

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

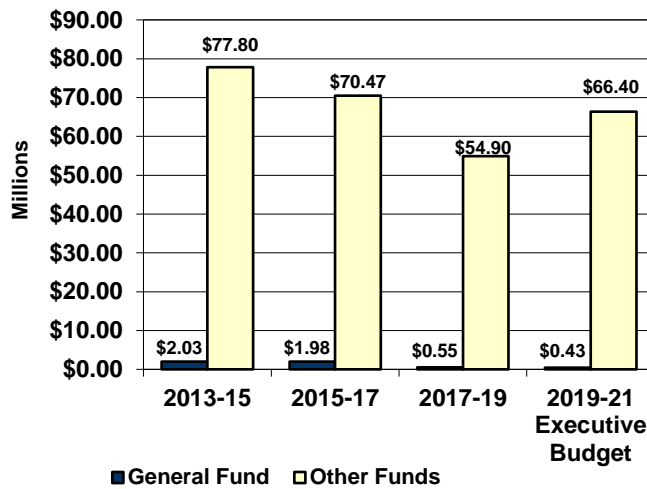
Executive Budget Comparison to Prior Biennium Appropriations

	FTE Positions	General Fund	Other Funds	Total
2019-21 Executive Budget	156.61	\$431,263	\$66,396,856	\$66,828,119
2017-19 Legislative Appropriations	181.61	545,793	54,899,156	55,444,949
Increase (Decrease)	(25.00)	(\$114,530)	\$11,497,700	\$11,383,170

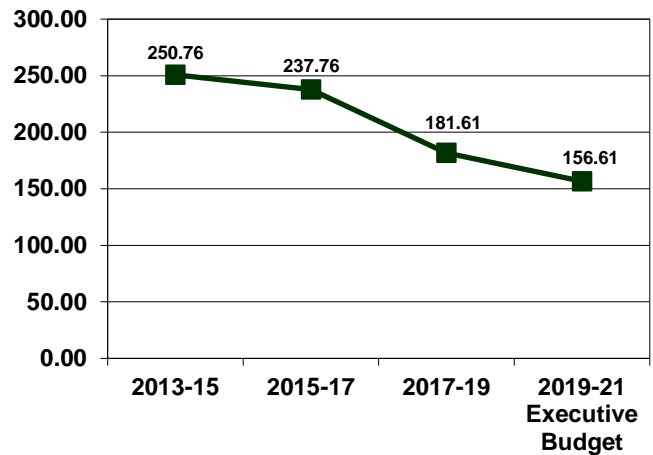
Ongoing and One-Time General Fund Appropriations

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 Executive Budget	\$431,263	\$0	\$431,263
2017-19 Legislative Appropriations	445,793	100,000	545,793
Increase (Decrease)	(\$14,530)	(\$100,000)	(\$114,530)

Agency Funding



FTE Positions



Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2019-21 Executive Budget	\$431,263	\$66,396,856	\$66,828,119
2019-21 Base Level	445,793	54,899,156	55,344,949
Increase (Decrease)	(\$14,530)	\$11,497,700	\$11,483,170

First House Action

Attached is a comparison worksheet detailing first house changes to base level funding and the executive budget.

**Executive Budget Highlights
(With First House Changes in Bold)**

	General Fund	Other Funds	Total
1. Provides funding for state employee salary and benefit increases, of which \$992,842 is for salary increases, \$583,439 is for health insurance increases, and \$124,380 is for retirement contribution increases. The House added funding for salary adjustments of 2 percent per year and increases in health insurance premiums from \$1,241 to \$1,427 per month. The House did not add funding for retirement contribution increases.	\$3,103	\$1,697,558	\$1,700,661
2. Removes 9 FTE unfunded positions and related operating expenses of \$22,290	(\$22,290)	\$0	(\$22,290)
3. Transfers 16 FTE positions to the Information Technology Department for the information technology unification initiative.	\$0	(\$3,005,689)	(\$3,005,689)

The House did not transfer FTE positions to the Information Technology Department for the information technology unification initiative.

4. Adds funding for information technology expenses related to the information technology unification initiative. The House did not add funding for the information technology unification initiative.	\$0	\$4,100,418	\$4,100,418
5. Adjusts funding for operating expenses, primarily related to decreases in postage, repairs, and professional services and increases in IT supplies, data processing, and contractual services	\$334	(\$191,803)	(\$191,469)
6. Increases funding for grants to provide total funding of \$6,166,112	\$0	\$707,541	\$707,541
7. Adds funding for an unemployment insurance system modernization project	\$0	\$5,405,800	\$5,405,800
8. Adds funding for unemployment insurance registration systems	\$0	\$1,069,980	\$1,069,980
9. Adds funding for Microsoft Office 365 license expenses	\$4,657	\$72,962	\$77,619
10. Adds one-time funding for an unemployment insurance system modernization project	\$0	\$611,852	\$611,852

Other Sections in House Bill No. 1016

Reed Act funds - Section 3 identifies \$11,086,966 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.

