

2015 HOUSE INDUSTRY, BUSINESS AND LABOR

HCR 3049

2015 HOUSE STANDING COMMITTEE MINUTES

Industry, Business and Labor Committee Peace Garden Room, State Capitol

HCR 3049
3/4/2015
24371

- Subcommittee
 Conference Committee



Explanation or reason for introduction of bill/resolution:

Legislative Management to study issues related to employment restrictions in public assistance programs.

Minutes:

Attachments 1, 2

Chairman Keiser: Opens the hearing on HCR 3049.

Representative Beadle: Introduces HCR 3049. The bill is an effort to look at possible ways of addressing some of the work force issues our state. One of the issues that have been brought to my attention is the fact that we have a number of individuals that are on some level of public assistance program based on the hourly requirements of employment. In order to still receive that assistance you are unable to take on additional hours within their job. So this resolution would study this issue.

Representative Laning: Do you see this as a step approach from public assistance?

Representative Beadle: Yes, when you are able to get people to work more hours, the ultimate goal is that you will decrease the burden on public assistance programs. The short term is working to address more immediate needs to maximize their workable hours.

Representative Becker: The programs that look at the hours worked, isn't the method by which to determine the hours based on the minimum wage? Are they looking at the total wages?

Representative Beadle: I do believe the programs out there do use a total income earn threshold opposed to an hourly threshold. I do believe you are correct.

Rudy Martinson~Executive Director of the North Dakota Hospitality Association: (Attachments 1 & 2) Second attachment is from **Mike Motschenbacher~North Dakota Employer.**

Representative Becker: Is the goal to get more people into the workforce who are not opting to get into the workforce because they would potentially lose public assistance?

Martinson: That's correct. Our conversation we had was, is there a way at the state level to do something with those programs to remove that disincentive and further incentivize those folks to participate in the workforce.

Representative Becker: Are you aware of any circumstance where by working the additional hours, they would actually bring in less than if they didn't work the extra hours?

Martinson: There is a term "the cliff" for that. When you hit the cliff where the extra amount you are making through the extra hours are not equivalent to the amount of benefit dollars.

Mike Rude~NDRA & NDPMA: Echoes the sediment of Representative Beadle and Rudy Martinson. If you take 2,000 people and they could get 20 more hours a week, those 40,000 hours can be brought into the labor force. It would be a huge help to the retail sector.

Chairman Keiser: Anyone else here to testify in support HCR 3049, opposition, neutral?

Representative Becker: Is there anyone who could talk in the neutral position? Ms Anderson, could you inform me more of this cliff that is factual?

Maggie Anderson~Executive Director of Human Services: The cliff is not a term we use. I can't give you factual numbers of people, but there are federal and state requirements. What I can tell you is that the more hours that people work, they earn more money. Our programs are not hour based, they are income based so if they work more hours, their income goes up and therefore their benefits are a factor of that income. So we had a conversation with the group about if there is a way to incentivize it to keep more in the pocket?

Representative Kasper: Is there a percentage on the whole that North Dakota pays compared to what the federal pays?

Anderson: I don't have the information here and I would want to know what you define as public assistance.

Representative Kasper: If an employee works 20 hours a week and goes to 30 hours a week, what programs would be potentially impacted?

Anderson: That's the details of what the study would need to get to.

13:00

Chairman Keiser: Anyone else here to testify in a neutral position, seeing none, closes the hearing on HCR 3049. What are the wishes of the committee?

Representative Laning: Moves a Do Pass and be put on the consent calendar.

Representative Kasper: Seconded.

Chairman Keiser: Further discussion. I would like to add that we have a cousin to this in job service. Its called job attached employees in the construction industry. I think this is a worthwhile concept to look into and a great thing to study.

Roll call was taken for a Do Pass on HCR 3049 with 14 yes, 0 no, 1 absent and Representative Beadle will carry the bill.

