that you will extract the pieces that you feel are most important to convey.

From Darren:

I believe this covers a lot of ground and will allow for targeting specific activities that resonate with the committee as a compelling explanation of actions being taken. I am also including a Word document that contains the same information (attached)

**UNEMPLOYMENT TECHNOLOGY MODERNIZATION
PROJECT
LESSONS LEARNED / BEST PRACTICES BEING UTILIZED**

Lessons learned can be positive (what worked well) or negative (what didn't work well). The lessons learned below from other projects are being applied to the Unemployment Insurance (UI) Modernization project. The italicized text explains how the state is applying the lessons learned.

Note that lessons learned go beyond the normal state of North Dakota standards for procurement, project management, and change management. Along with the lessons learned, Job Service North Dakota (JSND) is utilizing the North Dakota standards for Large Project Management and Oversight. This includes the utilization of an Executive Steering Committee and corresponding subcommittees made up of agency staff from JSND, NDIT, ND OMB, ND Attorney General's Office. All of these processes utilize processes designed to minimize risk, protect the state, and pave the way for project success.

LESSONS LEARNED:

1. Request for Proposal (RFP)

- a. Be informed of available vendor solutions and their status
 - i. *JSND released a Request for Information (RFI) prior to RFP development to gather information regarding UI system solutions, as well as resources, timeframes, and costs for both the project and resulting on-going maintenance*

- ii. *Information Technology Support Center (ITSC – technical arm of NASWA and loosely affiliated with the USDOL) provided the status of current and past UI modernization projects and the status of the vendors in the marketplace*
 - iii. *Consulted with contacts within other states to identify various state experiences and status. Collaborated with United States Department of Labor (USDOL) and the National Association of Workforce Agencies (NASWA) via nationwide conference calls and webinars to gather information, best practices, and vendor trends in the UI modernization market*
 - iv. *Have visited other states in the past to view UI systems and gauge applicability for North Dakota utilization*
- b. All stakeholders must clearly understand and share in the vision
- i. *Prior to RFP release, JSND met with various stakeholders including the Governor’s Office and NDIT management regarding the vision for the project*
 - ii. *Assign the organizational change manager the responsibility of ensuring the various stakeholders are educated on the vision for the UI system*
- c. Ensure the requirements are well-defined and current
- i. *JSND hired ITSC, as they are well versed in many state RFP requirements, to conduct a review of both the technical and functional requirements prior to RFP release*
 - ii. *The vendors who submit proposals will be judged on their in-depth knowledge of unemployment insurance and ability to complete the project*
- d. Recognize constraints in staffing, funding, and technology.
- i. *JSND prefers a system that is pre-built using low-code/no-code technology. The system shall also be configurable. Doing so should limit time to production and project costs, as well as maintenance resources, time, and cost. (Note that the technology industry is investing heavily in low-code/no-code platforms to speed development and minimize costs)*
 - ii. *JSND has involved NDIT architects in the RFP process*
- e. For a project of this magnitude, viewing a product demo is not enough to evaluate the system. Also, a good technical RFP writer does not equate to a good technical system
- i. *In the RFP, JSND requested access to a “Sandbox” application for the top scoring proposals for a period of time during the evaluation process. (A Sandbox is basically a copy of the application that our staff could play with). This will help to ensure that the vendor’s proposal is honest and matches the system they are providing. It will also help to mitigate any misconceptions about the proposed systems*

2. Mitigate risks during procurement

- a. Begin data conversion work as soon as possible as data conversion is a high risk, staff intensive process
- i. *JSND is working to ensure data dictionaries are up to date*
 - ii. *JSND is working to ensuring purge programs are running in production*
 - iii. *JSND is cleansing production data*
 - iv. *JSND is discussing the possibilities of limiting the amount of data that is converted to the new system*
- b. Ensure Interface documentation is up to date
- i. *JSND is updating its interface documentation and inventories to a very detailed level*

- c. Allow staff to concentrate on the project as much as possible
 - i. *JSND will use backfill as necessary and as funding allows for UI business staff. JSND has retained several temporary staff hired during the pandemic who are now well-versed in the UI program for purposes of backfill during the modernization*
 - ii. *Unisys programmers are being trained to perform backfill for JSND mainframe programmers*
 - iii. *JSND is losing support for its IBIQ application (current production application that connects UI systems nationwide) and is replacing it prior to the UI mod project build. The new application will be supported by an external vendor*

3. Planning

- a. Have a realistic project budget
 - i. *JSND's budget request:*
 - 1. *Allows for the addition of skills that are lacking in the State (JSND and NDIT)*
 - 2. *Recognizes that JSND's expert business staff must be allocated to the project and allows for backfill of JSND business staff*
 - 3. *Accounts for hardware, software, and hosting as well as vendor implementation costs*
 - 4. *Allows for the first year of maintenance*
 - 5. *Includes contingency for unexpected costs*
- b. Have a realistic project schedule.
 - i. *JSND has been involved in many large projects and has experience with modernization. It has also conducted research through ITSC on the schedules of other state's modernization efforts*
 - ii. *JSND has been very open and honest about how long it feels the project will be*
- c. Ensure contractual items are not forgotten after contract signing
 - i. *The contract will be gone through in detail to ensure non-scope items – such as the delivery of insurance certificates, are added to the project schedule*
- d. Quality expectations must be clearly communicated
 - i. *JSND is evaluating the use of quality expectation documents in addition to the acceptance criteria outlined within the contract*
- e. Do not rely on the vendor's promise of progress
 - i. *Aim for an Agile methodology (Agile is an iterative development method) with time boxed iterations to allow progress to be shown at short intervals*
 - ii. *Continually evaluate the effectiveness of the project, the vendor, and the product. Add checkpoints to the schedule for this*
 - iii. *Ensure continued alignment with stated business objectives and requirements throughout the project. Add checkpoints to the schedule for this*
- f. Select the right vendor
 - i. *Review resumes and background of vendor staff to assign to the project with UI experience and appropriate staff position level experience*
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 - i. *Payment holdback*

- ii. *Pay for incremental delivery of successful code/system*
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- h. Great is the enemy of good
- i. *JSND is planning to minimize custom changes as much as possible in order to get the initial system in production, realizing that we will likely not get everything we need in the initial implementation*

4. **Execution**

- a. Set the example
 - i. *Ensure the state of ND is holding up our contractual obligations. It is difficult to hold a vendor accountable if we are not holding up our end of the bargain. (This speaks to the need for adequate staffing and backfill)*
- b. Vendor Management has a fine line between being friendly and being friends
 - i. *Provide a short vendor management training to the state project team*

From: Bertagnolli, Pat G. <patbertagnolli@nd.gov>
Sent: Monday, January 23, 2023 10:42 AM
To: Brostrom, Darren W. <dbrostro@nd.gov>
Cc: Davis, Phillip N. <pndavis@nd.gov>; Greuel, Dawn <dgreuel@nd.gov>; Lagasse, Nicole M. <nlagasse@nd.gov>
Subject: IT Lessons - response requested

Darren, can you craft me a brief response to question below? Thank you!

From: Swiontek, Steve <sswiontek@ndlegis.gov>
Sent: Monday, January 23, 2023 10:40 AM
To: Bertagnolli, Pat G. <patbertagnolli@nd.gov>
Subject:

***** **CAUTION:** This email originated from an outside source. Do not click links or open attachments unless you know they are safe. *****

I know this question will be raised. What lessons have been learned from other IT system enhancements that the state of ND has implemented and didn't work as smoothly as planned? How are they being applied to your IT enhancement?

UNEMPLOYMENT TECHNOLOGY MODERNIZATION PROJECT LESSONS LEARNED / BEST PRACTICES BEING UTILIZED

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Job Service North Dakota - Budget No. 380
House Bill No. 1016
Base Level Funding Changes

Prepared for: 1/27/2023

	Executive Budget Recommendation				House Version				House Changes to Executive Budget Increase (Decrease) - Executive Budget			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	156.61	\$410,229	\$64,995,263	\$65,405,492	156.61	\$410,229	\$64,995,263	\$65,405,492	0.00	\$0	\$0	\$0
2023-25 Ongoing Funding Changes												
Adds funding for the cost to continue salary increases												
Salary increase		\$393	\$204,416	\$204,809		\$393	\$204,416	\$204,809				\$0
Health insurance increase		24,383	1,831,620	1,856,003		18,258	1,370,455	1,388,713		(\$6,125)	(\$461,165)	(\$467,290)
Adjusts funding for salary and health insurance increases		1,286	749,706	750,992		1,286	749,706	750,992				0
Adds funding for FTE positions for the H2A foreign agriculture workers program		2,500,000	(2,500,000)	0		2,500,000	(2,500,000)	0				0
Adds federal funding for vacant FTE unfunded positions	2.00	463,278		463,278	2.00	463,278		463,278				0
Adds federal funding for temporary salaries			1,166,890	1,166,890			1,166,890	1,166,890				0
Adds funding for temporary positions for workforce facilitation at the Bakken Skills Center			2,188,431	2,188,431			2,188,431	2,188,431				0
Adds funding for a job placement pilot program for recently released formerly incarcerated individuals		390,000		390,000				390,000				0
Adds funding for IT rate increases		640,000		640,000		640,000		640,000		(390,000)		(390,000)
Adds federal funding for IT contractual services for the unemployment insurance program		215	135,577	135,792		215	135,577	135,792				0
Adds funding for unemployment insurance administration and IT inflation costs			2,209,296	2,209,296			2,209,296	2,209,296				0
Adjusts operating expenses		3,000,000		3,000,000		3,000,000		3,000,000				0
Reduces funding for the trade adjustment assistance for workers program			(242,766)	(242,766)			(242,766)	(242,766)				0
Reduces Reed Act funds			(526,539)	(526,539)			(526,539)	(526,539)				0
Total ongoing funding changes	2.00	\$7,019,555	\$5,186,505	\$12,206,060	2.00	\$6,623,430	\$4,725,340	\$11,348,770	0.00	(\$396,125)	(\$461,165)	(\$857,290)
One-Time Funding Items												
Adds funding for the unemployment insurance modernization project			\$45,000,000	\$45,000,000			\$45,000,000	\$45,000,000				\$0
Total one-time funding changes	0.00	\$0	\$45,000,000	\$45,000,000	0.00	\$0	\$45,000,000	\$45,000,000	0.00	\$0	\$0	\$0
Total Changes to Base Level Funding	2.00	\$7,019,555	\$50,186,505	\$57,206,060	2.00	\$6,623,430	\$49,725,340	\$56,348,770	0.00	(\$396,125)	(\$461,165)	(\$857,290)
2023-25 Total Funding	158.61	\$7,429,784	\$115,181,768	\$122,611,552	158.61	\$7,033,659	\$114,720,603	\$121,754,262	0.00	(\$396,125)	(\$461,165)	(\$857,290)
Federal funds included in other funds			\$69,570,308				\$69,109,835				(\$460,473)	
<i>Total ongoing changes as a percentage of base level</i>	1.3%	1711.1%	8.0%	18.7%	1.3%	1614.6%	7.3%	17.4%				
<i>Total changes as a percentage of base level</i>	1.3%	1711.1%	77.2%	87.5%	1.3%	1614.6%	76.5%	86.2%				

Other Sections in Job Service North Dakota - Budget No. 380

Reed Act funds

Federal funds appropriation

Strategic investment and improvements fund - One-time funding

Executive Budget Recommendation

Section 3 would identify \$10,915,000 of funding appropriated in Section 1 is from federal Reed Act funds made available to the state by the federal Reed Act distributions made in federal fiscal years 1957, 1958, 1999, and 2002, pursuant to Section 903 of the federal Social Security Act for the purpose of developing a modernized unemployment insurance computer system.

Section 4 would appropriate all federal funds received by Job Service North Dakota in excess of those funds appropriated in Section 1.

Section 5 would identify \$45 million appropriated in Section 1 is one-time funding from the strategic investment and improvements fund for the unemployment insurance system modernization project.

House Version

Section 3 identifies \$10,915,000 of funding appropriated in Section 1 is from federal Reed Act funds made available to the state by the federal Reed Act distributions made in federal fiscal years 1957, 1958, 1999, and 2002, pursuant to Section 903 of the federal Social Security Act for the purpose of developing a modernized unemployment insurance computer system.

Section 4 appropriates all federal funds received by Job Service North Dakota in excess of those funds appropriated in Section 1.

Section 5 identifies \$45 million appropriated in Section 1 is one-time funding from the strategic investment and improvements fund for the unemployment insurance system modernization project.

Job Service North Dakota - Budget No. 380
House Bill No. 1016
Base Level Funding Changes

Prepared for: 2/6/2023

	Executive Budget Recommendation				House Version				House Changes to Executive Budget Increase (Decrease) - Executive Budget			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	156.61	\$410,229	\$64,995,263	\$65,405,492	156.61	\$410,229	\$64,995,263	\$65,405,492	0.00	\$0	\$0	\$0
2023-25 Ongoing Funding Changes												
Adds funding for the cost to continue salary increases		\$393	\$204,416	\$204,809		\$393	\$204,416	\$204,809				\$0
Salary increase		24,383	1,831,620	1,856,003		18,258	1,370,455	1,388,713		(\$6,125)	(\$461,165)	(467,290)
Health insurance increase		1,286	749,706	750,992		1,316	766,952	768,268		30	17,246	17,276
Adjusts funding for salary and health insurance increases		2,500,000	(2,500,000)	0		2,500,000	(2,500,000)	0				0
Adds funding for FTE positions for the H2A foreign agriculture workers program	2.00	463,278		463,278	2.00	463,278		463,278				0
Adds federal funding for vacant FTE unfunded positions			1,166,890	1,166,890			1,166,890	1,166,890				0
Adds federal funding for temporary salaries			2,188,431	2,188,431			2,188,431	2,188,431				0
Adds funding for temporary positions for workforce facilitation at the Bakken Skills Center		390,000		390,000				0		(390,000)		(390,000)
Adds funding for a job placement pilot program for recently released formerly incarcerated individuals		640,000		640,000		640,000		640,000				0
Adds funding for IT rate increases		215	135,577	135,792		215	135,577	135,792				0
Adds federal funding for IT contractual services for the unemployment insurance program			2,209,296	2,209,296			2,209,296	2,209,296				0
Adds funding for unemployment insurance administration and IT inflation costs		3,000,000		3,000,000		3,000,000		3,000,000				0
Adjusts operating expenses			(242,766)	(242,766)			(242,766)	(242,766)				0
Reduces funding for the trade adjustment assistance for workers program			(526,539)	(526,539)			(526,539)	(526,539)				0
Reduces Reed Act funds			(30,126)	(30,126)			(30,126)	(30,126)				0
Total ongoing funding changes	2.00	\$7,019,555	\$5,186,505	\$12,206,060	2.00	\$6,623,460	\$4,742,586	\$11,366,046	0.00	(\$396,095)	(\$443,919)	(\$840,014)
One-Time Funding Items												
Adds funding for the unemployment insurance modernization project			\$45,000,000	\$45,000,000			\$75,000,000	\$75,000,000			\$30,000,000	\$30,000,000
Total one-time funding changes	0.00	\$0	\$45,000,000	\$45,000,000	0.00	\$0	\$75,000,000	\$75,000,000	0.00	\$0	\$30,000,000	\$30,000,000
Total Changes to Base Level Funding	2.00	\$7,019,555	\$50,186,505	\$57,206,060	2.00	\$6,623,460	\$79,742,586	\$86,366,046	0.00	(\$396,095)	\$29,556,081	\$29,159,986
2023-25 Total Funding	158.61	\$7,429,784	\$115,181,768	\$122,611,552	158.61	\$7,033,689	\$144,737,849	\$151,771,538	0.00	(\$396,095)	\$29,556,081	\$29,159,986
<i>Federal funds included in other funds</i>			\$69,570,308				\$114,127,056				\$44,556,748	
<i>Total ongoing changes as a percentage of base level</i>	1.3%	1711.1%	8.0%	18.7%	1.3%	1614.6%	7.3%	17.4%				
<i>Total changes as a percentage of base level</i>	1.3%	1711.1%	77.2%	87.5%	1.3%	1614.6%	122.7%	132.0%				

Other Sections in Job Service North Dakota - Budget No. 380

	Executive Budget Recommendation	House Version
Federal funds appropriation	Section 4 would appropriate all federal funds received by Job Service North Dakota in excess of those funds appropriated in Section 1.	Section 3 appropriates all federal funds received by Job Service North Dakota in excess of those funds appropriated in Section 1.
Reed Act funds	Section 3 would identify \$10,915,000 of funding appropriated in Section 1 is from federal Reed Act funds made available to the state by the federal Reed Act distributions made in federal fiscal years 1957, 1958, 1999, and 2002, pursuant to Section 903 of the federal Social Security Act for the purpose of developing a modernized unemployment insurance computer system.	Section 4 identifies \$10,915,000 of funding appropriated in Section 1 is from federal Reed Act funds made available to the state by the federal Reed Act distributions made in federal fiscal years 1957, 1958, 1999, and 2002, pursuant to Section 903 of the federal Social Security Act for the purpose of developing a modernized unemployment insurance computer system.
Unemployment insurance modernization project - Federal State Fiscal Recovery Fund - Strategic investment and improvements fund - One-time funding	Section 5 would identify \$45 million appropriated in Section 1 is one-time funding from the strategic investment and improvements fund for the unemployment insurance system modernization project.	Section 5 identifies \$75 million appropriated in Section 1 is one-time funding for the unemployment insurance system modernization project, of which \$45 million is from the federal State Fiscal Recovery Fund and \$30 million is from the strategic investment and improvements fund. The section provides Job Service North Dakota must spend all funding from the State Fiscal Recovery Fund prior to spending funding from the strategic investment and improvements fund.