New jobs training - Section 4 provides Job Service North Dakota may not award more than \$2.5 million for new agreements related to the new jobs training program during the 2019-21 biennium.

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.

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, 2018, recommends Job Service North Dakota implement additional review controls to verify mathematical accuracy prior to reports being submitted. The report also includes a recommendation for Job Service North Dakota to consider implementing additional logical controls in the investigation claim tracking process to reduce the likelihood of manual errors.

Major Related Legislation

House Bill No. 1060 - Requires Job Service North Dakota to assess a surcharge of 3 percent, 7 percent, or 10 percent by January 31st of each year to each employer with cumulative benefits exceeding cumulative contributions. The employer is required to pay the assessment by October 31st each year and the amounts must be deposited in the unemployment insurance trust fund and credited to the employer's account.

Senate Bill No. 2085 - Authorizes Job Service North Dakota to sell the agency's regional office located in Rolla.

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

	Executive Budget Recommendation				House Version			
	FTE Position	General Fund	Other Funds	Total	FTE Position	General Fund	Other Funds	Total
2019-21 Biennium Base Level	181.61	\$445,793	\$54,899,156	\$55,344,949	181.61	\$445,793	\$54,899,156	\$55,344,949
2019-21 Ongoing Funding Changes								
Base payroll changes		(\$334)	\$1,029,081	\$1,028,747		(\$334)	\$1,029,081	\$1,028,747
Salary increase		3,103	989,739	992,842		1,145	672,024	673,169
Health insurance increase			583,439	583,439		1,116	759,181	760,297
Retirement contribution increase			124,380	124,380				0
Remove 9 FTE unfunded positions	(9.00)	(22,290)		(22,290)	(9.00)	(22,290)		(22,290)
Transfer 16 FTE positions to ITD for IT unification	(16.00)		(3,005,689)	(3,005,689)				0
Add funding for information technology expenses			4,100,418	4,100,418				0
Adjust funding for operating expenses		334	(191,803)	(191,469)		334	(191,803)	(191,469)
Add funding for grants			707,541	707,541			707,541	707,541
Add funding for unemployment insurance system modernization			5,405,800	5,405,800			5,405,800	5,405,800
Add funding for unemployment insurance registration			1,069,980	1,069,980			1,069,980	1,069,980
Add funding for Microsoft Office 365 license expenses		4,657	72,962	77,619		4,657	72,962	77,619
Total ongoing funding changes	(25.00)	(\$14,530)	\$10,885,848	\$10,871,318	(9.00)	(\$15,372)	\$9,524,766	\$9,509,394
One-time funding items								
Add one-time funding for unemployment insurance			\$611,852	\$611,852			\$611,852	\$611,852
Total one-time funding changes	0.00	\$0	\$611,852	\$611,852	0.00	\$0	\$611,852	\$611,852
Total Changes to Base Level Funding	(25.00)	(\$14,530)	\$11,497,700	\$11,483,170	(9.00)	(\$15,372)	\$10,136,618	\$10,121,246
2019-21 Total Funding	156.61	\$431,263	\$66,396,856	\$66,828,119	172.61	\$430,421	\$65,035,774	\$65,466,195

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

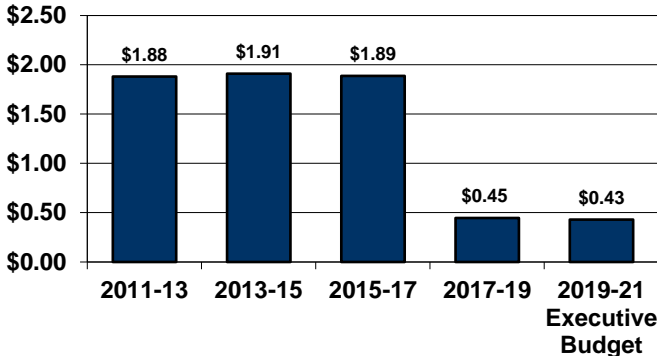
	Executive Budget Recommendation	House Version
Reed Act funds	Section 3 would provide \$11,086,966 of funding appropriated in Section 1 from federal Reed Act funds is made available to the state by the federal Reed Act distributions made in federal fiscal years 1957, 1958, 1999, and 2002, pursuant to section 903 of the federal Social Security Act for the purpose of developing a modernized unemployment insurance computer system.	Section 3 identifies \$11,086,966 of funding appropriated in Section 1 from federal Reed Act funds is 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	Section 4 would provide all federal funds received by Job Service North Dakota in excess of those funds appropriated in Section 1 are appropriated for the 2019-21 biennium.	
New jobs training	Section 5 would provide Job Service North Dakota may not award more than \$2.5 million for new agreements related to the new jobs training program during the 2019-21 biennium.	Section 4 provides Job Service North Dakota may not award more than \$2.5 million for new agreements related to the new jobs training program during the 2019-21 biennium.
Line item transfers	Section 6 would authorize Job Service North Dakota to transfer up to 10 percent of the agency's appropriation authority between line items.	