Date: Mar 4, 2015

Roll Call Vote: _____

**2015 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. HCR 3049**

House Industry, Business & Labor **Committee**

Subcommittee Conference Committee

Amendment LC# or Description:

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerrefer to Appropriations
 Reconsider to the concurrent resolution

Other Actions: Reconsider to the consent calendar.

Motion Made By Rep Laning Seconded By Rep Kasper

Total (Yes) 13 No 1

Absent _____ |

Floor Assignment Rep Beadle

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HCR 3049: Industry, Business and Labor Committee (Rep. Keiser, Chairman)
recommends **DO PASS** and **BE PLACED ON THE CONSENT CALENDAR**
(14 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). HCR 3049 was placed on the
Tenth order on the calendar.

2015 SENATE INDUSTRY, BUSINESS AND LABOR

HCR 3049

2015 SENATE STANDING COMMITTEE MINUTES

Industry, Business and Labor Committee
Roosevelt Park Room, State Capitol

HCR 3049
3/23/2015
Job Number 25232

- Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

To study issues related to employment restrictions in public assistance programs

Minutes:

Attachment

Chairman Klein: Called the committee to order.

Representative Beadle: House HCR 3049 is trying to help address some of the workforce shortage issues that we have in the state through a study. Currently across the state we have a substantial unemployment problem, our unemployment rate is so low that is very tough for jobs and businesses to attract the workforce that they need or to retain that because there is always going to be more and more businesses to look at. What this study is looking at doing is trying to look at the subsection of our population, it might be part-time workers that are currently on some type of public assistance programs and seeing if there is a method that we can work with, as a state, where these individuals would be able to pick up more hours, maybe go from 20 to 30 hours at employment or 20 to 40 hours a week without automatically losing some of their public assistance programs. The reason why they might need some of this assistance is there comes a point when you are dealing with some of the assistance programs where you reach the proverbial cliff. Where if you going any further with hours or wage you are going to cut off all of your benefits but that additional dollar amount for that extra hour earned is not enough to cover the cost that you are going to incur for your daily life. It could be a housing assistance program, where gaining an extra forty dollars on a shift is not going to cover the five hundred dollars a month you might be getting on some housing reimbursement. What this is looking at doing is studying some of those public assistance programs we might have and see if there is a way that we can tweak it so you don't automatically lose the public assistance that you are on just by working the additional hours. We understand that there might be issues where people might gain the system, where they are going to work full time but still going to get the assistance and that is something we can work out in the study to try to make sure we don't have that happen but the goal is to look at some of the underutilized employees we already have now that are part timers that are unwilling to commit to the forty hours because of the assistance programs and make it so that isn't automatically a burden to fill that position. (1:20-3:42)

Rudie Martinson, Executive Director of the North Dakota Hospitality Association:

Written Testimony Attached, (1). He also passed out testimony from one of his members, Mike Motschenbacher, Testimony Attached, (2). (3:56-5:46)

Chairman Klein: It seems to me that this has been an issue that we have discussed for years, the fact that we are dinging those folks when they actually want to work more.

Rudie Martinson: The reason that we have a study of this is, it is a very complex issue and as we discussed it there is federal involvement in some of this in the funding and regulation of what programs does what. (6:26-7:01)

Chairman Klein: To maneuver through the hoops that may be out there on a federal level because a lot of what we do on that side is determined there right?

Rudie Martinson: That is the idea and again this study is here today because we thought that is the level of attention this subject probably deserved.

Senator Burckhard: Are we talking about if an employee goes from averaging about twenty hours a week to thirty two hours a week then he would have to be given full time benefits or is that the kind of complications we are talking about?

Rudie Martinson: What we are talking about is if I offer an employee to go from twenty hours to thirty two hours a week, they can then begin to run up against some of these income limits for example that harm their ability to get some of these assistance programs. It is more about that than the employer offering benefits.

Chairman Klein: They would lose their housing or fuel or whatever assistance is the concern of the employee would have in by bumping that up?

Rudie Martinson: Correct whether it is a housing voucher or childcare assistance.

Senator Miller: Why not just pay your employee more?