Job Service North Dakota - Budget No. 380
House Bill No. 1016
Base Level Funding Changes

Prepared for: 2/7/2023

	Executive Budget Recommendation				House Version				House Changes to Executive Budget Increase (Decrease) - Executive Budget			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	156.61	\$410,229	\$64,995,263	\$65,405,492	156.61	\$410,229	\$64,995,263	\$65,405,492	0.00	\$0	\$0	\$0
2023-25 Ongoing Funding Changes												
Adds funding for the cost to continue salary increases		\$393	\$204,416	\$204,809		\$393	\$204,416	\$204,809				\$0
Salary increase		24,383	1,831,620	1,856,003		18,258	1,370,455	1,388,713		(\$6,125)	(\$461,165)	(467,290)
Health insurance increase		1,286	749,706	750,992		1,316	766,952	768,268		30	17,246	17,276
Adjusts funding for salaries and wages from federal funds to the general fund		2,500,000	(2,500,000)	0		2,500,000	(2,500,000)	0				0
Adds funding for FTE positions for the H2A foreign agriculture workers program	2.00	463,278		463,278	2.00	463,278		463,278				0
Adds federal funding for vacant FTE unfunded positions			1,166,890	1,166,890			1,166,890	1,166,890				0
Adds federal funding for temporary salaries			2,188,431	2,188,431			2,188,431	2,188,431				0
Adds funding for temporary positions for workforce facilitation at the Bakken Skills Center		390,000		390,000				0		(390,000)		(390,000)
Adds funding for a job placement pilot program for recently released formerly incarcerated individuals		640,000		640,000		640,000		640,000				0
Adds funding for IT rate increases		215	135,577	135,792		215	135,577	135,792				0
Adds federal funding for IT contractual services for the unemployment insurance program			2,209,296	2,209,296			2,209,296	2,209,296				0
Adds funding for unemployment insurance administration and IT inflation costs		3,000,000		3,000,000		3,000,000		3,000,000				0
Adjusts operating expenses			(242,766)	(242,766)			(242,766)	(242,766)				0
Reduces funding for the trade adjustment assistance for workers program			(526,539)	(526,539)			(526,539)	(526,539)				0
Reduces Reed Act funds			(30,126)	(30,126)			(30,126)	(30,126)				0
Total ongoing funding changes	2.00	\$7,019,555	\$5,186,505	\$12,206,060	2.00	\$6,623,460	\$4,742,586	\$11,366,046	0.00	(\$396,095)	(\$443,919)	(\$840,014)
One-Time Funding Items												
Adds funding for the unemployment insurance modernization project			\$45,000,000	\$45,000,000			\$45,000,000	\$45,000,000				\$0
Total one-time funding changes	0.00	\$0	\$45,000,000	\$45,000,000	0.00	\$0	\$45,000,000	\$45,000,000	0.00	\$0	\$0	\$0
Total Changes to Base Level Funding	2.00	\$7,019,555	\$50,186,505	\$57,206,060	2.00	\$6,623,460	\$49,742,586	\$56,366,046	0.00	(\$396,095)	(\$443,919)	(\$840,014)
2023-25 Total Funding	158.61	\$7,429,784	\$115,181,768	\$122,611,552	158.61	\$7,033,689	\$114,737,849	\$121,771,538	0.00	(\$396,095)	(\$443,919)	(\$840,014)
<i>Federal funds included in other funds</i>			\$69,570,308				\$114,127,056				\$44,556,748	
<i>Total ongoing changes as a percentage of base level</i>	1.3%	1711.1%	8.0%	18.7%	1.3%	1614.6%	7.3%	17.4%				
<i>Total changes as a percentage of base level</i>	1.3%	1711.1%	77.2%	87.5%	1.3%	1614.6%	76.5%	86.2%				

Other Sections in Job Service North Dakota - Budget No. 380

	Executive Budget Recommendation	House Version
Federal funds appropriation	Section 4 would appropriate all federal funds received by Job Service North Dakota in excess of those funds appropriated in Section 1.	Section 3 appropriates all federal funds received by Job Service North Dakota in excess of those funds appropriated in Section 1.
Reed Act funds	Section 3 would identify \$10,915,000 of funding appropriated in Section 1 is from federal Reed Act funds made available to the state by the federal Reed Act distributions made in federal fiscal years 1957, 1958, 1999, and 2002, pursuant to Section 903 of the federal Social Security Act for the purpose of developing a modernized unemployment insurance computer system.	Section 4 identifies \$10,915,000 of funding appropriated in Section 1 is from federal Reed Act funds made available to the state by the federal Reed Act distributions made in federal fiscal years 1957, 1958, 1999, and 2002, pursuant to Section 903 of the federal Social Security Act for the purpose of developing a modernized unemployment insurance computer system.
Unemployment insurance modernization project - Federal State Fiscal Recovery Fund - Strategic investment and improvements fund - One-time funding	Section 5 would identify \$45 million appropriated in Section 1 is one-time funding from the strategic investment and improvements fund for the unemployment insurance system modernization project.	Section 5 identifies \$45 million appropriated in Section 1 is one-time funding from the federal State Fiscal Recovery Fund for the unemployment insurance system modernization project.

23.0245.01001
Title.

Prepared by the Legislative Council staff for
the House Appropriations - Education and
Environment Division Committee
February 7, 2023

Fiscal No. 1

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1016

Page 1, line 2, after "Dakota" insert "; and to provide for a report"

Page 1, replace lines 10 through 21 with:

"

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$28,994,942	\$6,496,929	\$35,491,871
Operating expenses	17,164,373	50,125,782	67,290,155
Capital assets	20,000	0	20,000
Grants	8,281,051	(226,539)	8,054,512
Reed Act - unemployment insurance computer modernization	<u>10,945,126</u>	<u>(30,126)</u>	<u>10,915,000</u>
Total all funds	\$65,405,492	\$56,366,046	\$121,771,538
Less estimated income	<u>64,995,263</u>	<u>49,742,586</u>	<u>114,737,849</u>
Total general fund	\$410,229	\$6,623,460	\$7,033,689
Full-time equivalent positions	156.61	2.00	158.61

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO SIXTY-NINTH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items approved by the sixty-seventh legislative assembly for the 2021-23 biennium and the one-time funding items included in the appropriation in section 1 of this Act:

<u>One-Time Funding Description</u>	<u>2021-23</u>	<u>2023-25</u>
Unemployment insurance modernization project	<u>\$0</u>	<u>\$45,000,000</u>
Total other funds	<u>\$0</u>	<u>\$45,000,000</u>

The 2023-25 biennium one-time funding amounts are not part of the entity's base budget for the 2025-27 biennium. Job service North Dakota shall report to the appropriations committees of the sixty-ninth legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2023, and ending June 30, 2025."

Page 2, line 5, replace "\$10,945,126" with "\$10,915,000"

Page 2, after line 9, insert:

"SECTION 5. ESTIMATED INCOME - UNEMPLOYMENT INSURANCE MODERNIZATION PROJECT - FEDERAL STATE FISCAL RECOVERY FUND - ONE-TIME FUNDING. The estimated income line item in section 1 of this Act includes the sum of \$45,000,000 from federal funds derived from the state fiscal recovery fund for the unemployment insurance modernization project. This funding is considered a one-time funding item."

Re-number accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1016 - Job Service North Dakota - House Action

	Base Budget	House Changes	House Version
Salaries and wages	\$28,994,942	\$6,496,929	\$35,491,871
Operating expenses	17,164,373	50,125,782	67,290,155
Capital assets	20,000		20,000
Grants	8,281,051	(226,539)	8,054,512
Reed Act - Computer modernization	10,945,126	(30,126)	10,915,000
Total all funds	\$65,405,492	\$56,366,046	\$121,771,538
Less estimated income	64,995,263	49,742,586	114,737,849
General fund	\$410,229	\$6,623,460	\$7,033,689
FTE	156.61	2.00	158.61

Department 380 - Job Service North Dakota - Detail of House Changes

	Adds Funding for the Cost to Continue Salaries ¹	Adds Funding for Salary and Benefit Increases ²	Adjusts Funding for Salaries and Wages ³	Adds FTE Positions for the H2A Foreign Agriculture Workers Program ⁴	Adds Funding for Temporary Salaries and Vacant FTE Positions ⁵	Adds Funding for a Job Placement Pilot Program ⁶
Salaries and wages	\$204,809	\$2,156,981		\$439,818	\$3,355,321	\$340,000
Operating expenses				23,460		
Capital assets						
Grants						300,000
Reed Act - Computer modernization						
Total all funds	\$204,809	\$2,156,981	\$0	\$463,278	\$3,355,321	\$640,000
Less estimated income	204,416	2,137,407	(2,500,000)	0	3,355,321	0
General fund	\$393	\$19,574	\$2,500,000	\$463,278	\$0	\$640,000
FTE	0.00	0.00	0.00	2.00	0.00	0.00

	Adjusts Base Level Funding ⁷	Adjusts Funding for Unemployment Insurance System Costs ⁸	Adds One-Time Funding for the Unemployment Insurance Modernization Project ⁹	Total House Changes
Salaries and wages				\$6,496,929
Operating expenses	(\$106,974)	\$5,209,296	\$45,000,000	50,125,782
Capital assets				
Grants	(526,539)			(226,539)
Reed Act - Computer modernization		(30,126)		(30,126)
Total all funds	(\$633,513)	\$5,179,170	\$45,000,000	\$56,366,046
Less estimated income	(633,728)	2,179,170	45,000,000	49,742,586
General fund	\$215	\$3,000,000	\$0	\$6,623,460
FTE	0.00	0.00	0.00	2.00

¹ Funding is added for the cost to continue salary increases.

² The following funding is added for 2023-25 biennium salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024, and increases in health insurance premiums from \$1,429 to \$1,648 per month:

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Salary increase	\$18,258	\$1,370,455	\$1,388,713
Health insurance increase	<u>1,316</u>	<u>766,952</u>	<u>768,268</u>
Total	\$19,574	\$2,137,407	\$2,156,981

³ Funding of \$2.5 million for salaries and wages is reduced from federal funds and added from the general fund.

⁴ Funding is added for salaries and wages (\$439,818) and operating expenses (\$23,460) for 2 FTE positions for the H2A foreign agriculture workers program.

⁵ Federal funding is added for temporary salaries of 13 individuals (\$2,188,431) and 9 vacant FTE positions (\$1,166,890).

⁶ Funding of \$640,000 from the general fund, of which \$340,000 is for salaries and wages for two temporary positions and \$300,000 is for grants, is added for a job placement pilot program for recently released formerly incarcerated individuals. Grant funding will be used for basic support needs, including housing, transportation, and work supplies and clothing.

⁷ Base level funding is adjusted as follows:

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Adds funding for information technology rate increases	\$215	\$135,577	\$135,792
Adjusts federal funding for operating expenses, including data processing, travel, equipment and repairs, supplies, and printing	0	(242,766)	(242,766)
Reduces funding for the federal trade adjustment assistance for workers program to provide a total of \$1,866,010 from federal funds	<u>0</u>	<u>(526,539)</u>	<u>(526,539)</u>
Total	\$215	(\$633,728)	(\$633,513)

⁸ Funding for unemployment insurance system costs is adjusted as follows:

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Adds federal funding for information technology contractual services for the unemployment insurance program	\$0	\$2,209,296	\$2,209,296
Adds funding for unemployment insurance administration and information technology inflation costs	3,000,000	0	3,000,000
Reduces Reed Act funds to provide a total of \$10,915,000 from federal funds	<u>0</u>	<u>(30,126)</u>	<u>(30,126)</u>
Total	\$3,000,000	\$2,179,170	\$5,179,170

⁹ One-time funding of \$45 million from the federal State Fiscal Recovery Fund is added for the unemployment insurance modernization project.

This amendment also:

- Adds Section 2 to identify one-time funding appropriated in Section 1 for the 2023-25 biennium.
- Updates the amount of funding identified in Section 4 that is appropriated in Section 1 from federal Reed Act funds.
- Adds a section to identify the \$45 million appropriated for the unemployment insurance modernization project is one-time funding from the federal State Fiscal Recovery Fund.

23.0245.01001
Title.

Prepared by the Legislative Council staff for
the House Appropriations - Education and
Environment Division Committee
February 7, 2023

Fiscal No. 1

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1016

Page 1, line 2, after "Dakota" insert "; and to provide for a report"

Page 1, replace lines 10 through 21 with:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$28,994,942	\$6,496,929	\$35,491,871
Operating expenses	17,164,373	50,125,782	67,290,155
Capital assets	20,000	0	20,000
Grants	8,281,051	(226,539)	8,054,512
Reed Act - unemployment insurance computer modernization	<u>10,945,126</u>	<u>(30,126)</u>	<u>10,915,000</u>
Total all funds	\$65,405,492	\$56,366,046	\$121,771,538
Less estimated income	<u>64,995,263</u>	<u>49,742,586</u>	<u>114,737,849</u>
Total general fund	\$410,229	\$6,623,460	\$7,033,689
Full-time equivalent positions	156.61	2.00	158.61

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO SIXTY-NINTH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items approved by the sixty-seventh legislative assembly for the 2021-23 biennium and the one-time funding items included in the appropriation in section 1 of this Act:

<u>One-Time Funding Description</u>	<u>2021-23</u>	<u>2023-25</u>
Unemployment insurance modernization project	\$0	\$45,000,000
Total other funds	\$0	\$45,000,000

The 2023-25 biennium one-time funding amounts are not part of the entity's base budget for the 2025-27 biennium. Job service North Dakota shall report to the appropriations committees of the sixty-ninth legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2023, and ending June 30, 2025."

Page 2, line 5, replace "\$10,945,126" with "\$10,915,000"

Page 2, after line 9, insert:

"SECTION 5. ESTIMATED INCOME - UNEMPLOYMENT INSURANCE MODERNIZATION PROJECT - FEDERAL STATE FISCAL RECOVERY FUND - ONE-TIME FUNDING. The estimated income line item in section 1 of this Act includes the sum of \$45,000,000 from federal funds derived from the state fiscal recovery fund for the unemployment insurance modernization project. This funding is considered a one-time funding item."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1016 - Job Service North Dakota - House Action

	Base Budget	House Changes	House Version
Salaries and wages	\$28,994,942	\$6,496,929	\$35,491,871
Operating expenses	17,164,373	50,125,782	67,290,155
Capital assets	20,000		20,000
Grants	8,281,051	(226,539)	8,054,512
Reed Act - Computer modernization	10,945,126	(30,126)	10,915,000
Total all funds	\$65,405,492	\$56,366,046	\$121,771,538
Less estimated income	64,995,263	49,742,586	114,737,849
General fund	\$410,229	\$6,623,460	\$7,033,689
FTE	156.61	2.00	158.61

Department 380 - Job Service North Dakota - Detail of House Changes

	Adds Funding for the Cost to Continue Salaries ¹	Adds Funding for Salary and Benefit Increases ²	Adjusts Funding for Salaries and Wages ³	Adds FTE Positions for the H2A Foreign Agriculture Workers Program ⁴	Adds Funding for Temporary Salaries and Vacant FTE Positions ⁵	Adds Funding for a Job Placement Pilot Program ⁶
Salaries and wages	\$204,809	\$2,156,981		\$439,818	\$3,355,321	\$340,000
Operating expenses				23,460		
Capital assets						
Grants						300,000
Reed Act - Computer modernization						
Total all funds	\$204,809	\$2,156,981	\$0	\$463,278	\$3,355,321	\$640,000
Less estimated income	204,416	2,137,407	(2,500,000)	0	3,355,321	0
General fund	\$393	\$19,574	\$2,500,000	\$463,278	\$0	\$640,000
FTE	0.00	0.00	0.00	2.00	0.00	0.00

	Adjusts Base Level Funding ⁷	Adjusts Funding for Unemployment Insurance System Costs ⁸	Adds One-Time Funding for the Unemployment Insurance Modernization Project ⁹	Total House Changes
Salaries and wages				\$6,496,929
Operating expenses	(\$106,974)	\$5,209,296	\$45,000,000	50,125,782
Capital assets				
Grants	(526,539)			(226,539)
Reed Act - Computer modernization		(30,126)		(30,126)
Total all funds	(\$633,513)	\$5,179,170	\$45,000,000	\$56,366,046
Less estimated income	(633,728)	2,179,170	45,000,000	49,742,586
General fund	\$215	\$3,000,000	\$0	\$6,623,460
FTE	0.00	0.00	0.00	2.00

¹ Funding is added for the cost to continue salary increases.

