

2023 SENATE INDUSTRY AND BUSINESS

SB 2038

2023 SENATE STANDING COMMITTEE MINUTES

Industry and Business Committee Fort Union Room, State Capitol

SB 2038
1/10/2023

A bill relating to the quadrennial performance evaluation of workforce safety and insurance.
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8:59 Chairman D. Larsen called the meeting to order.

Members Present: Chairman D. Larsen, Vice Chairman Kessel, Sen. Barta, Sen. Boehm, and Sen. Klein. Members absent: None

Discussion Topics:

- Quadrennial performance evaluation history
- Evaluation of workforce safety and insurance
- WSI audits

9:00 AM Senator Scott Meyer introduced SB 2038 and testified in favor #12691.

9:12 AM Jodi Bjornson, General Council, North Dakota Workforce Safety and Insurance (WSI) verbally testified in favor of SB 2038.

9:22 AM Arik Spencer, President and CEO, Greater North Dakota Association testified verbally in favor of SB 2038.

9:23 AM Chairman D. Larsen closed the meeting.

Brenda Cook, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Industry and Business Committee Fort Union Room, State Capitol

SB 2038
1/10/2023

Relating to the quadrennial performance evaluation of workforce safety and insurance.

10:34 AM Chairman D. Larsen called the meeting to order.

Members Present: Chairman D. Larsen, Vice Chairman Kessel, Senator Barta, Senator Boehm, and Sen. Klein.

Discussion Topics:

- Bill review

10:42 AM Senator Boehm moved Do Pass on SB 2038. Seconded by Senator Barta.

Senators	Vote
Senator Doug Larsen	Y
Senator Greg Kessel	Y
Senator Jeff Barta	Y
Senator Keith Boehm	Y
Senator Jerry Klein	Y

Motion passed 5-0-0

Senator D. Larsen will carry the bill.

10:43 AM Chairman D. Larsen closed the meeting on SB 2038.

Brenda Cook, Committee Clerk

REPORT OF STANDING COMMITTEE

SB 2038: Industry and Business Committee (Sen. Larsen, Chairman) recommends DO PASS (5 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2038 was placed on the Eleventh order on the calendar. This bill does not affect workforce development.

2023 HOUSE INDUSTRY, BUSINESS AND LABOR

SB 2038

2023 HOUSE STANDING COMMITTEE MINUTES

Industry, Business and Labor Committee Room JW327C, State Capitol

SB 2038
3/1/2023

Relating to the quadrennial performance evaluation of workforce safety and insurance.

Chairman Louser called meeting to order 1:00 PM

Members Present: Chairman Louser, Vice Chairman Ostlie, Representatives Boschee, Koppelman, Ruby, Schauer, Thomas, Tveit, Wagner, Warrey.

Members absent: Representatives Christy, Dakane, Johnson, Kasper.

Discussion Topics:

- Unmodified opinions

In Favor:

Representative Dan Ruby, District 38, Minot, ND (no written testimony)

Jodi Bjornson, General Counsel, ND Workforce Safety, and Insurance (no written testimony)

Arik Spencer, President and CEO, Greater North Dakota Chamber (no written testimony)

Representative Tveit moved a do pass.

Representative Boschee seconded.

Roll call vote:

Representatives	Vote
Representative Scott Louser	Y
Representative Mitch Ostlie	Y
Representative Josh Boschee	Y
Representative Josh Christy	AB
Representative Hamida Dakane	AB
Representative Jorin Johnson	AB
Representative Jim Kasper	AB
Representative Ben Koppelman	Y
Representative Dan Ruby	Y
Representative Austen Schauer	Y
Representative Paul J. Thomas	Y
Representative Bill Tveit	Y
Representative Scott Wagner	Y
Representative Jonathan Warrey	Y

Motion passed 10-0-4

Representative Ruby will carry the bill.

House Industry, Business and Labor Committee

SB 2038

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Additional written testimony:

Mitchell Sanderson, Area worker, #21556

Chairman Louser adjourned the meeting 1:16 PM

Diane Lillis, Committee Clerk

REPORT OF STANDING COMMITTEE

SB 2038: Industry, Business and Labor Committee (Rep. Louser, Chairman)
recommends **DO PASS** (10 YEAS, 0 NAYS, 4 ABSENT AND NOT VOTING). SB
2038 was placed on the Fourteenth order on the calendar.

TESTIMONY

SB 2038

Senator Scott Meyer
District 18
scottmeyer@ndlegis.gov

Senate Bill No. 2038 is a bill repealing the quadrennial performance evaluation of workforce safety and insurance.

Some history regarding the quadrennial performance evaluation.

- In 1997, the North Dakota Legislative Assembly enacted HB 1440 which shifted oversight responsibility for WSI from the Governor to a WSI Board of Directors consisting of WSI stakeholders. Section 6 of the bill established the performance evaluation statute (NDCC 65-02- 30) as an accountability mechanism to accommodate the change in oversight responsibility.
- In November 2008, via an initiated measure, WSI oversight responsibility was shifted back to the Governor, leaving the WSI Board to serve in an advisory capacity. The performance evaluation statute was unaffected.
- In 2009, the Legislative Assembly amended the statute (2009 HB 1037) to include the interim Workers' Compensation Review Committee, in addition to the State Auditor, in the process outlined to select the performance evaluation elements.
- In 2011, the Legislative Assembly amended the statute (2011 HB 1056) to change the frequency of the performance evaluations from every two years to every four years.
- Since 2006, there have been five performance evaluations conducted by an outside firm with expertise in workers' compensation and industry standards.
- The same firm, Sedgwick CMS, has conducted the last three performance evaluations (2010, 2014, and 2018) and four of the last five. The State Auditor only received one bid (Sedgwick CMS) for the most recent 2018 Performance Evaluation.
- For the last five performance evaluations, the average cost of the performance evaluations was approximately \$187,200 (ranging between \$91,290 to \$284,939). These costs are paid from the WSI Fund.

With the repeal of the Quadrennial performance evaluation, you may be asking yourself, will there still be evaluations of WSI? Yes, there will be.

- In addition to the performance evaluation, WSI is currently subject to various audits, thereby providing other accountability mechanisms over the Organization. First, WSI is subject to an annual financial audit in which the auditing firm is selected by the State Auditor through a formal bidding process. These audits are planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatements. In recent history, WSI has consistently received unmodified opinions.
 - WSI has an Internal Audit Department to plan, direct, and complete internal audits and compliance reviews. This department reports administratively to the Director of WSI and functionally to the WSI Board Audit Committee.

- WSI is statutorily subject to review at the purview of the Legislative Audit and Fiscal Review Committee (LAFRC) as well as the State Auditor like other state entities.

I ask the committee for a Do Pass recommendation, and I'll stand for any questions.

SB 2038

(Workforce Safety Insurance)

The first thing that needs to be done is make Workforce Safety Insurance work for the people.

I worked in this area in the past and close to 50% of my coworkers who were hurt on the job and witnessed as such had to get an attorney to get benefits that should have been readily available to them and paid for.

There is much that needs to be fixe when it comes to workforce safety and insurance and this legislature should set up public forums around the state to listen to the hard working people who get hurt on the job and how hard it is to get benefits.

Workforce Safety needs to work for the people.