Rudie Martinson: That is one possible solution but again with some of these programs that have income limits, if I am paying my employees more than the incentive is to work fewer hours for that higher wage and that is the kind of thing we are looking at trying to get around with this study.

Senator Miller: The solution can't be as simple as just raising the income threshold either?

Rudie Martinson: It would be nice if the answer would be that easy but I don't envision it being quite that simple. In the testimony that I handed out from our member he had kicked around an idea in his mind and again I think a study of this would reveal whether or not that is a particularly good one.

Senator Poolman: His testimony said the plan would promote the following; any employee that is currently receiving benefit that is offered and guaranteed more hours but refuses to work those hours because they would lose those benefits would automatically lose those

benefits equal to the amount of the salary that they are refusing from their private sector employer. Is that what we are advocating here?

Rudie Martinson: The study is a study and it may turn out that is not a good idea. However my member had a suggestion and asked me to come and pass out that testimony to you and so I have done that.

Senator Poolman: So you are not advocating that?

Rudie Martinson: That is correct.

Senator Campbell: Isn't the whole part of the problem is that the lucrativeness and the benefits are too good in the first place? If they didn't have those and I am not saying we need to do away with them but I can give you several examples in our different companies where it is really frustrating that because we are short and there are people who are half time workers and because their benefits are too good in the first place and there is a ton of them. Just elaborate on that the whole system of social services is too lucrative and we have created a monster that manmade created this problem in the first place.

Rudie Martinson: In some cases that may be true but I don't think that is true in all cases and there are some categories of employees for example that will probably never work full time and support themselves but they could though work more than twenty hours a week and would like to work more than twenty hours a week or whatever that threshold is that their wage and so I would hope the study would help address some of that as well.

Senator Campbell: Asked for him to give an example of that twenty hour guy?

Rudie Martinson: My wife used to work with developmentally disabled adults and some of that population does have jobs and they do work and would possibly like to work more however some of the housing vouchers and that kind of thing are verily jealously guarded benefits. Frankly they probably won't ever be able to be without some of them.

Senator Poolman: Just to address Senator Campbell's question. I was going to talk about the developmental disabilities as well. We were just at a conference this weekend where I heard from many of the developmentally disabled people who want to be able to work more but were talking about benefits like housing and assistance that it's not necessarily a monetary. I think Senator Campbell is thinking of some sort of a check that is coming in the mail and I don't think that is what we are always talking about. There are benefits that aren't always as tangible as that but they end up losing and it really makes a difference.

Mike Rud, North Dakota Petroleum Marketers and the North Dakota Retail Association: I think many of you sitting around the table here have a lot of business experience that you can fall back on and you have seen what are members have been dealing with in the last ten years. It has become a case of robbing Peter to pay Paul and we are running out of people to rob. We are all stealing employees from one another and when Rudie brought this study to my attention I thought it was worth getting into simply based on the fact if we can get two or three thousand more workers to do fifteen or twenty more house a week and not harm their assistance packages that they have in place now but get

them into the workforce and give them even more and maybe they can grow even more financially and become even more independent. That is a good thing and it is great for our industry. We are struggling to find anything over part-time out there right now. At least we should take a look at it and see what we can do to try and fill these twenty five thousand jobs we have available in North Dakota. (13:18-14:30)

Senator Miller: We just talked about this developmentally disabled portion that is probably a different sector of what we are talking in general right? We are talking about maybe a mother, who has children and is single, other types of people, maybe someone with a physical disability rather than a mental disability here. What kind of sector of people?

Mike Rud: I think we need to look at all avenues but the people we are looking for are the folks that have come into our offices and my members offices and say they can only work twenty hours a week because if I work more than that it is going to mess with my assistance programs. Those are the people because a lot of those people are good employees that we could really use but you can't blame them by the same token for looking out for their best interest. We are trying to find some way where we can work together with them and make some good things happen for both parties.

Senator Burckhard: Said that in a perfect world wouldn't this kind of a person want to work themselves out of being assisted and have a full time job so they wouldn't have to be on assistance? It seems like we want them to stay in the programs.