² The following funding is added for 2023-25 biennium salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024, and increases in health insurance premiums from \$1,429 to \$1,648 per month:

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Salary increase	\$18,258	\$1,370,455	\$1,388,713
Health insurance increase	1,316	766,952	768,268
Total	\$19,574	\$2,137,407	\$2,156,981

³ Funding of \$2.5 million for salaries and wages is reduced from federal funds and added from the general fund.

⁴ Funding is added for salaries and wages (\$439,818) and operating expenses (\$23,460) for 2 FTE positions for the H2A foreign agriculture workers program.

⁵ Federal funding is added for temporary salaries of 13 individuals (\$2,188,431) and 9 vacant FTE positions (\$1,166,890).

⁶ Funding of \$640,000 from the general fund, of which \$340,000 is for salaries and wages for two temporary positions and \$300,000 is for grants, is added for a job placement pilot program for recently released formerly incarcerated individuals. Grant funding will be used for basic support needs, including housing, transportation, and work supplies and clothing.

⁷ Base level funding is adjusted as follows:

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Adds funding for information technology rate increases	\$215	\$135,577	\$135,792
Adjusts federal funding for operating expenses, including data processing, travel, equipment and repairs, supplies, and printing	0	(242,766)	(242,766)
Reduces funding for the federal trade adjustment assistance for workers program to provide a total of \$1,866,010 from federal funds	0	(526,539)	(526,539)
Total	\$215	(\$633,728)	(\$633,513)

⁸ Funding for unemployment insurance system costs is adjusted as follows:

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Adds federal funding for information technology contractual services for the unemployment insurance program	\$0	\$2,209,296	\$2,209,296
Adds funding for unemployment insurance administration and information technology inflation costs	3,000,000	0	3,000,000
Reduces Reed Act funds to provide a total of \$10,915,000 from federal funds	0	(30,126)	(30,126)
Total	\$3,000,000	\$2,179,170	\$5,179,170

⁹ One-time funding of \$45 million from the federal State Fiscal Recovery Fund is added for the unemployment insurance modernization project.

This amendment also:

- Adds Section 2 to identify one-time funding appropriated in Section 1 for the 2023-25 biennium.
- Updates the amount of funding identified in Section 4 that is appropriated in Section 1 from federal Reed Act funds.
- Adds a section to identify the \$45 million appropriated for the unemployment insurance modernization project is one-time funding from the federal State Fiscal Recovery Fund.



Senate

Appropriations Committee

JOB SERVICE
NORTH DAKOTA
TESTIMONY

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House Bill 1016
Patrick Bertagnolli
March 13, 2023

SENATE APPROPRIATIONS COMMITTEE
HB 1016

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TESTIMONY

APPROPRIATIONS TESTIMONY

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(slide 1)

WELCOME and INTRODUCTION

Good morning, Mr. Chairman and members of the Senate Appropriations Committee. My name is Patrick Bertagnoli, and I am the Executive Director of Job Service North Dakota (Job Service). I am here today to provide the appropriations testimony. Joining me today are three members of our leadership team including Nicole Lagasse, our Finance Manager, Darren Brostrom, our Unemployment Insurance Director and Deputy Director, and Phil Davis, our Workforce Services Director.

Job Service was established under North Dakota Century Code title 52 and is charged with administering the unemployment compensation program and the state's employment services. I was appointed to the Executive Director position with Job Service in February of 2022. I originally applied for the position because I wanted people to know the great things that this agency does, often not visible to the public. I already knew about many of the meaningful services Job Service provides based on my own personal experience, but I have learned that the agency does so much more than I even understood. Prior to coming to Job Service, I was not only a member of the Workforce Development Council, but I was also a customer of Job Service. I needed to hire employees as did every other oil and gas employer in the western part of the state. I invited Job Service staff to my organization to better understand the positions I was hiring for, and the skills needed to increase the quality and flow of applicants. Job Service employees matched my energy, and I was often asked by others how I was able to hire skilled employees so quickly. The answer was through my relationship with Job Service.

Now that I'm leading this team, I can proudly tell you what I knew before I came here. These employees are some of the most passionate and dedicated employees I've worked with throughout my career. They live and breathe Job Service, volunteer in their communities, and in short, they ride for the brand. They have strong connections within the communities, serve on boards, present to schools, and host multiple events across the state. They have solid partnerships with many employers, schools, regional Economic Development Councils, local chambers, and other workforce partners across the state. These employees are some of the best workforce experts in the state. They are knowledgeable about the employers they serve and workforce trends.

(slide 2)

ORGANIZATIONAL STRUCTURE

Our agency is structured to provide the best service to our North Dakota citizens and deliver on our mission of *Meeting Workforce Needs*. We have a strong leadership team leading each of our three main business units. [See Appendix A for our Leadership Team Structure].

Our Workforce Services Department serves our communities through outreach, statewide events, education, career expos, and partnerships. There are several grants and contracts we work under to remove barriers to employment to help individuals successfully find meaningful employment. We also connect employers and job seekers via our career and employer services and hiring events.

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Our Unemployment Insurance Department provides critical financial assistance to individuals during periods of temporary layoff through the payment of unemployment insurance benefits. These benefit payments provide a direct benefit to individuals and businesses throughout the state. By relieving some of the financial pressures of job loss, workers are able to support their families and are more likely to remain within their community. Business is benefited by the continued spending of unemployed individuals. The Unemployment Insurance Department also works with over 26,000 employers, sets tax rates, and ensures the trust fund is solvent.

Our third function is our Labor Market Information Department. This department turns data into insights, allowing businesses, job seekers, policy makers, and others to make informed decisions based on labor market and economic data.

At this time, I'm going to share more information about our workforce services and the impact we have on the workforce in North Dakota.

(slide 3)

WORKFORCE SERVICES

Workforce Services includes our Workforce Centers and our Workforce Programs Department. We have nine Workforce Centers across the state delivering key services to the citizens of North Dakota. Workforce Centers serve an average of 2,600 customers and take approximately 2,000 phone calls each month. During the last year, our Workforce Centers also provided over 46,000 services to employers throughout the state.

In 2022, our workforce team hosted 35 job fairs, 134 hiring events, facilitated the first Statewide Apprenticeship Expo and the first Nationwide Virtual Job Fair, held 48 student events, conducted 180 WIOA presentations, presented to multiple partners throughout the state, and conducted weekly outreach to rural communities, correctional facilities, and recovery centers. In total, we reached over 31,000 individuals.

Our Workforce Centers are also home to the Virtual One Stop System. This is North Dakota's largest ad-free jobs database. The platform is offered at no charge to job seekers and employers. We currently have over 184,000 users with 48,500 of those being new users. In the last year, our staff placed 32,013 job orders for employers, and we made 80,411 job referrals.

(slide 4)

Program Highlights

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 they could be more complex cases such as substance abuse, a criminal record, insufficient support services, inadequate access to technology, or a lack of technical or soft skills to succeed in today's workplace.

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Every client we work with is different and we strive to positively impact our clients by helping them remove barriers to obtaining meaningful employment and becoming self-sufficient through our 13 workforce programs. With the limited time we have together today, I'd like to highlight a few of our programs, but I encourage you to read through the appendices included with our testimony to learn more about the many services and successes we have within these programs. *[See Appendix B for more information on our Workforce Services area including numbers served and performance measurements]*

WIOA

We are able to help citizens of our state remove barriers under the Workforce Innovation and Opportunity Act (WIOA). WIOA serves three main demographics: youth, adult, and dislocated workers. During the 2021 program year, we served 951 participants of which 80% were either employed or in training one year after exiting the program. This program has a big impact on the workforce, and I'd like to share a couple of success stories with you.

Maame was taking a language class at the Adult Learning Center and was referred to Job Service for WIOA services. She entered the training program for a Certified Nursing Assistant (CNA) at Bismarck State College and completed her language work at the same time. Once she was certified, we helped her find employment. She was hired as a CNA with not only a sign-on bonus, but at a wage that exceeds the 75th percentile. Our WIOA funds not only helped Maame with her CNA training, but also helped her purchase the scrubs she is wearing in this photo.

Alysse is enrolled in our Crossroads program, which provides teenage parents help toward graduating from high school and to also work toward their goals post high school. Alysse started her journey in high school and went on to college for an AAS in Dental Hygiene. She stayed in the program through the duration of earning her degree and also enrolled in WIOA for tuition assistance. While attending college, she also worked part-time. She graduated from the Dental Hygiene program with honors and passed her licensing exam. Just this last June, one month after graduation, she found full-time employment in her field.

Ashleigh is an adult WIOA participant. She came to us with a high school diploma and was working 2-3 manual labor jobs including cleaning and maintenance and clerking at a retail store. She also picked up overtime when she could. Ashleigh applied for CDL training through TrainND Southwest, and she earned her Class A driver's license. In April of this year, within two weeks of receiving her license she applied, interviewed, and was hired at Northern Improvement. This upskilling and subsequent employment resulted in Ashleigh earning a significantly higher wage than her previous positions.

Ashleigh is not alone in gaining employment requiring a CDL. Job Service is extremely active in working to fill the critical in-demand transportation positions open within North Dakota. Using Bismarck as an example, we send our local CDL training candidates through Bismarck State College. They are currently getting 40-60% of their CDL program applicants from our referrals and they are consistently booked 3 months out.

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(slide 5)

While these participants are just three of our success stories, we have many more. We also know that we can make a greater impact, which is why we are requesting an appropriation for a Job Placement Pilot Program. This initiative was approved and recommended by the Workforce Development Council (WDC) with a main objective to connect recently or soon-to-be released ex-offenders with in-demand positions within North Dakota. This would be a collaborative effort with the Department of Corrections and Rehabilitation (DOCR), the F5 project, and others to ensure wrap-around, supportive services are provided.

Ex-Offenders were identified by the WDC as a population who experience barriers to entering the workforce, including the life-long impact of a criminal conviction on their record. As of 2020, North Dakota averaged 1,400 prisoner releases each year. Without a steady paycheck allowing for basic needs to be met, such as housing and food, many ex-offenders return to the prisons as indicated by North Dakota's recidivism rate of 40.3% in 2021. Ex-offenders are a target group to fill in-demand positions in skilled trades, transportation, IT, and a wide variety of other industries. Without tapping into this labor pool and preparing ex-offenders for the workforce, employers will continue to have difficulty filling in-demand positions.

This program, if funded, would supplement the existing services provided by Job Service through WIOA by serving a minimum of 150 participants per year with temporary employees who would be based out of our Fargo and Bismarck Workforce Centers. These employees would work directly with DOCR Case Managers and F5 Project representatives to identify employers and participants, and to ensure a successful transition to employment.

Our request is for \$640,000 of general funds which will pay for two temporary employees and support services to include basic needs such as housing, transportation, tools, work clothing, and equipment that are not otherwise paid for by the WIOA federal funding.

(slide 6)

JVSG

The Jobs for Veterans State Grant (JVSG) supports veterans who have barriers to employment. During the last year, we served 522 veterans. When compared to other states, North Dakota veterans have the highest labor participation in the nation.

The photo you see on this slide is of Stephen. Stephen is a North Dakota Marine Veteran Reservist. He's a campaign war veteran with three deployments, two to Iraq and one to Afghanistan, as a Military Police Officer. In June of 2022, Stephen completed his education with a Masters in Natural Resource Management from NDSU through the VA Veteran Readiness and Employment Program (VR&E). Stephen was excited and ready to hit the job market and was assigned a Veterans Employment Representative at Job Service.

Stephen had applied for several positions in the cities of Fargo and Moorhead as a Parks Superintendent, Conservationist, and anything remotely close to his degree. Although he

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received interviews for all the positions he applied for, he was not able to secure a job. Our Veteran Employment Representative worked with Stephen to create a targeted resume and fine-tune his interview skills and we worked to get him in front of an area business where he applied for a job, interviewed, and was offered the position. He started working as a Natural Resource Inspector in November of 2022.

Our veteran representatives work not only with job seekers, but with employers by making connections and educating employers on the value of hiring veterans, just like they did with Stephen. I'd like to thank one of our businesses today, All Embracing Home Care, LLC, a Grand Forks business. They were recently recognized and received the Gold Award with the Hire Vets Medallion Program. Employers like this are at the forefront, taking the initiative to understand the skills and value veterans have as they transition into the civilian workforce. So, thank you, All Embracing Home Care, for leading the way in hiring our veterans.

(slide 7)

H2A Visa Agricultural Program

The next program I would like to highlight is the H2A Visa Agricultural Program, also known as the Foreign Labor Certification Program. Job Service has been administering this program since 2007. The program provides assistance to agricultural employers who have a shortage of domestic workers. The program brings non-immigrant foreign workers to the U.S. to perform agricultural labor on a temporary or seasonal basis. Job Service provides employers with a quality inspection as required by the US Department of Labor.

This program has grown exponentially from processing 219 H2A applications in 2007 to 846 in 2022 and conducting 203 housing inspections in 2007 to 1,946 in 2022. [See Appendix C for Historical Foreign Labor Statistics] With the number of housing inspections conducted in 2022, our employees have driven over 33,500 miles facilitating the placement of 2,796 workers. North Dakota has a large land mass with remote farming communities and H2A workers are vital to these communities. David Lagein is a farmer and Towner County Commissioner who said, "The H2A Program was a life saver for us!"

(slide 8)

The H2A program is impactful in bringing needed seasonal workers to our agricultural employers across the state; However, it's growth hinders our ability to dedicate time to our other workforce services. To continue providing these valuable services, we are making a request for general funds in the amount of \$484,310. This request is for two full-time employees and related travel costs. These employees would be housed in one of the four centrally located Workforce Centers to include Bismarck, Minot, Devils Lake, and Jamestown. These employees would travel to farm and ranch locations to have continued dialogue with the Ag producers about housing needs, employer rights, and foreign worker rights. The employees would also conduct housing inspections per the Department of Labor requirements and provide a report of needed improvements and follow up. During the off-season months of July-September, the employees would provide rural outreach to smaller communities to bring awareness and education about the program, along with training

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opportunities and other skill-building resources to align individuals with needed services and to remove barriers to employment.

(slide 9)

Workforce Outreach

I mentioned previously that Job Service has connected with over 31,000 individuals during the last year. This is an example of the strong presence we have in the communities we serve. We partner with many employers, schools, and chambers to create awareness to careers for middle-school and high-school students. We also facilitate presentations in schools and at community events, and conduct outreach to tribal communities, New Americans, correctional facilities, recovery centers, and to some of our rural communities. We also provide a venue for statewide workforce and career events. In May of last year, we launched our first ever Nationwide Virtual Job Fair with 160 employers. This event attracted job seekers from 20 states and 6 countries. Our second virtual job fair was held on February 8th of this year, and we were able to improve these numbers by attracting job seekers from 29 states and 14 countries. This past year, we also hosted our first statewide Virtual Apprenticeship Expo with 25 exhibitors and 700 students.

Our employees are not only involved in their communities from a professional standpoint, but many volunteer with different organizations either serving on boards for causes they are passionate about or participate in other groups with their children. One such employee has a daughter in Girl Scouts, and this led to Job Service participating in a career exploration event for girl scouts in Bismarck and Fargo. You can see one of our employees working with a student in the Girl Scout program in the photo on this slide. The student is experiencing different careers through a virtual reality experience using the CareerView XR. We are fortunate to have these viewers in both Fargo and Bismarck through a partnership with Be More Colorful.

Despite our best efforts, we only have 9 Workforce Center locations and limited staff. This prohibits us from providing adequate services to job seekers and employers in our rural communities. Having a presence in these communities to facilitate workforce needs including educating, engaging, and aligning communities, schools, and industries is vital to having a cohesive presence throughout the state.

