

**Job Service North Dakota
Budget 380
House Bill No. 1016**

	FTE Positions	General Fund	Other Funds	Total
2015-17 legislative appropriation (original)	237.76	\$2,116,191 ¹	\$70,467,866	\$72,584,057
2013-15 legislative appropriation	<u>250.76</u>	<u>2,030,235</u>	<u>77,797,528</u>	<u>79,827,763</u>
2015-17 appropriation increase (decrease) to 2013-15 appropriation	(13.00)	\$85,956	(\$7,329,662)	(\$7,243,706)
2015-17 general fund budget allotment (4.05 percent)	<u>0.00</u>	<u>(\$85,706)</u>	<u>\$0</u>	<u>(\$85,706)</u>
Adjusted 2015-17 appropriation after budget allotment	237.76	\$2,030,485	\$70,467,866	\$72,498,351

¹The original legislative appropriation amount includes \$89,500 of one-time funding from the general fund. Excluding this amount, the agency's original ongoing general fund appropriation is \$2,026,691.

Item Description

General fund budget allotment - In February 2016 the Governor ordered a 4.05 percent general fund budget allotment for state agencies.

FTE changes - The 2015-17 biennium appropriation includes funding for 237.76 FTE positions, 13.00 FTE positions less than the 2013-15 biennium authorized level of 250.76. The reduction in FTE positions was made in anticipation of reduced federal funding for Job Service North Dakota.

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

Status/Result

The general fund budget allotment reduced general fund appropriations for Job Service North Dakota by \$85,706. Job Service North Dakota reduced funding for the Workforce 20/20 program by the full amount.

In January 2016 Job Service North Dakota further reduced staffing levels and announced office closures due to budget shortfalls. The reduction in employees included 20 staff from a voluntary separation incentive program, a reduction in force of 20.82 regular staff, and the elimination of 10 temporary positions and 25 vacant FTE positions. As a result, 7 of 16 Job Service North Dakota offices closed in April 2016, including offices in New Town, Rolla, Valley City, Oaks, Beulah, Harvey, and Grafton. Job Service North Dakota expected to continue to provide services on a periodic basis in the seven communities through June 2016 with employees from the remaining nine offices.

As of December 31, 2015, the job insurance trust fund reserve was \$120.7 million, which was \$48.4 million less than the target balance of \$169.1 million.

In March 2016 Job Service North Dakota presented information related to increased unemployment claims and the decrease in the job insurance trust fund reserve to the Budget Section.

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

December 31, 2016	\$72.5 million
December 31, 2017	\$73.8 million
December 31, 2018	\$102.8 million

Oil and gas employment study - In Section 2 of 2015 House Bill No. 1016, the Legislative Assembly identified \$80,000 of one-time funding from the general fund to continue the oil and gas employment study.

Virtual OneStop application - In House Bill No. 1016, the Legislative Assembly appropriated \$100,000 of ongoing funding from the general and \$9,500 of one-time funding from the general fund for the Virtual OneStop application.

Unemployment insurance computer modernization project - The Legislative Assembly provided a \$12.4 million special funds appropriation from Reed Act distributions received in federal fiscal years 1957, 1958, 1999, and 2002 for continuing the agency's efforts in developing a modernized unemployment insurance computer system.

Workforce 20/20 - The 2015 Legislative Assembly provided funding of \$1,579,836 from the general fund for the Workforce 20/20 program. This program provides funding for education and training for employees in manufacturing industries.

Interagency agreement - In Section 1 of 2015 House Bill No. 1060, the Legislative Assembly authorized Job Service North Dakota to enter an interagency agreement with the Department of Commerce for the sharing of information obtained pursuant to the administration of the unemployment insurance program, limited to wage and employment number records of employers identified by the Department of Commerce as having received North Dakota state economic development assistance.

As of March 2016 Job Service North Dakota has spent approximately \$25,000 on the oil and gas employment study. Job Service North Dakota anticipates spending the entire appropriation and completing the study during the 2015-17 biennium.

As of March 2016 Job Service North Dakota has spent the \$9,500 of one-time funding. Job Service North Dakota has budgeted \$50,000 from the ongoing appropriation for each year of the biennium. Job Service North Dakota anticipates spending the entire appropriation by the end of the biennium.

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

Job Service North Dakota has remained on its current unemployment insurance system and has signed an agreement with the current system vendor for maintenance upgrades for the 2017 fiscal year. The agency will continue to seek a long-term upgrade to its unemployment insurance system.

As of March 2016 Job Service North Dakota has spent approximately \$364,000 of the appropriation. Job Service North Dakota has reduced the Workforce 20/20 program by \$85,706 as part of its general fund budget allotment. The remaining appropriation is expected to be spent during the 2015-17 biennium.

An agreement was entered between Job Service North Dakota and the Department of Commerce. Information is now being shared between these agencies with assistance from the Information Technology Department's statewide longitudinal data system.