Mike Rudd: Obviously that is the ultimate solution to it all is to put these people into a position where they can be self-sufficient and get them off the assistance programs but I think we are going to have to take that one step at a time and see just how we can go as a state before we get into the federal issues associated with this whole dilemma in the assistance process. That was the discussion we had with human services in the interim on where does the state draw the line and where does the feds come in and can we supersede any of that.

Senator Miller: Isn't that kind of the dilemma that gets created here? You have a person who can only work twenty hours in order to qualify for assistance because they need to survive and they need to have that certainty and they need to have money coming in so they are hesitant to work anymore. If we can figure out a way to get them onto to forty hours, then they can start getting the experience and the seniority in a position to move up the ladder. Right now they are kind of being held hostage, don't you agree?

Mike Rud: I would say the same thing. We need to continue to work to find ways, as Senator Burckhard alluded to, to get people off of this assistance and some of this has to fall on our member's backs as well but there is only so much you can do in terms of paying wages too. Sometimes you can't pay the wages these people are looking for in order to maintain what they got in their life right now, whether it be housing assistance or heating assistance or whatever it might be. It is a dilemma we need to review.

Chairman Klein: You heard we are looking at a study and I saw you shaking your head in agreement when we spoke to the federal restrictions and issues, do you want to elaborate just briefly for the committee.

Maggie Anderson, Department of Human Services: Said that most of the programs that they are talking here about the temporary assistance to needy families, the supplemental nutrition assistance program, childcare assistance program perhaps Medicaid and children's health insurance program, depending on how broad the scope is that you want to look at. The department does not do housing so I cannot speak to the housing. We have federal minimums and federal maximums in terms of income levels in some of those programs. If we wanted to take our Medicaid program for example to five hundred percent of poverty they will not participate. The federal government isn't going to participate because it is set up as a low income disabled individuals. It is something that, if the legislature wants us to explore, will take some time in the interim to do that. (18:28-20:05)

Chairman Klein: Asked if he heard her say that other states have also looked at this.

Maggie Anderson: There are other states that have had this conversation.

Senator Miller: Asked if we as a state are required to participate in all of these programs.

Maggie Anderson: I would want the time to really look at the specifics but most of these programs are optional. (20:30-21:11)

Senator Campbell: Asked if we came up with something, that they could keep their benefits, how many people do you feel would actually increase their workload with that? Do you think a lot of people would be interested in that or would they just be complicit at twenty hours?

Maggie Anderson: That is the type of data that we that we would pull during the study so I wouldn't want to speculate in terms of numbers or percent of population. It was part of the conversation we had with the groups meeting with us in the interim is we have to get down to that data. (22:00-23:17)

Senator Sinner: Asked about them needing more staff to do this and if they would have to have someone to coordinate the study.

Maggie Anderson: Said that it would be done within the agency using the staff they already have.

Chairman Klein: Closed the hearing.

Senator Miller: Moved a do pass.

Senator Campbell: Seconded the motion.

Roll Call Vote: Yes-7 No-0 Absent-0

Senator Miller will carry the bill.

Date: 3/23/15
Roll Call Vote #: 1

**2015 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. HCR 3049**

Senate Industry, Business and Labor Committee

Subcommittee

Amendment LC# or Description: _____

Recommendation:	<input type="checkbox"/> Adopt Amendment	<input checked="" type="checkbox"/> Do Pass <input type="checkbox"/> Do Not Pass	<input type="checkbox"/> Without Committee Recommendation
	<input type="checkbox"/> As Amended	<input type="checkbox"/> Place on Consent Calendar	<input type="checkbox"/> Rerrefer to Appropriations
Other Actions:	<input type="checkbox"/> Reconsiderer		

Other Actions: Reconsider

Motion Made By Senator Miller Seconded By Senator Campbell

Total (Yes) 7 No 0

Absent 0 _____

Floor Assignment Senator Miller

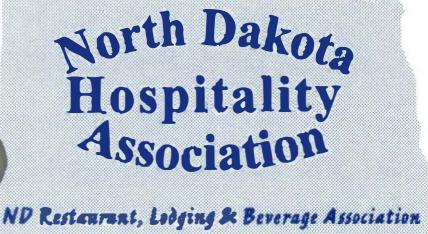
If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HCR 3049: Industry, Business and Labor Committee (Sen. Klein, Chairman)
recommends **DO PASS** (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING).
HCR 3049 was placed on the Fourteenth order on the calendar.