(slide 10)

Through our rural outreach initiatives, we have developed great relationships with Career and Technical Education (CTE) communities and schools throughout the state. The success of these partnerships has resulted in Job Service being asked to have an expanded presence in more rural type CTE centers to further align our communities, workforce, and schools, as well as support the momentum of the CTE curriculum and career exploration. This presents an opportunity for Job Service to provide additional outreach and workforce activities, including upskilling and training opportunities that may not otherwise be available, to citizens in rural areas.

During our House testimony, we asked for \$390,000 in general funds for a pilot project to provide an on-site full-time temporary employee at a CTE center in the eastern and western parts of the state.

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The funding would have supported the temporary employees and program administration. This funding was not approved by the House.

(slide 11)

FUNDING

I'd like to take some time to talk about the Job Service budget. We are 98.4% 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. All programs offered by Job Service must meet negotiated levels of performance and every grant and contract has countless reporting requirements that are carried out by our staff monthly, quarterly, and annually.

The limited general funds we receive 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 Job Service, 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 can 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% of an FTE to assist state and local government employers with issues related to Social Security and Medicare wage reporting.

The limited special funds we receive are for the New Jobs Training Program. For more than 25 years, the state has administered this program 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. [See Appendix D for the most recent New Jobs Training annual report]

(slide 12)

From 2012 through 2022, the Job Service budget has remained fairly flat. This flat federal funding has not kept up with inflation for over a decade. This chart shows the flat federal funding over the years and a hypothetical equation if that funding had been adjusted for inflationary purposes. As you can see from this chart, as the funding remains flat, the gap between inflation and actual funding grows. In addition to funding not being adjusted for inflation, the federal dollars are not adjusted to support state level program increases such as legislative wage adjustments and IT cost increases.

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(slide 13)

In the last decade, North Dakota's population has grown by over 106,000, or about 15.8%. Employer establishments has also grown by 7,716, or 28%. During that same time, Job Service staffing has decreased by 105 FTEs, or -40%. The staff decrease percent increases to -60% when looking at a 20-year period. The lack of funding has resulted in continually shrinking staff. While efficiencies have been made, and technology has been leveraged, staffing levels have dipped to a level where providing services to our growing population is becoming problematic as there is a greater need for services. For example, just in our WIOA program alone, we are serving almost 9,600 more customers than we did 10 years ago. This funding shortfall has also resulted in the closure of 7 of our 16 Workforce Centers.

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 recognition and rewards. The reduction in approved staffing levels also forces us to hire temporary employees of which we see fewer applications and 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 50.7% 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. *[See more staffing information including challenges and comparisons in Appendix E, Agency Workforce Summary]*

(slide 14)

Many other surrounding states receive state dollars to help offset the additional costs in both workforce and unemployment insurance services, however, Job Service operates with minimal general fund dollars. We have captured the state comparisons on this slide using the states with which we typically compare ourselves: Wyoming, South Dakota, and Montana. Like North Dakota, these states have the same federal programs we do including the Workforce Innovation and Opportunity Act (WIOA), Unemployment Insurance, and Wagner-Peyser. These states are also small, and South Dakota and Wyoming are also considered a single-area state under WIOA with one state-level workforce board. While North Dakota has the least amount of Workforce Centers, it is also the only state that does not receive any state funds for workforce. North Dakota is also the only state that does not charge employers an unemployment insurance fee and does not receive any state funds for unemployment insurance.

(slide 15)

While funding remains flat, costs continue to increase resulting in a reduction of funds available to serve the citizens of North Dakota. In the past, when the Office of Management and Budget recommended legislative increases for staff, Job Service has never asked for any additional funding. Instead, we were placed in a difficult position to decide what services and/or staff to cut to stay within the approved budget. This is a very difficult position for our agency to be placed in, especially given the focus on workforce and the impact we make for the citizens and businesses of North Dakota. With

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no federal funding changes on the horizon, and the lack of federal funding dollars over the years, we cannot continue to absorb the legislative pay increases without drastically impacting the services to our citizens.

We are asking for a general fund appropriation of \$2,500,000 to help offset the increase for the compensation package being proposed from the Office of Management and Budget. This will allow Job Service to continue providing services to the citizens and will not place us in a position to make the choice to cut staff and/or services to stay within the approved budget.

(slide 16)

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, and process claims and benefit payments. The work they do serves a dual purpose as both a workforce and an economic stabilizer.

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 provided by the United States Department of Labor 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 after the associated increase in workload occurs.

In 2019¹, the National Association of State Workforce Agencies (NASWA) conducted a survey and found that supplemental funding using both general fund appropriations and employer contributions from fees, taxes, and assessments is utilized in many states. In fact, over 20 states provide supplemental funding to their Unemployment Insurance programs. In addition, 30 states allow the state to charge an administrative tax and/or fee to employers to help supplement the program costs.

While federal funding remains flat, the program growth and requirements continue to increase and become more complex. This requires shifting staff time from customer-focused activities to other unfunded federally mandated activities. This highlights the need for support of the Unemployment Insurance program as the current federal funding model is not sustainable for smaller states.

(slide 17)

Due to the lack of adjustments for inflation in federal funding, the increasing IT maintenance and hosting cost increases, as well as increased federal requirements and complexity, we are requesting a general fund appropriation of \$3,000,000 for unemployment insurance administration operating expenses, most of which relate to the increasing IT costs, which will have a direct impact to citizen services.

¹ No study was completed in 2020 or 2021 due to the pandemic

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(slide 18)

In the Governor's Legislative Budget Address, he specifically mentioned the legacy unemployment insurance system. This system was implemented in 1976, 46 years ago, when Art Link was North Dakota's Governor and President Gerald Ford lost to Jimmy Carter in the presidential election. Although many of you may remember these events from your youth, 41% of our own staff were not even born when we implemented this technology system.

The current system is not industry standard or widely used. The technology is so antiquated that employees who had knowledge of the system have retired, passed away, or are planning to retire. This requires us to contract with primarily off-shore contractors, which raises red flags for IRS requirements. The outdated technology also limits our ability to interface with other agencies and entities and prevents timely data analysis and business intelligence.

(slide 19)

The unemployment system has a great impact on the services provided by Job Service. Throughout the year, we can impact 20,000 claimants. During times of layoff, we issue unemployment benefit payments to eligible individuals. In turn, this allows them to support their families and stay in North Dakota. We have more than 26,000 employers covered by the Unemployment Insurance program and filing quarterly wage reports with us. When employees are laid off from work and receive benefit payments, they are more likely to stay and spend in North Dakota, creating an \$80-\$100M yearly economic impact to the state. If the technology system were to fail, and the chances of this happening grows each day, benefit payments would stop, potentially for extended timeframes. The burden on our workforce and employers would be extreme, potentially forcing workers to look for jobs in other states.

You might be asking yourself how we have survived all these years with old technology, or you might be wondering how we managed to be one of the top states to implement and meet reporting requirements during the pandemic. The answer is, it hasn't been easy. Without the dedicated staff working long hours to patch together programming requirements, or retirees coming back to work during the pandemic, we would not have been able to process the number of claims or implement the required programming.

(slide 20)

The need to modernize our technology is not new to us and is something we have discussed with the legislative body for many years. We have worked with the federal government and other states to attempt to modernize our system several times since the early 2000's. These efforts have been funded by the federal government, although at unrealistically low levels. Additionally, funding has come with federal "strings" attached. The strings attached were items such as implementing federal administration priorities and most impactfully required that states work in a consortium with other states. While the sharing of costs among states seems to be a logical approach, each state has varying state laws surrounding their Unemployment Insurance programs and each state has differing priorities. These differences and priorities have prevented successful development of a new

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system. This is a common story across the nation. At this point, the federal government has pulled all financial support for system modernization efforts other than some small federal priority projects that they hope states will integrate into their systems. As of today, 28 states are now actively engaged in some level of modernization with the systems being funded by the states themselves through state funds and employer fees or via American Rescue Plan Act (ARPA) funding. In 2021, Job Service made a request to the North Dakota legislative body for ARPA funding during the special session, however, our request was not supported, and funding was not received.

(slide 21)

That brings us to today and the reason for our request for an appropriation for Unemployment Insurance Technology Modernization. Without state funding, we can't move forward. We have taken the initial step of issuing a Request for Information with the initial results returning estimated costs of about \$75,000,000. These costs include vendor estimates, risk and contingency factors, licensing fees, State staff time, and outside contractors as needed. Implementation times indicate the project could take up to 4 years to complete. In the 2023-2025 Biennium, per the Governor's recommendation, we requested \$45,000,000 in Strategic Investment and Improvement Funds (SIIF) to begin the modernization project. The house approved the amount but changed the funding source to the Federal State Fiscal Recovery Fund.

(slide 22)

APPROPRIATIONS

With the system modernization being our final request, I would like to summarize all of our appropriation requests.

Throughout this testimony, we have noted the new funding requests as recommended by the Governor. These include the H2A Visa Program for \$484,310; the Job Placement Pilot Program for \$640,000; the Career and Tech Ed Partnership Program for \$390,000; Additional Salary and Wages expense of \$2,500,000 to cover the proposed compensation and benefit package, and pay equity; UI Administration operating costs of \$3,000,000 to adjust for inflationary costs and to account for increased program complexity and system costs; and finally \$45,000,000 during the next biennium to support our efforts to modernize the unemployment insurance system.

We are asking for the ongoing support of the general funds for Job Spidering, Mobile Application, and State SSA Liaison funding of \$415,474, as well as ongoing support of special funds for the New Jobs Training Program in the amount of \$611,460. We are also requesting a Federal Funds base budget in the amount of \$69,126,389. In addition to these funds, we are requesting that the long-standing language in our appropriation bill which will allow us to accept all federal funds received by Job Service in excess of those funds appropriated in section 1 of our bill for the biennium beginning July 1, 2023 and ending June 30, 2025. This critical continuing appropriation language is necessary due to the way in which the US Department of Labor provides funding to the agency and has been long considered necessary by the legislative body.

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(slide 23)

Slide 23 summarizes our base budget, optional budget requests, Governor's recommendations and House adjustments, which compile our 2023-25 appropriation request. Changes from the base budget include:

Salary

- A base budget request for increased salary appropriations in the unemployment department due to increased temporary staffing
- A base budget request as recommended in the Governor's budget for the salary increases in the next biennium, 6% in the first year and 4% in the second year, and health insurance increases for employee benefits. This increase is requested to be funded by General Funds in the amount of \$2,500,000 due to the insufficient Federal funding over the years.
- An optional budget request for the H2A VISA Program for \$460,850 to cover the costs for two FTE
- An optional budget request for the Job Placement Pilot Program for \$340,000 to cover the costs for two temporary employees

Operating Expenses

- A base budget request increase to the operating expense line item for IT contractual services due to inflationary costs
- An optional budget request for the H2A VISA Program for \$23,460 to cover travel costs
- An optional budget request for the UI Administration operating costs of \$3,000,000 to adjust for inflationary costs and to account for increased program complexity and system costs
- An optional budget request of \$45,000,000 for the unemployment insurance modernization project

Grants

- A base budget request related to training dollars paid to citizens which was decreased under our WIOA, TAA, ATAA, and TRA grants.
- An optional budget request for the Job Placement Pilot Program for \$300,000 for program costs

(slide 24)

CONCLUSION

I've been with Job Service North Dakota for less than a year, but I can honestly say I'm humbled to be here and impressed by how committed the employees are to this organization and how passionate they are about the work they do. That work is incredibly important in building a skilled workforce and limiting the impact of downturns for healthy, vibrant communities.

I thank you for your time today and I will now entertain questions from the committee.

SLIDES



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JOB SERVICE NORTH DAKOTA – HB 1016

PAT BERTAGNOLLI

MARCH 13, 2023

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JOB SERVICE NORTH DAKOTA

WORKFORCE SERVICES

- Serve our Communities
- Remove Barriers to Employment
- Connect Employers and Job Seekers

UNEMPLOYMENT INSURANCE

- UI Benefit Payments
- Tax Rates
- Trust Fund

LABOR MARKET INFORMATION

- Labor and Economic Data
- Education and Insights for Informed Decision Making

IMPACTING NORTH DAKOTA'S WORKFORCE

WORKFORCE SERVICES



9 WORKFORCE CENTERS

Average 2,600 Customers/Month
Average 2,000 Phone Calls/Month
46,566 Services to Employers in the last year



COMMUNITY IMMERSION

Connected with over 31,000 Individuals in the last year at local, statewide, and virtual events



VIRTUAL ONE-STOP SYSTEM

Largest Ad-Free Workforce Database in North Dakota available at no cost to employers or job seekers

184,234 Users 32,013 Job Orders
48,519 New Users 80,411 Job Referrals

PROGRAM HIGHLIGHTS - WIOA

OUR IMPACT

WORKFORCE
INNOVATION
AND
OPPORTUNITY
ACT

951 SERVED

Maame
Certified Nurse Asst.



WIOA Adult Program

Alysse
Dental Hygienist



Crossroads/WIOA
Youth Program

Ashleigh
Class A CDL Driver



WIOA Adult Program

REQUESTED APPROPRIATION JOB PLACEMENT PILOT PROGRAM

IMPACT IN 2022

1,400 Releases/Year
40% Recidivism Rate



GENERAL FUND REQUEST

\$640,000
Temp Employees
Support Services



PROGRAM HIGHLIGHTS - JVSG

OUR IMPACT

JOBS FOR
VETERANS
STATE GRANT
(JVSG)

522 SERVED

Stephen
Marine Veteran and
Natural Resource Inspector



JVSG Veteran Program



PROGRAM HIGHLIGHTS – H2A

OUR IMPACT

H2A Visa
Agricultural
Program

33,500+ Miles Driven

1,946 Inspections

2,796 Placements

"The H2A Program was a life saver for us!"

-David Lagein, Farmer and Towner County
Commissioner

REQUESTED APPROPRIATION

H2A VISA AGRICULTURAL PROGRAM

IMPACT IN 2022

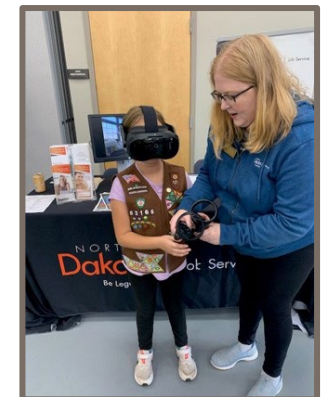
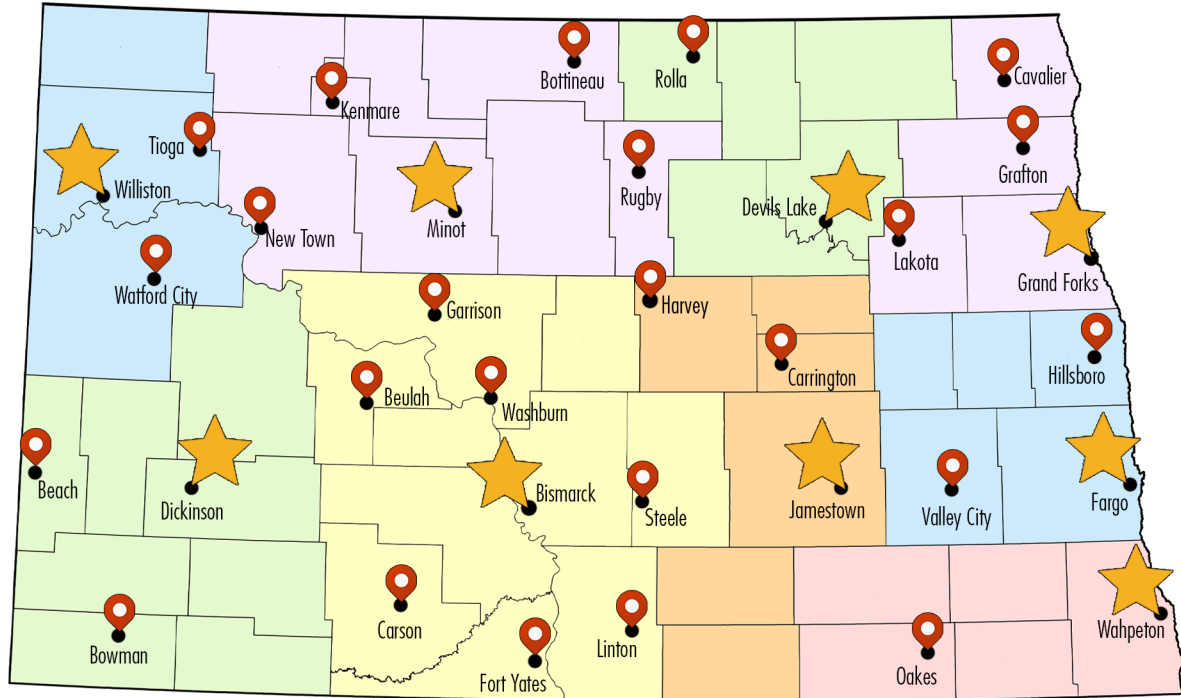
1,946 Inspections in 2022
2,796 Workers Placed
33,593 Miles Driven