Department 380 - Job Service North Dakota

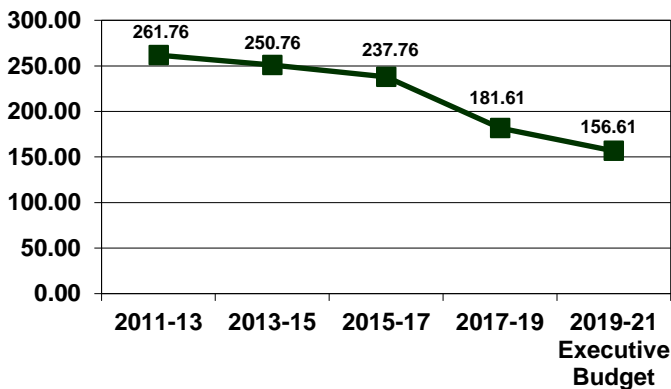
Historical Appropriations Information

Ongoing General Fund Appropriations Since 2011-13

Ongoing General Fund Appropriations (in Millions)



FTE Positions



Ongoing General Fund Appropriations					
	2011-13	2013-15	2015-17	2017-19	2019-21 Executive Budget
Ongoing general fund appropriations	\$1,879,892	\$1,910,235	\$1,888,080	\$445,793	\$431,263
Increase (decrease) from previous biennium	N/A	\$30,343	(\$22,155)	(\$1,442,287)	(\$14,530)
Percentage increase (decrease) from previous biennium	N/A	1.6%	(1.2%)	(76.4%)	(3.3%)
Cumulative percentage increase (decrease) from 2011-13 biennium	N/A	1.6%	0.4%	(76.3%)	(77.1%)

Major Increases (Decreases) in Ongoing General Fund Appropriations

2013-15 Biennium

- 1. No major changes identified

2015-17 Biennium

- 1. Added funding for Virtual OneStop application to allow access to Job Service North Dakota job listings \$100,000

2017-19 Biennium

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

2019-21 Biennium (Executive Budget Recommendation)

- 1. No major changes identified

GOVERNOR'S RECOMMENDATION FOR JOB SERVICE NORTH DAKOTA AS SUBMITTED BY THE OFFICE OF MANAGEMENT AND BUDGET

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, 2019, and ending June 30, 2021, as follows:

	<u>Base level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$27,155,566	\$458,161	\$27,613,728
Operating expenses	11,501,255	10,440,058	21,941,313
Capital assets	20,000	0	20,000
Grants	5,458,571	707,541	6,166,112
 Reed Act – Unemployment insurance computer modernization	 <u>11,209,557</u>	 <u>(122,591)</u>	 <u>11,086,966</u>
Total all funds	\$55,344,949	\$11,483,169	\$66,828,119
Less estimated income	<u>54,899,156</u>	<u>11,497,699</u>	<u>66,396,856</u>
Total general fund	\$445,793	(\$14,530)	\$431,263
Full-time equivalent positions	181.61	(25.00)	156.61

SECTION 2. ONE-TIME FUNDING. The following amounts reflect the one-time funding items approved by the sixty-fifth legislative assembly for the 2017-19 biennium:

<u>One-Time Funding Description</u>	<u>2017-19</u>	<u>2019-21</u>
Renovation of Bismarck Regional Office	<u>\$100,000</u>	\$0
Total all funds	\$100,000	\$0
Total special funds	<u>0</u>	<u>0</u>
Total general fund	\$100,000	\$0

SECTION 3. APPROPRIATION - REED ACT FUNDS - UNEMPLOYMENT INSURANCE COMPUTER MODERNIZATION. The special fund appropriation of \$11,086,966 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, 2019, and ending June 30, 2021.

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, 2019, and ending June 30, 2021.

SECTION 5. NEW JOBS TRAINING. During the biennium beginning July 1, 2019, and ending June 30, 2021, job service North Dakota may not award more than \$2,500,000 for new agreements related to the new jobs training program under chapter 52-02.1.

SECTION 6. TRANSFER. Notwithstanding section 54-16-04, the agency may transfer between line items within section 1 of this Act up to ten percent of the total appropriation contained in section 1 during the biennium beginning July 1, 2019, and ending June 30, 2021. The agency shall notify the office of management and budget and the legislative council of any transfer made pursuant to this section.