2015 TESTIMONY

HCR 3049



ND's Restaurant, Lodging & Beverage Association



P.O. Box 428 • Bismarck, ND 58502 • Phone: 701-223-3313 • Fax: 701-223-0215
E-mail: NDhospitalityassn@gmail.com • www.ndhospitality.com

Testimony of Rudie Martinson
Executive Director, ND Hospitality Association
In support of HCR 3049
Before the House Industry, Business, and Labor Committee
March 4, 2015

Good afternoon Mr. Chairman and members of the House Industry, Business, and Labor Committee. My name is Rudie Martinson, and I am the Executive Director of the ND Hospitality Association. We are the trade association for North Dakota's restaurant, lodging, and retail beverage industries.

I rise today in support of HCR 3049.

This study was generated out of conversations between several of my members, as well as business operators from several other industries. These operators have part-time employees to whom they would like to offer more hours. In some cases, those employees decline the extra hours due to the negative effect working more would have on their level of benefits received through public assistance programs.

This generated conversations about changes that could be made to these programs in order to alleviate this problem. We involved representatives of several different industries, as well as the ND Department of Human Services. As these discussions proceeded, we realized that we didn't yet have all of the information necessary to propose a workable piece of legislation.

These discussions resulted in the study resolution before you today. Our goal is to study those programs, their funding sources (federal, state, or otherwise), their governing legislation (federal, state, or otherwise) and see if there is an effective path at the state level to creating an incentive within those programs to increase workforce participation.

As you know, workforce shortages are a major obstacle faced by businesses across all industries in North Dakota. We believe that creating an incentive for part-time employees to work more hours is one tool in the toolbox to address those concerns, while alleviating pressure on our state's public assistance programs. This study seeks to find a feasible path forward toward achieving that goal.

I request your favorable consideration of HCR 3049.

Thank you.

3-4-15

Re: HCR 3049

Chairman Keiser and distinguished members of House IBL Committee.

I apologize that I cannot be there in person to testify today, as I am stuck in the office today due to a shortage of employees, which is exactly why I have agreed to participate in supporting this study. I ask you also to support HCR 3049.

As you are aware, there is a large shortage of good quality employees here in our state. This ranges from entry level employees to skilled employees. One of the reasons that employers are having a hard time finding employees is related to HCR 3049. To make this as short as possible, there is a problem that several industries have now identified, and to be quite honest, several potential employees would rather sit at home and collect benefits or unemployment rather than work.

We have been meeting occasionally over the past two years, and have even met twice with Maggie Anderson at DHS to attempt to come up with solutions that would work for our industries, as well as for DHS.

What I believe we have agreed upon and look forward to working together on, would be to create a "Work Benefit Program". What this program would hopefully do would be to create an incentive for employees that are currently collecting benefits, and with some success, would alleviate the need for them to depend on assistance.

The plan that we would like to see put in place would be to simply modify our current system to promote the following.

Any employee that is currently receiving benefits that is offered and GUARANTEED more hours, but refuses to work those hours because they would lose a portion of their benefits, would automatically lose those benefits equal to the amount of the salary that they are refusing from their private sector employer.

If an employer guarantees so said employee x amount of hours, but fails to provide those extra hours of work, the employer would then be responsible to the employee equal to the amount of dollars that the employee is losing through their cuts in benefits.

If an employee agrees to accept the extra hours, the employee could then keep up to 15% of their current benefits that they receive for up to 6 months, thus creating the "Work Benefit Program"

I won't go into any more detail about this at this time, but know that I will follow up this short testimony with one that is more detailed should you want to review that.