GENERAL FUND REQUEST

\$484,310
2 FT Employees
Related Travel Costs



WORKFORCE OUTREACH



Job Fairs & Hiring Events | Rural Community Outreach | Career Expos | T-4 Events |
Apprenticeship Expos | High School Specific Events | WIOA Presentations | Tribal
Community Outreach | DOCR Outreach | Recovery Center Outreach

REQUESTED APPROPRIATION CTE PARTNERSHIP

IMPACT

Rural Communities
Workforce Engagement & Alignment

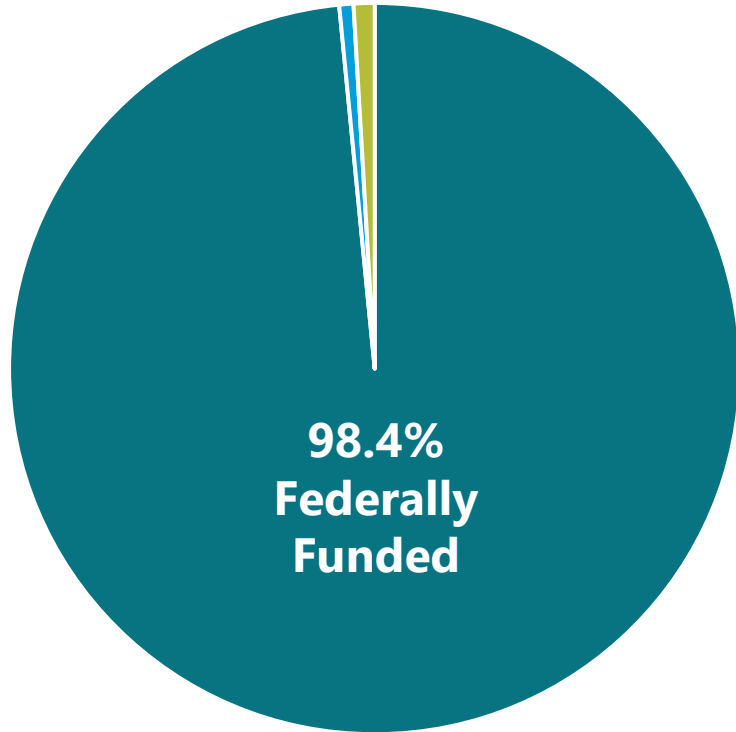
GENERAL FUND REQUEST

\$390,000
2 Temp Employees
Program Administration Costs



**Appropriation Request not approved by the House*

FUNDING 2021-2023



- Federal Funds
- General Funds
- Special Funds

GENERAL FUNDS



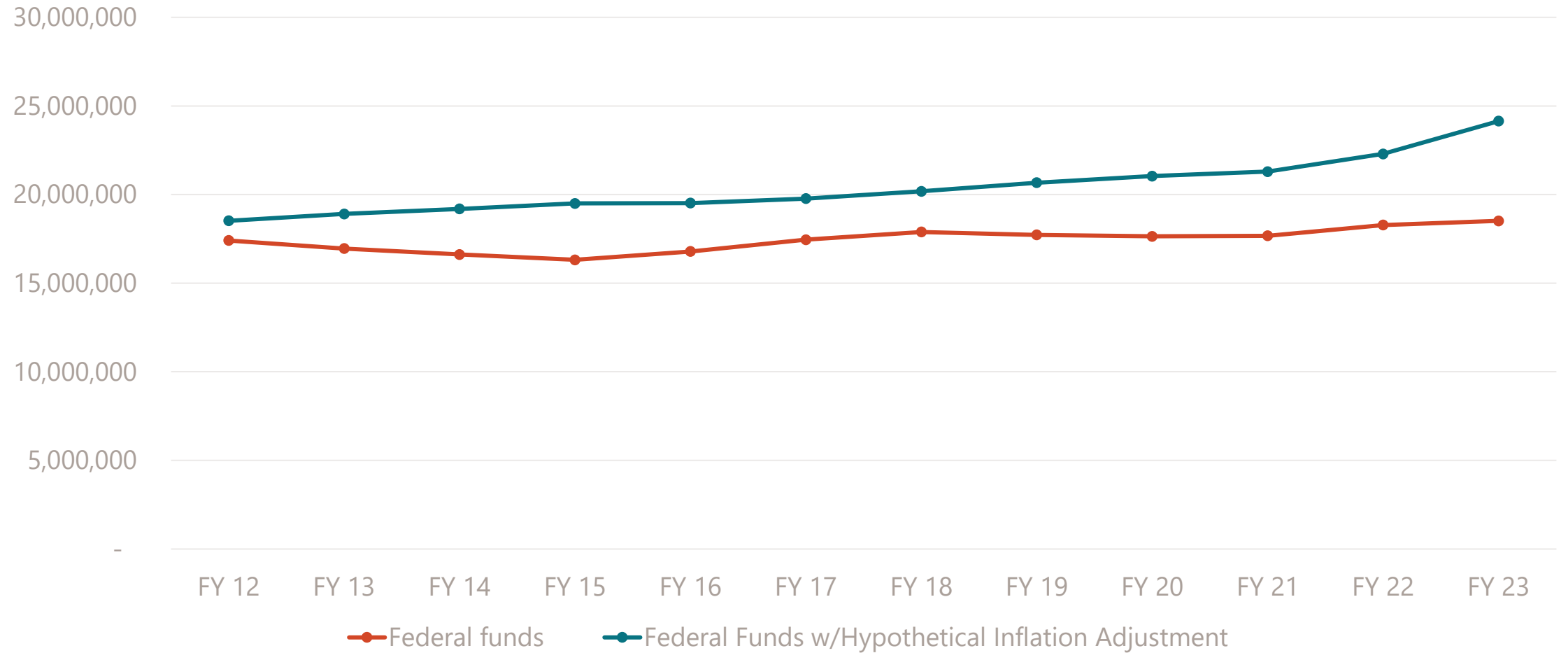
- Job Spidering
- Mobile App
- State SSA Liaison

SPECIAL FUNDS

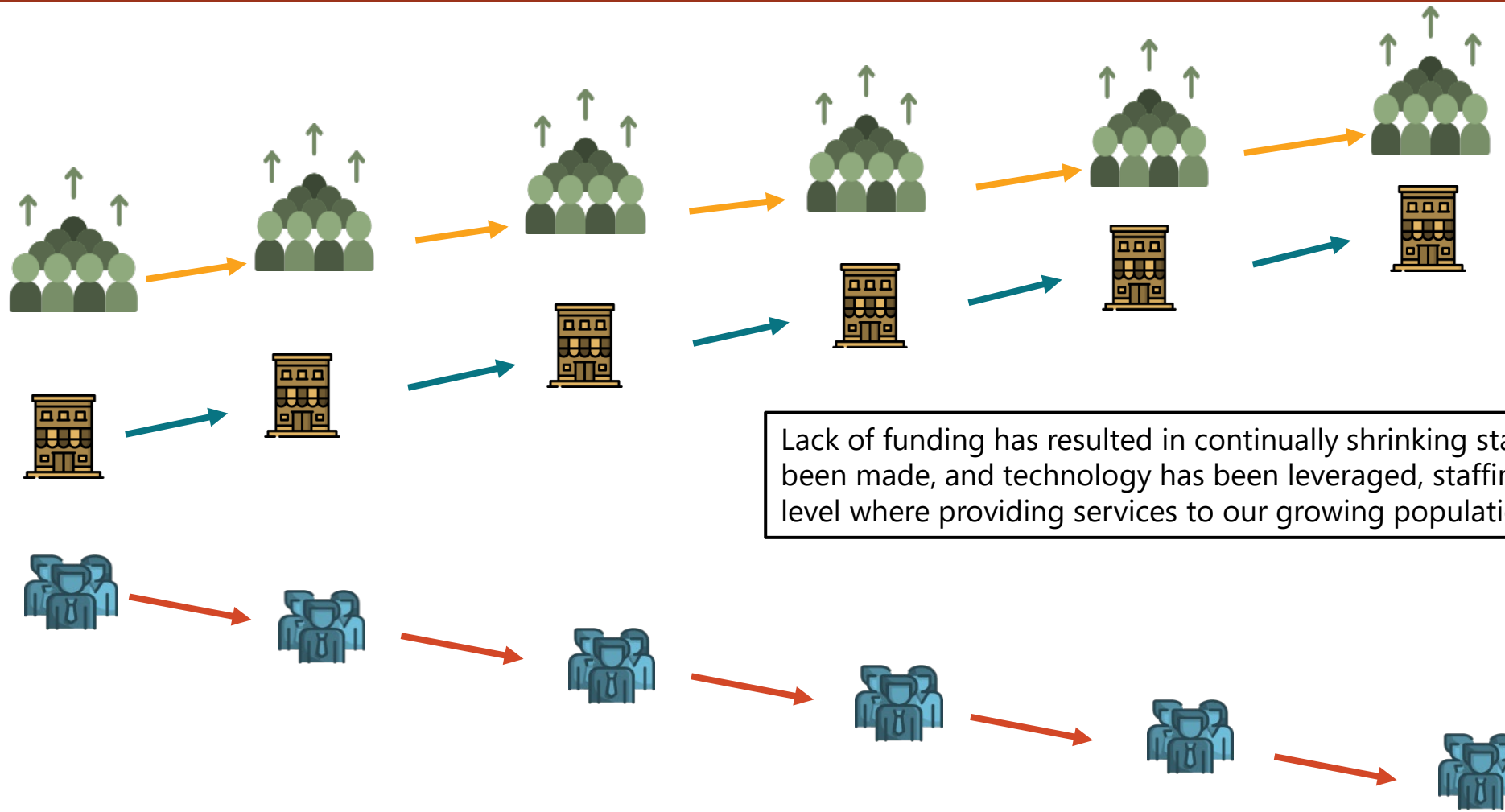


New Jobs Training:
Worker education and training when employers create new jobs

FUNDING HISTORY



STATE AND BUSINESS COMMUNITY GROWTH VERSUS JOB SERVICE STAFFING



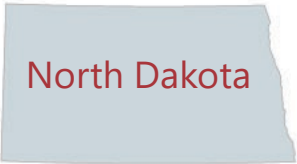



State population has grown by 106,000 in the last decade

Businesses have grown 7,700 in the last decade

Lack of funding has resulted in continually shrinking staff. While efficiencies have been made, and technology has been leveraged, staffing levels have dipped to a level where providing services to our growing populations is problematic

Job Service staffing has declined by 59% in the last 20 years.

STATE COMPARISON

State	Population	Workforce Centers	State Funds for Workforce	Employer UI Fee	State Funds for UI
 North Dakota	774,948	9	No	No	No
 Wyoming	578,803	18	Yes	Yes	Yes
 South Dakota	895,376	14	Yes	Yes	Yes
 Montana	1,104,271	17	Yes	Yes	Yes

REQUESTED APPROPRIATION SALARIES AND WAGES

- Federal funding has not been adjusted for inflation
- Federal funding is not adjusted for the compensation package (salary, benefits, and pay equity) as approved by the legislature

IMPACT

Direct impact to citizen services

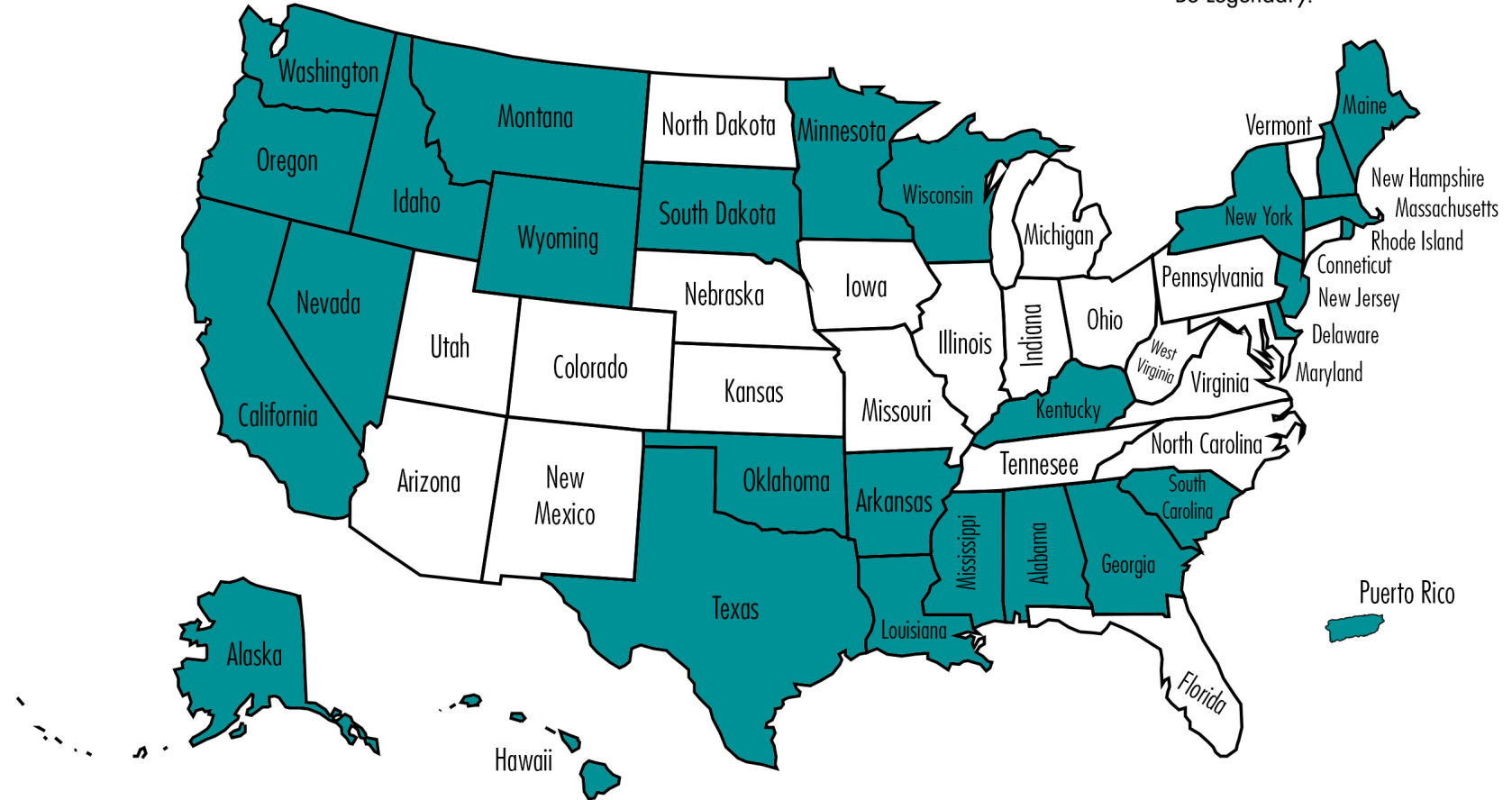
GENERAL FUND REQUEST

\$2,500,000



STATE COMPARISONS

Unemployment Insurance Program



STATES THAT SUPPORT UNEMPLOYMENT OPERATIONS VIA FEES OR GENERAL FUNDS

REQUESTED APPROPRIATION UI ADMINISTRATION OPERATING EXPENSE

- Federal funding has not been adjusted for inflation
- No additional federal funds for increased federal requirements and complexity
- IT maintenance and hosting costs are increasing exponentially

IMPACT

Direct impact to citizen services

GENERAL FUND REQUEST

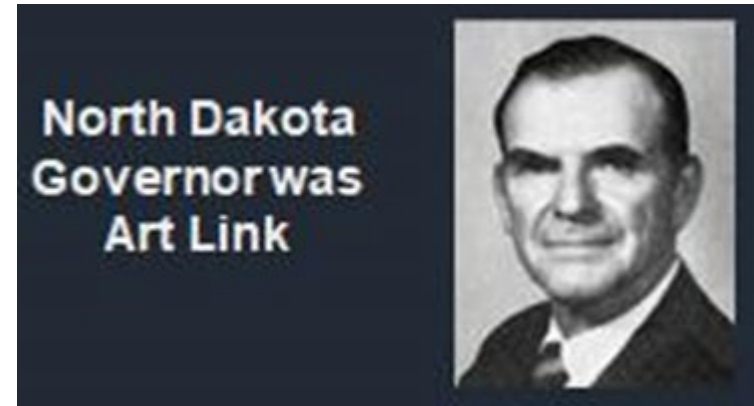
\$3,000,000



SYSTEM MODERNIZATION

46-Year-Old Unemployment Insurance System!

- Not industry standard or widely used or trained on
 - Employees with knowledge of the system have retired or are preparing to retire
 - Technology requires primarily off-shore contracts causing problems with IRS requirements
- Outdated database technology
 - Limits interface capabilities with other agencies/entities
 - Prevents timely data analysis and business intelligence



SYSTEM MODERNIZATION



20,000 UI Claimants/Year

26,000 Employers

IMPACT

\$80-\$100M Yearly
Economic Impact

Stopped benefit payments
could cause workforce
outmigration

SYSTEM MODERNIZATION

PRIOR MODERNIZATION EFFORTS

Federal Government funded consortium efforts at minimal levels.

Underfunding and varying state needs and priorities led to most consortiums failing. Federal Government then pulled all modernization funds.

ND requested ARPA funds from ND Legislature in 2021 Special Session. Request was not funded.

REQUESTED APPROPRIATION

UI MODERNIZATION



FEDERAL STATE FISCAL RECOVERY FUND

\$45,000,000

TIMELINE

Up to 4 years to complete
implementation

COST CONSIDERATIONS

Vendor Estimates
Risk and Contingency Factors
Licensing Fees
State Staff Time
Contractors as needed

APPROPRIATION REQUESTS

OPTIONAL REQUEST	FUNDING	EMPLOYEES	HOUSE APPROVED
<u>GENERAL FUND</u>			
H2A Visa Program	\$484,310	2 Full Time	X
Job Placement Pilot Program	\$640,000	2 Temp	X
CTE Partnership	\$390,000	2 Temp	
Salaries and Wages	\$2,500,000	N/A	X
UI Admin Operating Expense	\$3,000,000	N/A	X
<u>FEDERAL STATE FISCAL RECOVERY FUND</u>			
UI Modernization	\$45,000,000	N/A	X

BASE REQUEST	FUNDING
General Fund	\$415,474
Special Fund	\$611,460
Federal Fund	\$69,570,308

2023-2025 APPROPRIATION

	2023-25 Base	Governor's Recommendations & Optional Requests	2023-25 Appropriation
Salaries and Wages	\$ 28,994,942	\$ 6,496,929	\$ 35,491,871
Operating Expenses	\$ 17,164,373	\$ 50,125,782	\$ 67,290,155
Capital Assets	\$ 20,000	\$ -	\$ 20,000
Grants	\$ 8,281,051	\$ (226,539)	\$ 8,054,512
Reed Act-UI Computer Modernization	\$ 10,945,126	\$ (30,126)	\$ 10,915,000
Total All Funds	\$ 65,405,492	\$ 56,366,046	\$ 121,771,538
Less Estimated Income – Federal	\$ 64,389,161	\$ 49,737,228	\$ 114,737,849
Less Estimated Income – Special	\$ 606,102	\$ 5,358	\$ 611,460
Total General Fund	\$ 410,229	\$ 6,623,460	\$ 7,033,689
Full-Time Equivalent Positions	156.61	2.00	158.61

QUESTIONS

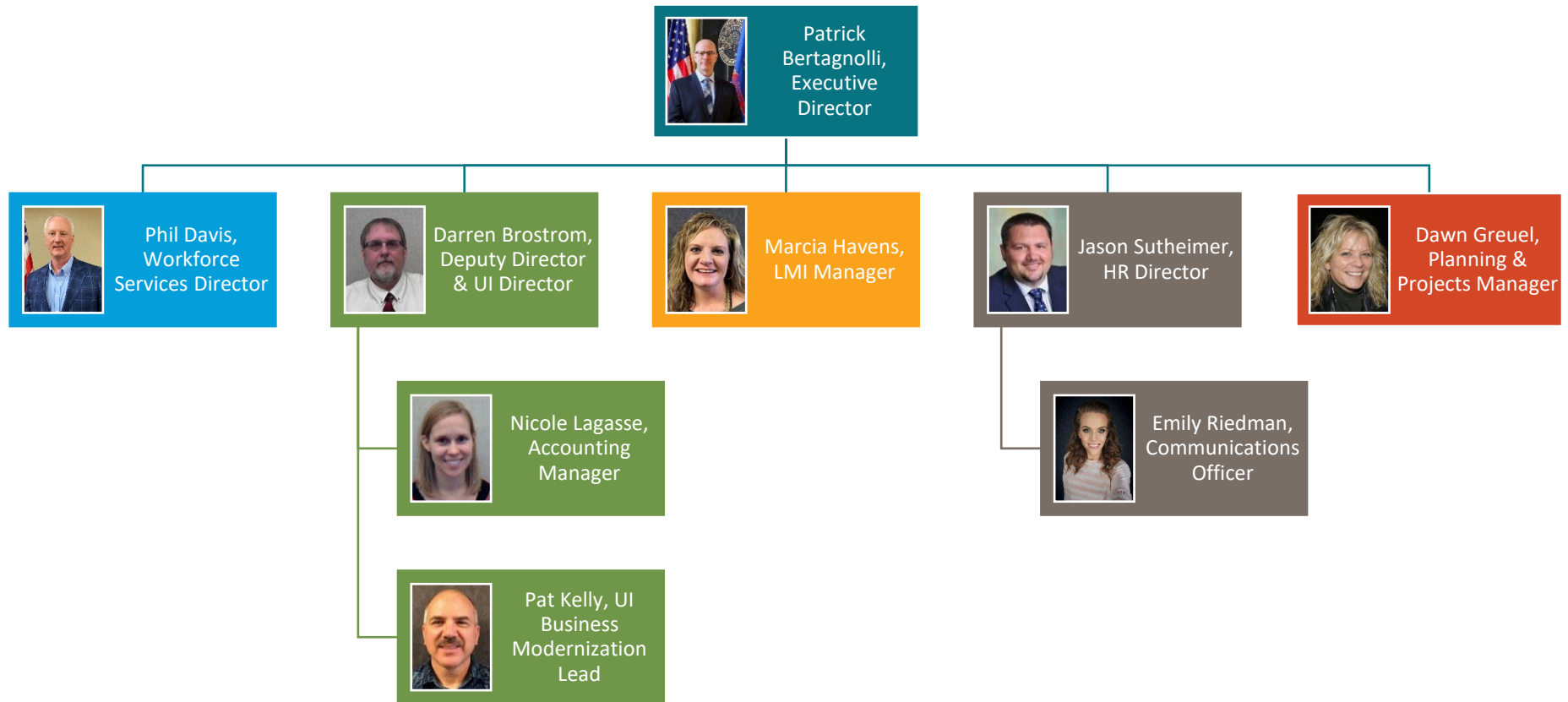


APPENDIX

APPENDIX A
Organizational Chart
Leadership Team

APPENDIX A

ORGANIZATIONAL CHART JSND LEADERSHIP TEAM



APPENDIX B

Workforce Services

WORKFORCE SERVICES



IMPACTING NORTH DAKOTA'S WORKFORCE

Serving Our Communities

Community Outreach | Statewide
Workforce Events | Workforce
Education | Career Expos |
School Partnerships |
Community Boards

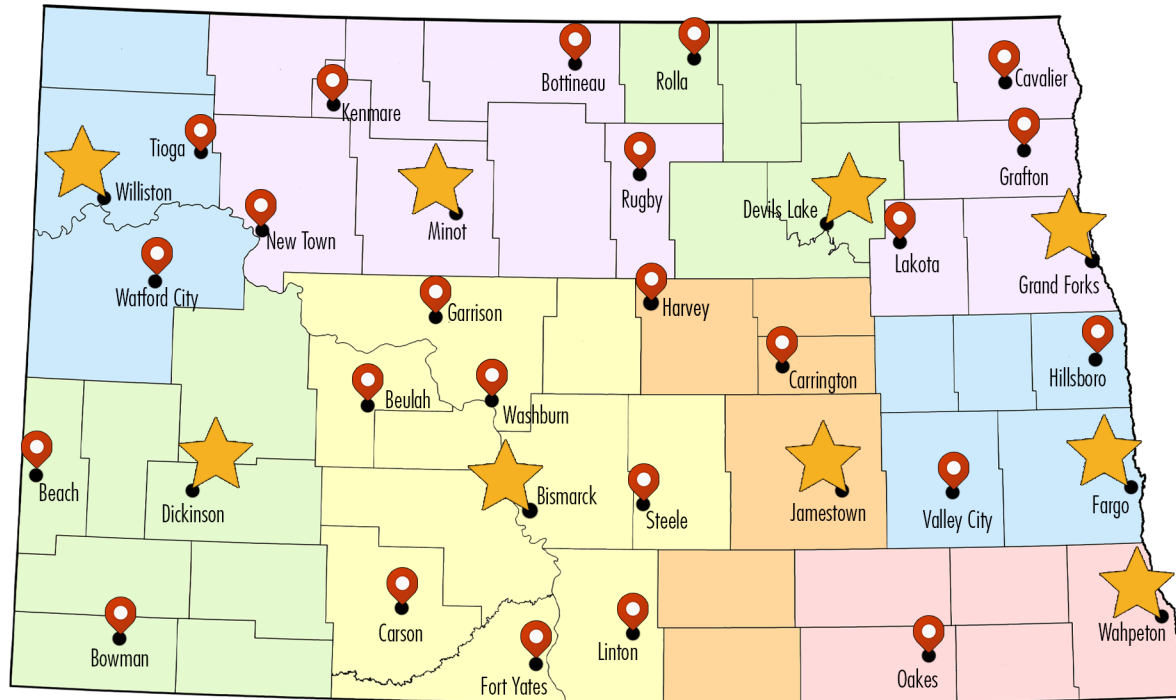
Removing Barriers to Employment

Federal Grants | DHS
Contracts

Connecting Employers & Job Seekers

Career Services | Employer
Services | Hiring Events

★ WORKFORCE CENTERS



Connected with over 31K individuals during outreach events

Job Fairs & Hiring Events | Rural Community Outreach | Career Expos | T-4 Events | Apprenticeship Expos | High School Specific Events | WIOA Presentations | Tribal Community Outreach | DOCR Outreach | Recovery Center Outreach

REMOVING BARRIERS TO EMPLOYMENT

- WIOA 2021 Program Year
 - **Youth**
 - 161 Participants*
 - 77.2% Employed or in Training 1 year after program exit
 - **Adult**
 - 393 Participants*
 - 74.6% Employed 1 year after program exit
 - **Dislocated Worker**
 - 30 Participants*
 - 80.0% employed 1 year after program exit

**Includes only WIOA participants who completed short-term training activities*

**WORKFORCE INNOVATION
AND OPPORTUNITY ACT
(WIOA)**

REMOVING BARRIERS TO EMPLOYMENT

Program supports veterans who have barriers to employment

- 522 Participants in the last year
 - 52.5% employed 1 year after program exit
- 4 CPs and 1 DVOP
 - Serve veterans and employers across the state
 - Including Tribal outreach

**Veterans receive priority of service in all of our programs*

**JOBS FOR VETERANS
STATE GRANT**

REMOVING BARRIERS TO EMPLOYMENT

BASIC EMPLOYMENT SKILLS TRAINING

- Participants on SNAP
- Cass & Burleigh counties only
- 21% in unsubsidized employment 6 months after program exit

PARENTAL RESPONSIBILITY INITIATIVE FOR THE DEVELOPMENT OF EMPLOYMENT

- 147 new enrollments in calendar year 2021
- 67% increase in child support payments through June of 2021

JOBS OPPORTUNITY & BASIC SKILLS

- Participants on TANF
- Southeast ND - Primarily Cass & Richland counties
- Average of 84 served/month w/87% in work & training opportunities

DEPARTMENT OF HEALTH AND HUMAN SERVICES CONTRACTS

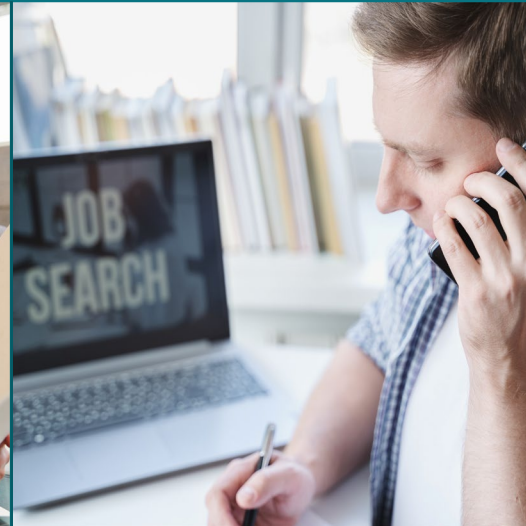
SERVICES FOR JOB SEEKERS

CONNECTING EMPLOYERS AND JOB SEEKERS



In-Person Services

- 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

- Create resumes, search for work, apply for jobs
- 184,234 active users
- 48,519 In/out of state new users
- 5M Pageviews



Job Seeker Education

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

SERVICES FOR EMPLOYERS

CONNECTING EMPLOYERS AND JOB SEEKERS



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

- 32,013 job orders created by employers
- 80,411 job referrals made



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

- 1,946 Housing Inspections
- 33,593 miles driven
- 2,796 Placements

NEW JOBS TRAINING

-State Program-

- 10-year income tax reimbursement
- Available to primary sector employers
- Offsets costs of providing workers with education and training for newly created positions

WORK OPPORTUNITY TAX CREDIT

-Federal Program-

- 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
- 14,548 Applications Received in 2021
 - Approximately 50% are certified

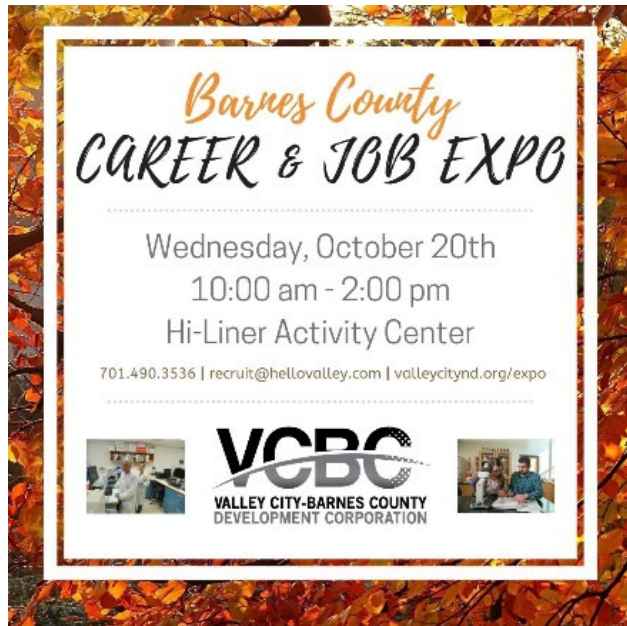
SERVING OUR COMMUNITIES

In-House Hiring Events

- 186 during 2022
- 466 Job-seekers

Multi-Industry Job Fairs

- 1,402 Employers
- 2,598 Participants
- Employers indicated they would hire 54%



Barnes County
CAREER & JOB EXPO

Wednesday, October 20th
10:00 am - 2:00 pm
Hi-Liner Activity Center

701.490.3536 | recruit@hellovalley.com | valleycitynd.org/expo

VCBC
VALLEY CITY-BARNES COUNTY
DEVELOPMENT CORPORATION



JOIN US!! **MFG DAY** **JOIN US!!**

OCTOBER 12, 2022
8:15 AM - 3:30 PM (MDT)
BIESIOT ACTIVITIES CENTER
DICKINSON, ND

NCS THE SCIENCE OF SUCCESS North Dakota State College of Science
BYC BISMARCK STATE COLLEGE North Dakota's Polytechnic Institution
D DICKINSON STATE UNIVERSITY
NDSU NORTH DAKOTA STATE UNIVERSITY

F Fisher Industries **Coca-Cola** **Butler** **CAT**
STEFFES
Baker Boy **TML** **KMM**
LWT Lymnes Welding Training **Kildeer Mountain Mfg. Inc.**
IMPACT DAKOTA People • Purpose • Process • Performance
GNDC Greater North Dakota Chamber



JOBS
Workforce Information & Strategies

CHAMBER NETWORK LUNCHEON

Wednesday, October 6 11:30 AM - 12:30 PM
Rough Rider Center \$10/person (lunch provided)

Speakers: Workforce Leaders from State & Local Levels

Paula Hickel Wilson Workforce Center Manager
Phil Davis Workforce Services Director
Katie Ralston Workforce Division Director
James Leiman Commissioner