Thank you very much for your time.

Mike Motschenbacher
North Dakota Employer
701-471-9014
mike@expresswayhotels.com

North Dakota Hospitality Association

ND's Restaurant, Lodging & Beverage Assn.

ND's Restaurant, Lodging & Beverage Association

P.O. Box 428 • Bismarck, ND 58502 - Phone: 701-223-3313 • Fax: 701-223-0215
e-mail: ndha@btinet.net • www.ndhospitality.com

Testimony of Rudie Martinson

Executive Director, ND Hospitality Association

In support of HCR 3049

Before the Senate Industry, Business, and Labor Committee

March 23, 2015

Good Morning Mr. Chairman and members of the Senate Industry, Business, and Labor Committee. My name is Rudie Martinson, and I am the Executive Director of the ND Hospitality Association. We are the trade association for North Dakota's restaurant, lodging, and retail beverage industries.

I rise today in support of HCR 3049.

This study was generated out of conversations between several of my members, as well as business operators from several other industries. These operators have part-time employees to whom they would like to offer more hours. In some cases, those employees decline the extra hours due to the negative effect working more would have on their level of benefits received through public assistance programs.

This generated conversations about changes that could be made to these programs in order to alleviate this problem. We involved representatives of several different industries, as well as the ND Department of Human Services. As these discussions proceeded, we realized that we didn't yet have all of the information necessary to propose a workable piece of legislation.

These discussions resulted in the study resolution before you today. Our goal is to study those programs, their funding sources (federal, state, or otherwise), their governing legislation (federal, state, or otherwise) and see if there is an effective path at the state level to creating an incentive within those programs to increase workforce participation.

As you know, workforce shortages are a major obstacle faced by businesses across all industries in North Dakota. We believe that creating an incentive for part-time employees to work more hours is one tool in the toolbox to address those concerns, while alleviating pressure on our state's public assistance programs. This study seeks to find a feasible path forward toward achieving that goal.

I request your favorable consideration of HCR 3049.

Thank you.

3-23-15
Re: HCR 3049

Chairman Klein and distinguished members of Senate IBL Committee.

I apologize that I cannot be there in person to testify today, as I am stuck in the office today due to a shortage of employees, which is exactly why I have agreed to participate in supporting this study. I ask you also to support HCR 3049.

As you are aware, there is a large shortage of good quality employees here in our state. This ranges from entry level employees to skilled employees. One of the reasons that employers are having a hard time finding employees is related to HCR 3049. To make this as short as possible, there is a problem that several industries have now identified, and to be quite honest, several potential employees would rather sit at home and collect benefits or unemployment rather than work.

We have been meeting occasionally over the past two years, and have even met twice with Maggie Anderson at DHS to attempt to come up with solutions that would work for our industries, as well as for DHS.

What I believe we have agreed upon and look forward to working together on, would be to create a "Work Benefit Program". What this program would hopefully do would be to create an incentive for employees that are currently collecting benefits, and with some success, would alleviate the need for them to depend on assistance.

The plan that we would like to see put in place would be to simply modify our current system to promote the following.

Any employee that is currently receiving benefits that is offered and GUARANTEED more hours, but refuses to work those hours because they would lose a portion of their benefits, would automatically lose those benefits equal to the amount of the salary that they are refusing from their private sector employer.

If an employer guarantees so said employee x amount of hours, but fails to provide those extra hours of work, the employer would then be responsible to the employee equal to the amount of dollars that the employee is losing through their cuts in benefits.

If an employee agrees to accept the extra hours, the employee could then keep up to 15% of their current benefits that they receive for up to 6 months, thus creating the "Work Benefit Program"

I won't go into any more detail about this at this time, but know that I will follow up this short testimony with one that is more detailed should you want to review that.

Thank you very much for your time.

Mike Motschenbacher
North Dakota Employer
701-471-9014
mike@expresswayhotels.com