NORTH Dakota | Job Service
NORTH Dakota | Commerce



#JobUpND Job Fairs
1:30 to 3:30 p.m. • 1350 32nd St. S. • Fargo

JULY 15 RESTAURANTS	JULY 22 HEALTH CARE
JULY 29 MANUFACTURING	AUGUST 5 GOVERNMENT
AUGUST 12 HOSPITALITY	AUGUST 19 RETAIL
AUGUST 26 TECHNOLOGY	NORTH Dakota Job Service Be Legendary.™

SERVING OUR COMMUNITIES

Community & School Presentations

- Employees provide presentations of available services along with workforce information throughout the communities

Career Expos

- Partner with employers, schools, chambers and EDCs to expose middle- and high-school students to career options across the state

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

Connected
with over
31,000
individuals
within our ND
Communities

VIRTUAL JOB FAIR

NORTH
Dakota | Job Service
Be Legendary.™



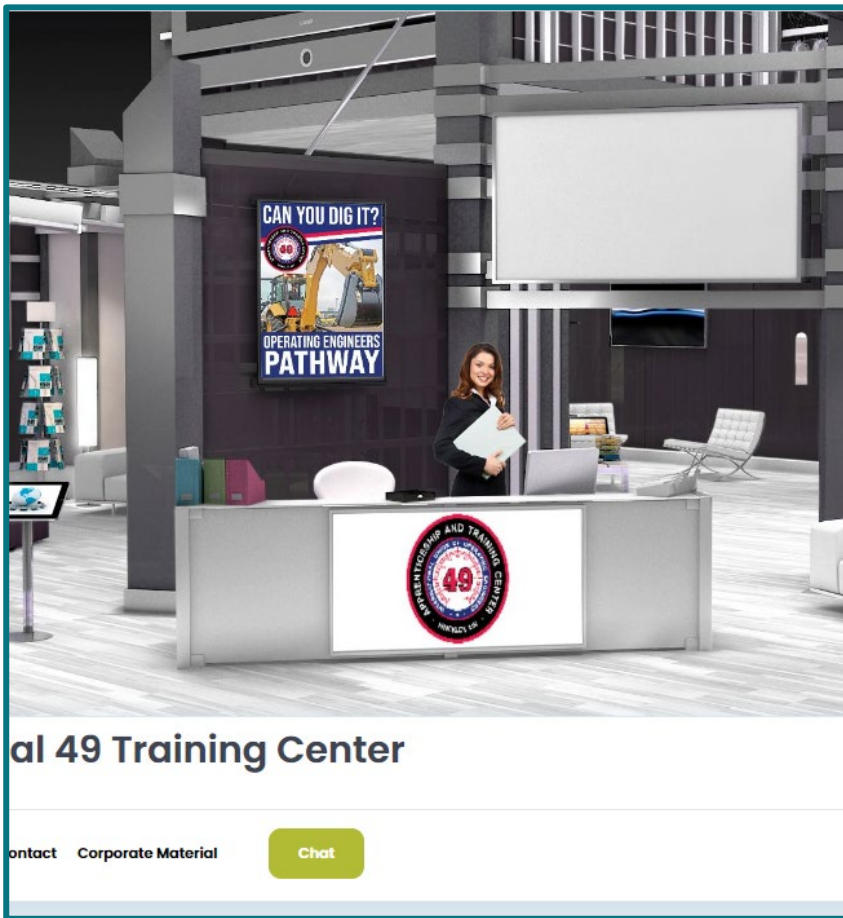
LAUNCHED FIRST
NATIONWIDE JOB FAIR
IN MAY 2022
160 Employers
with
Job Seekers from 20
States and 6 Countries



SECOND NATIONWIDE
VIRTUAL JOB FAIR IN
FEBRUARY 2023
100 Employers
with
Job Seekers from 29
States and 14 Countries

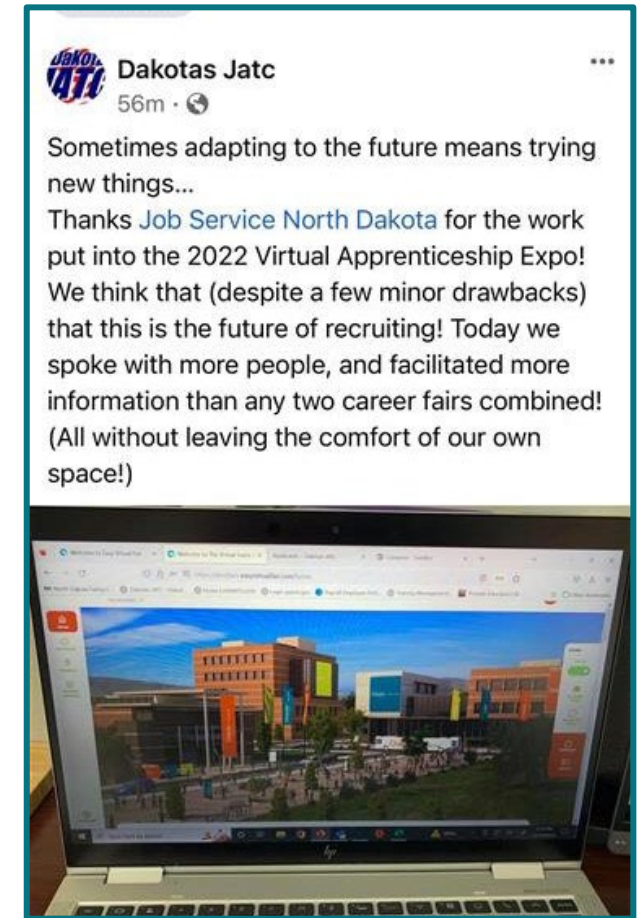


APPRENTICESHIP EXPO



LAUNCHED FIRST
STATEWIDE APPRENTICESHIP
EXPO IN NOVEMBER 2022

25 Exhibitors
800 Registered Students



APPENDIX C

H2A Program History

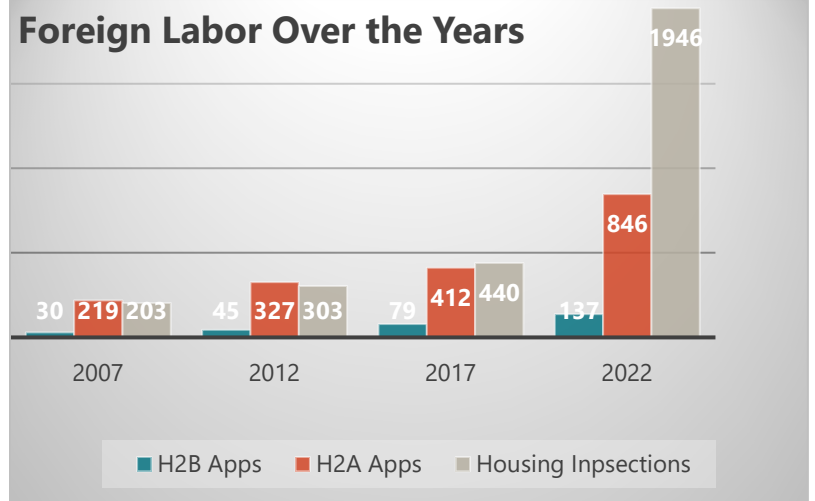
APPENDIX C

H2A Agricultural Program

Since 2007, Job Service North Dakota (JSND) has been administering the H2A Foreign Labor Certification Program. This program provides assistance to agricultural employers who have a shortage of domestic workers. The program brings non-immigrant foreign workers to the U.S. to perform agricultural labor on a temporary or seasonal basis. Worker housing provided by the employer receives a quality inspection by JSND as outlined by the US Department of Labor.

The program has grown exponentially from processing 219 H2A applications in 2007 to 846 in 2022 and conducting 203 housing inspections in 2007 to 1,946 in 2022 [See Graph 1].

Graph 1: Historical Foreign Labor



Over the last 3 years, JSND has facilitated the housing inspections and subsequent placement of thousands of seasonal workers to help agricultural employers during the busy seasons. In the 2022 program year alone, JSND has facilitated the placement of 2,796 workers. [See Table 1]

Table 1: 3-Year Look Back Period of Worker Placement

(Oct 1 – Sept 30)	# of H2A workers
FY20	2,258
FY21	2,390
FY22	*2,796

To conduct these housing inspections, JSND employees must travel from a Workforce Center Location resulting in over 33,500 miles driven in the last year to conduct the 1,946 inspections. [See Table 2]

Table 1 Inspections and Miles Driven by Location as of 8/15/22

LOCATION	# HOUSING INSPECTIONS	# MILES DRIVEN
Bismarck	255	5,125
Devils Lake	315	8,130
Dickinson	111	466
Fargo	108	110
Grand Forks	138	311
Jamestown	397	7,240
Minot	399	7,955
Wahpeton	142	896
Williston	81	3,360
TOTALS	1,946	33,593

APPENDIX D

New Jobs Training Annual Report

New Jobs Training Program

ANNUAL REPORT

About the program

This North Dakota program offers incentives to primary sector businesses that are creating new full time employment opportunities through business expansion, creation and/or relocation to the state. Funding is provided to help offset the cost of training new employees.

Under the North Dakota New Jobs Training Program, a business may be able to obtain funds in the form of a loan, a reimbursement grant, or under a self-financing option. State income tax withholding from the new positions created are matched for up to ten years, until the maximum reimbursement is reached, or until the loan is repaid, whichever comes first.

A North Dakota New Jobs Training Preliminary Agreement establishes the effective date for a project and must be signed and in place prior to the start date of any new employee. To qualify, the business must agree that all the new jobs created will be paying a minimum of \$10 per hour plus benefits within the first 12 months of employment.

For complete information, visit jobsnd.com/employer-resources/north-dakota-new-jobs-training-program or call 701-328-1976.



New Jobs Training Program

ANNUAL REPORT

Over the last two Bienniums (2017-2019 and 2019-2021), Job Service North Dakota has entered into 29 New Job Training Program contracts, creating 852 full-time positions while generating \$2,920,675 in available training dollars that will be returned to the employers during the 10 years of the contract.

Additionally, there are 77 current contracts in place that date back to 2012.

2019-2021 Biennium

Business	Amount	Positions
Dakota Fence Company	\$193,773.73	67
The Vidar Group, LLC	\$174,600.00	37
Mobile Recon Systems, LLC	\$124,575.00	15
Tailorie	\$156,100.00	20
PRx Performance	\$238,680.19	105
Paragon Pro Manufacturing Solutions	\$9,037.61	10
Northrop Grumman Corp.	\$56,512.59	31
QED Embedded	\$33,930.00	5
Air Seeder Parts, LLC	\$18,796.76	5
701x	\$89,408.60	8
Aldevron, LLC	\$373,161.30	100
Agathos Biologics	\$169,020.00	20
WCCO Belting, Inc.	\$20,383.50	25
	\$1,657,979.28	448

2017-2019 Biennium

Business	Amount	Positions
Elinor Coatings	\$60,546.69	23
Mainsaver	\$75,110.00	20
Red River Biorefinery	\$318,197.23	41
Aldevron, LLC	\$185,455.53	100
Aldevron, LLC	\$109,551.57	30
BNG Holdings, Inc.	\$213,944.00	40
Clean Republic	\$4,892.04	6
Degelman Industries USA, Ltd.	\$14,956.99	10
Golden Valley Ingredients (Anchor)	\$11,918.33	10
Korber Medipak Systems NA, Inc.	\$122,582.65	40
Project Phoenix, LLC	\$28,539.57	10
Sheyenne Forming	\$16,763.19	7
Solid Comfort Inc.	\$6,641.58	10
SunGold Foods Inc.	\$44,567.72	43
The Koble Group	\$25,586.76	6
Thyssenkrupp Materials NA	\$23,442.09	8
	\$1,262,695.94	404

APPENDIX E

Workforce Summary

Job Service North Dakota

Job Service was founded as part of the 1935 Social Security Act. We impact North Dakota's workforce by offering a variety of services to connect employers and job seekers including employment and training services. We extend our reach beyond our nine Workforce Centers through outreach and education, career and apprenticeship expos, hiring events, school partnerships, and other career-related services. With the largest ad-free jobs database in North Dakota, we help individuals search for and find meaningful employment. The Unemployment Insurance Department provides temporary income replacement for those who become unemployed through no fault of their own. Job Service also has many labor market informational reports and dashboards to help individuals, businesses, and policy makers make informed decisions related to the workforce in North Dakota.

WHAT HAPPENS IF WE CAN'T DO OUR JOB...



Unstable economy

Unemployment Insurance benefits provide temporary income replacement allowing citizens to stay and spend in North Dakota providing an economic stabilizer.



Increase in Government Subsidies

Removing barriers to find meaningful employment is a core service to help individuals get and maintain sustainable employment. Without this type of help, individuals would be more reliant on Government subsidies.



Decrease in Population

The services offered through unemployment insurance and workforce services allows individuals to receive income-replacement benefits and to connect to North Dakota employers. Without these services, individuals may look out of state for meaningful work opportunities.



Workforce Services

Many services and programs are offered to help individuals connect to employers for meaningful employment. Creating these opportunities puts more people into the workforce.



Labor Market Information

Public policy makers and community leaders would not have accurate workforce data to make effective decisions and/or policies.

CURRENT AGENCY TEAM MEMBER STATS

148 regular team members

9 regular pos. vacancies

38 temporary team members

36% looked for other work in past year

49 average age

12 average years of service

24 retirement-eligible

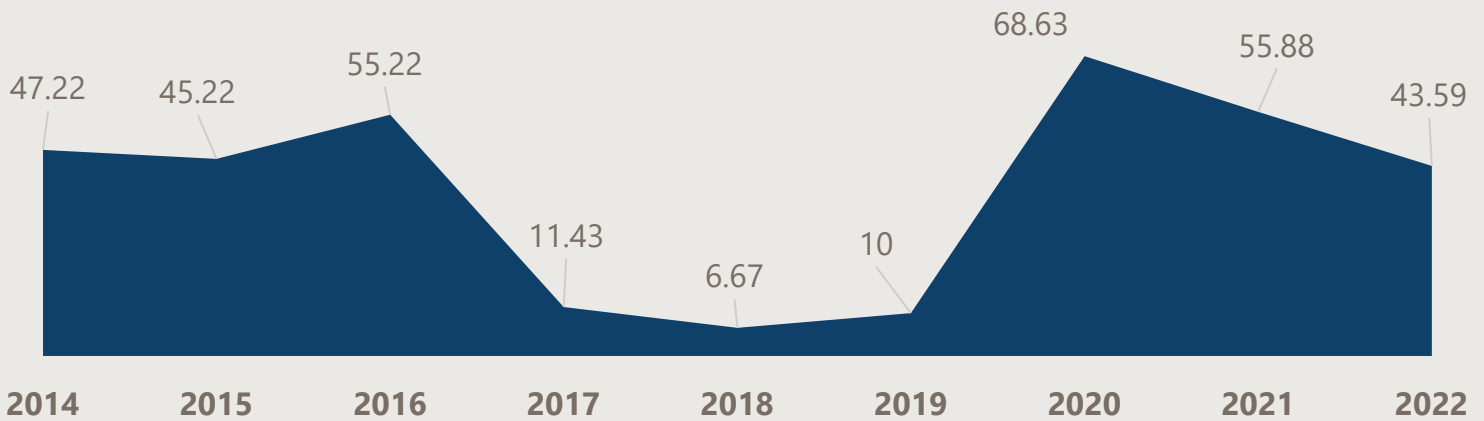
50.7% retirement-eligible in 10 yrs

HOW WE COMPARE – LAST 10 YEARS

	2011	2021	% Change
Population	685,526	774,948	13.04%
Staffing	261.74	156.61	(40.17%)
Budget	\$71,996,698	\$65,405,492	(9.15%)
Jobs Posted	195,567	213,339	9.09%
Clients (WIOA)	74,892	84,138	12.35%
UI Claims (Initial)	19,383	25,452	31.31%
UI Appeals	2,713	8,542	214.85%
ND Employers	24,850	35,065	41.10%

JOB SERVICE NORTH DAKOTA

PERCENT OF POSTING WITH LESS THAN 3 APPLICANTS



In addition to the low number of candidates per vacancy announcement, we have experienced lower quality candidates and many times have applicants who lack qualifications and/or skills to perform the position's duties. The lack of applicants has often led to extended periods without proper staffing. In 2022, Job Service averaged 4.94 applicants per job posting, which is down from 18.89 in 2017.

COST OF TURNOVER

\$92K
per team member

JSND's cost of turnover is great because it takes well over a year to fully train our employees on the complexity of our workforce, unemployment, and labor market information programs and grants.

In specific cases we have extended our probation periods to 9 months so that employees can be evaluated on all aspects of their duties.

STAFF RETENTION CHALLENGES



Government Agencies

Job Service is the lowest paid agency with over 100 staff members. On average, we lose one employee per month to another government agency (approx. 1/2 of our turnover) due to pay.



Federal Funding

Job Service is over 98% Federally Funded. Federal funds have not been increased or adjusted for inflation over the past 10 years. This results in an inability to use available methods to reward & retain employees.



Business Clients

Our employees are often offered excessive wages and recruitment bonuses to work for the businesses we serve due to our employee's extensive knowledge of our programs.

INDUSTRY OUTLOOK: Job Service North Dakota is 98.4% federally funded. Over the past 10 years, this funding has remained stagnant without being adjusted for inflationary and/or salary cost increases thereby resulting in an actual decrease in the funds needed to sustain adequate programming. This places Job Service in a difficult decision to cut services and programming or both. In most cases, there is staff turnover which has direct and indirect impact to operating costs. Turnover also results in the loss of critical organizational knowledge. With many individuals leaving Job Service for other state agencies, we have become a training ground for other government agencies and private organizations. Without alternative funding, Job Service could potentially lose its ability to properly staff our agency and provide meaningful and effective services to the citizens of North Dakota.



GREATER NORTH DAKOTA CHAMBER
HB 1016
Senate Appropriations Committee
Energy & Education Division
Chairman Ron Sorvaag
March 12, 2023

Mr. Chairman and members of the Committee, my name is Andrea Pfennig. I'm the Director of Government Affairs for the Greater North Dakota Chamber. GNDC is North Dakota's largest statewide business advocacy organization. We stand in **support** of House Bill 1016.

Our members support the creation and implementation of workforce solutions designed to enhance strengths and resolve weaknesses impacting development of North Dakota's business community. We feel that Job Service provides a valuable service to the business community and should have the appropriate tools to accomplish their work in the most efficient, secure manner possible. We would like to offer our support for the funding request for computer modernization.

We also support workforce readiness opportunities for transitioning populations. We would like to offer our support for the job placement pilot program for individuals exiting the criminal justice system.

Thank you for your consideration.



PO Box 1091 • Bismarck, ND 58502
701-355-4458 • www.ednd.org

Testimony of Dana Hager
Economic Development Association of North Dakota
In Support of HB 1016
March 13, 2023

Chairman Sorvaag and members of the Senate Appropriations Committee - Education and Environment Division:

EDND represents more than 80 state economic development organizations on the front line of economic development efforts throughout North Dakota. The primary purpose of the organization is to promote the creation of new wealth throughout North Dakota to develop more vibrant communities and improve quality of life. It is for these reasons our organization and its members want to express support for HB 1016, the Job Service North Dakota appropriation bill.

EDND recognizes the importance of connecting businesses and education through expanded career counseling, career and technical education, and post-secondary education and training programs that support the state's most critical occupational needs. Job Service North Dakota serves as the conduit between job seekers and employers, and EDND urges the funding for continuation of its programming.

Job Service provides many essential services for economic developers, including regional and company-specific job fairs, and is also a great resource for wage-related information for economic developers and businesses. We see the agency as the state's premier job source organization. Programs such as New Jobs Training provide worker education and training specifically required for jobs in new and expanding primary sector businesses and encourages employers to create new high-wage jobs in our state.

North Dakota's economy is changing, and, now more than ever, a strong workforce is vital to the success of our state's communities. Connecting job seekers with resources and education in order to be placed in a high-demand career path is key to workforce attraction and sustainability. EDND supports the investments included in this bill to help North Dakota continue to grow and diversify our state's economy.

Thank you for this opportunity to address your committee and express our support for HB 1016

Job Service North Dakota - Budget No. 380
House Bill No. 1016
Base Level Funding Changes

Prepared for: 1/17/2023

	Executive Budget Recommendation				House Version				House Changes to Executive Budget Increase (Decrease) - Executive Budget			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	156.61	\$410,229	\$64,995,263	\$65,405,492	156.61	\$410,229	\$64,995,263	\$65,405,492	0.00	\$0	\$0	\$0
2023-25 Ongoing Funding Changes												
Adds funding for the cost to continue salary increases		\$393	\$204,416	\$204,809				\$0		(\$393)	(\$204,416)	(\$204,809)
Salary increase		24,383	1,831,620	1,856,003				0		(24,383)	(1,831,620)	(1,856,003)
Health insurance increase		1,286	749,706	750,992				0		(1,286)	(749,706)	(750,992)
Adds funding for FTE positions for the H2A foreign agriculture workers program	2.00	463,278		463,278				0	(2.00)	(463,278)		(463,278)
Adds federal funding for vacant FTE unfunded positions			1,166,890	1,166,890				0			(1,166,890)	(1,166,890)
Adds federal funding for temporary salaries			2,188,431	2,188,431				0			(2,188,431)	(2,188,431)
Adds funding for temporary positions for workforce facilitation at the Bakken Skills Center		390,000		390,000				0		(390,000)		(390,000)
Adds funding for a job placement pilot program for recently released formerly incarcerated individuals		640,000		640,000				0		(640,000)		(640,000)
Adds funding for IT rate increases		215	135,577	135,792				0		(215)	(135,577)	(135,792)
Adds federal funding for IT contractual services for the unemployment insurance program			2,209,296	2,209,296				0			(2,209,296)	(2,209,296)
Adjusts funding for unemployment insurance administration and IT inflation costs		5,500,000	(2,500,000)	3,000,000				0		(5,500,000)	2,500,000	(3,000,000)
Adjusts operating expenses			(242,766)	(242,766)				0			242,766	242,766
Reduces funding for the trade adjustment assistance for workers program			(526,539)	(526,539)				0			526,539	526,539
Reduces Reed Act funds			(30,126)	(30,126)				0			30,126	30,126
Total ongoing funding changes	2.00	\$7,019,555	\$5,186,505	\$12,206,060	0.00	\$0	\$0	\$0	(2.00)	(\$7,019,555)	(\$5,186,505)	(\$12,206,060)
One-Time Funding Items												
Adds funding for the unemployment insurance modernization project			\$45,000,000	\$45,000,000				\$0			(\$45,000,000)	(\$45,000,000)
Total one-time funding changes	0.00	\$0	\$45,000,000	\$45,000,000	0.00	\$0	\$0	\$0	0.00	\$0	(\$45,000,000)	(\$45,000,000)
Total Changes to Base Level Funding	2.00	\$7,019,555	\$5,186,505	\$57,206,060	0.00	\$0	\$0	\$0	(2.00)	(\$7,019,555)	(\$5,186,505)	(\$57,206,060)
2023-25 Total Funding	158.61	\$7,429,784	\$115,181,768	\$122,611,552	156.61	\$410,229	\$64,995,263	\$65,405,492	(2.00)	(\$7,019,555)	(\$5,186,505)	(\$57,206,060)
<i>Federal funds included in other funds</i>			\$69,570,308				\$64,389,161				(\$5,181,147)	
<i>Total ongoing changes as a percentage of base level</i>	1.3%	1711.1%	8.0%	18.7%	0.0%	0.0%	0.0%	0.0%				
<i>Total changes as a percentage of base level</i>	1.3%	1711.1%	77.2%	87.5%	0.0%	0.0%	0.0%	0.0%				

Other Sections in Job Service North Dakota - Budget No. 380

	Executive Budget Recommendation	House Version
Reed Act funds	Section 3 would identify \$10,915,000 of funding appropriated in Section 1 is from federal Reed Act funds made available to the state by the federal Reed Act distributions made in federal fiscal years 1957, 1958, 1999, and 2002, pursuant to Section 903 of the federal Social Security Act for the purpose of developing a modernized unemployment insurance computer system.	
Federal funds appropriation	Section 4 would appropriate all federal funds received by Job Service North Dakota in excess of those funds appropriated in Section 1.	
Strategic investment and improvements fund - One-time funding	Section 5 would identify \$45 million appropriated in Section 1 is one-time funding from the strategic investment and improvements fund for the unemployment insurance system modernization project.	

Job Service North Dakota - Budget No. 380
House Bill No. 1016
Base Level Funding Changes

	Executive Budget Recommendation				House Version				Prepared for: 3/17/2023			
	Increase (Decrease) - Executive Budget				Increase (Decrease) - Executive Budget				Increase (Decrease) - Executive Budget			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	156.61	\$410,229	\$64,995,263	\$65,405,492	156.61	\$410,229	\$64,995,263	\$65,405,492	0.00	\$0	\$0	\$0
2023-25 Ongoing Funding Changes												
Adds funding for the cost to continue salary increases		\$393	\$204,416	\$204,809		\$393	\$204,416	\$204,809				\$0
Salary increase		24,383	1,831,620	1,856,003		18,258	1,370,455	1,388,713		(\$6,125)	(\$461,165)	(467,290)
Health insurance increase		1,286	749,706	750,992		1,316	766,952	768,268		30	17,246	17,276
Adjusts funding for salaries and wages from federal funds to the general fund		2,500,000	(2,500,000)	0		2,500,000	(2,500,000)	0				0
Adds funding for FTE positions for the H2A foreign agriculture workers program	2.00	463,278		463,278	2.00	463,278		463,278				0
Adds federal funding for vacant FTE unfunded positions			1,166,890	1,166,890			1,166,890	1,166,890				0
Adds federal funding for temporary salaries			2,188,431	2,188,431			2,188,431	2,188,431				0
Adds funding for temporary positions for workforce facilitation at the Bakken Skills Center		390,000		390,000						(390,000)		(390,000)
Adds funding for a job placement pilot program for recently released formerly incarcerated individuals		640,000		640,000		640,000		640,000				0
Adds funding for IT rate increases		215	135,577	135,792		215	135,577	135,792				0
Adds federal funding for IT contractual services for the unemployment insurance program			2,209,296	2,209,296			2,209,296	2,209,296				0
Adds funding for unemployment insurance administration and IT inflation costs		3,000,000		3,000,000		3,000,000		3,000,000				0
Adjusts operating expenses			(242,766)	(242,766)			(242,766)	(242,766)				0
Reduces funding for the trade adjustment assistance for workers program			(526,539)	(526,539)			(526,539)	(526,539)				0
Reduces Reed Act funds			(30,126)	(30,126)			(30,126)	(30,126)				0
Total ongoing funding changes	2.00	\$7,019,555	\$5,186,505	\$12,206,060	2.00	\$6,623,460	\$4,742,586	\$11,366,046	0.00	(\$396,095)	(\$443,919)	(\$840,014)
One-Time Funding Items												
Adds funding for the unemployment insurance modernization project			\$45,000,000	\$45,000,000			\$45,000,000	\$45,000,000				\$0
Total one-time funding changes	0.00	\$0	\$45,000,000	\$45,000,000	0.00	\$0	\$45,000,000	\$45,000,000	0.00	\$0	\$0	\$0
Total Changes to Base Level Funding	2.00	\$7,019,555	\$5,186,505	\$57,206,060	2.00	\$6,623,460	\$4,742,586	\$56,366,046	0.00	(\$396,095)	(\$443,919)	(\$840,014)
2023-25 Total Funding	158.61	\$7,429,784	\$115,181,768	\$122,611,552	158.61	\$7,033,689	\$114,737,849	\$121,771,538	0.00	(\$396,095)	(\$443,919)	(\$840,014)
<i>Federal funds included in other funds</i>			\$69,570,308				\$114,127,056				\$44,556,748	
<i>Total ongoing changes as a percentage of base level</i>	1.3%	1711.1%	8.0%	18.7%	1.3%	1,614.6%	7.3%	17.4%				
<i>Total changes as a percentage of base level</i>	1.3%	1711.1%	77.2%	87.5%	1.3%	1,614.6%	76.5%	86.2%				

Other Sections in Job Service North Dakota - Budget No. 380

	Executive Budget Recommendation	House Version
Federal funds appropriation	Section 4 would appropriate all federal funds received by Job Service North Dakota in excess of those funds appropriated in Section 1.	Section 3 appropriates all federal funds received by Job Service North Dakota in excess of those funds appropriated in Section 1.
Reed Act funds	Section 3 would identify \$10,915,000 of funding appropriated in Section 1 is from federal Reed Act funds made available to the state by the federal Reed Act distributions made in federal fiscal years 1957, 1958, 1999, and 2002, pursuant to Section 903 of the federal Social Security Act for the purpose of developing a modernized unemployment insurance computer system.	Section 4 identifies \$10,915,000 of funding appropriated in Section 1 is from federal Reed Act funds made available to the state by the federal Reed Act distributions made in federal fiscal years 1957, 1958, 1999, and 2002, pursuant to Section 903 of the federal Social Security Act for the purpose of developing a modernized unemployment insurance computer system.
Unemployment insurance modernization project - Federal State Fiscal Recovery Fund	Section 5 would identify \$45 million appropriated in Section 1 is one-time funding from the strategic investment and improvements fund for the unemployment insurance system modernization project.	Section 5 identifies \$45 million appropriated in Section 1 is one-time funding from the federal State Fiscal Recovery Fund for the unemployment insurance system modernization project.

23.0245.02001
Title.

Prepared by the Legislative Council staff for
Senate Appropriations - Education and
Environment Division Committee
March 27, 2023

Fiscal No.1

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1016

Page 1, line 2, remove "; and to provide for a report"

Page 1, replace line 12 with:

"Salaries and wages	\$28,994,942	\$4,898,290	\$33,893,232"
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Page 1, replace lines 18 through 20 with:

"Total all funds	\$65,405,492	\$54,767,407	\$120,172,899
Less estimated income	<u>64,995,263</u>	<u>48,598,789</u>	<u>113,594,052</u>
Total general fund	\$410,229	\$6,168,618	\$6,578,847"

Re-number accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1016 - Job Service North Dakota - Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
Salaries and wages	\$28,994,942	\$35,491,871	(\$1,598,639)	\$33,893,232
Operating expenses	17,164,373	67,290,155		67,290,155
Capital assets	20,000	20,000		20,000
Grants	8,281,051	8,054,512		8,054,512
Reed Act - Computer modernization	10,945,126	10,915,000		10,915,000
Total all funds	\$65,405,492	\$121,771,538	(\$1,598,639)	\$120,172,899
Less estimated income	<u>64,995,263</u>	<u>114,737,849</u>	<u>(1,143,797)</u>	<u>113,594,052</u>
General fund	\$410,229	\$7,033,689	(\$454,842)	\$6,578,847
FTE	156.61	158.61	0.00	158.61

Department 380 - Job Service North Dakota - Detail of Senate Changes

	Adjusts Funding for Salary and Benefit Increases ¹	Removes Salary Funding for Pool ²	Total Senate Changes
Salaries and wages	\$450,014	(\$2,048,653)	(\$1,598,639)
Operating expenses			
Capital assets			
Grants			
Reed Act - Computer modernization			
Total all funds	\$450,014	(\$2,048,653)	(\$1,598,639)
Less estimated income	<u>443,919</u>	<u>(1,587,716)</u>	<u>(1,143,797)</u>
General fund	\$6,095	(\$460,937)	(\$454,842)
FTE	0.00	0.00	0.00

¹ Salaries and wages funding is adjusted to provide for 2023-25 biennium salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and for adjustments to health insurance premium rates as follows:

	General Fund	Other Funds	Total
Salary increase	\$6,125	\$461,165	\$467,290
Health insurance increase	(30)	(17,246)	(17,276)
Total	\$6,095	\$443,919	\$450,014

The House provided salary adjustments of 4 percent on July 1, 2023, and July 1, 2024.

² Funding for new FTE positions and estimated savings from vacant FTE positions is removed as shown below. These amounts are available to the agency if needed by submitting a request to the Office of Management and Budget for a transfer from the new and vacant FTE funding pool.

	General Fund	Other Funds	Total
New FTE positions	(\$439,818)	\$0	(\$439,818)
Vacant FTE positions	(21,119)	(1,587,716)	(1,608,835)
Total	(\$460,937)	(\$1,587,716)	(\$2,048,653)

23.0245.02001
Title.

Prepared by the Legislative Council staff for
Senate Appropriations - Education and
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March 27, 2023

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Renumber accordingly

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FTE	156.61	158.61	0.00	158.61

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General fund	\$6,095	(\$460,937)	(\$454,842)
FTE	0.00	0.00	0.00

¹ Salaries and wages funding is adjusted to provide for 2023-25 biennium salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and for adjustments to health insurance premium rates as follows:

	General Fund	Other Funds	Total
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Total	\$6,095	\$443,919	\$450,014

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