

**Job Service North Dakota
Budget 380
House Bill Nos. 1017, 1089, 1443**

	FTE Positions	General Fund	Other Funds	Total
1999-2001 legislative appropriation	390.40	\$1,250,000	\$52,863,408	\$54,113,408
1997-99 legislative appropriation	<u>395.14</u>	<u>1,850,754</u>	<u>50,230,981</u>	<u>52,081,735</u>
1999-2001 appropriation increase (decrease) to 1997-99 appropriation	(4.74)	(\$600,754)	\$2,632,427	\$2,031,673

NOTE: The 1999-2001 appropriation amounts include \$167,544 of other funds for the agency's share of the \$5.4 million funding pool appropriated to the Office of Management and Budget (OMB) for special market equity adjustments for classified employees and \$13,634 of other funds for the agency's share of the \$1.4 million funding pool appropriated to OMB for assisting agencies in providing the \$35 per month minimum salary increases in July 1999 and July 2000.

Item Description

Work Force 2000 allocations - Section 4 of House Bill No. 1017 provides that a minimum of \$100,000 of the Work Force 2000 \$1,250,676 appropriation must be available for projects in areas of the state that are not within five miles of any city with a population of more than 8,000.

Work Force 2000 - Section 5 of House Bill No. 1017 requires the \$1,250,676 Work Force 2000 appropriation be used for training to assist expanding businesses, new businesses creating new jobs, training which requires substantive instruction resulting from the introduction of new technologies or equipment, or training related to significant changes in business operations or production methods.

Asbestos settlement funds - Section 6 of House Bill No. 1017 provides that all asbestos settlement proceeds from the Job Service North Dakota share in a lawsuit against W.R. Grace and Company be deposited in a special asbestos abatement fund and that the deposits into the fund and earnings on the fund be spent only for Job Service North Dakota asbestos abatement projects. The section also provides that Job Service North Dakota report to the Budget Section on the status of its asbestos abatement project.

Status/Result

As of April 24, 2000, Job Service North Dakota has expended or obligated \$223,608 for contracts for rural areas.

As of April 24, 2000, Job Service North Dakota has expended or obligated \$1,242,844 of the \$1,250,676 Work Force 2000 appropriation, leaving an uncommitted balance of \$7,832. The agency has indicated all funds expended or obligated have been used for projects in accordance with the language in Section 5 of House Bill No. 1017. The agency is continuously reviewing projects to determine if there are unused funds available for reallocation.

Job Service North Dakota has received \$1,168,180 in asbestos settlement proceeds, and these proceeds have been deposited in the asbestos abatement fund.

Job Service North Dakota has contracted with Airtech Environmental for architectural and engineering services to determine how the asbestos abatement should be handled and a cost estimate for the project. Job Service North Dakota is expecting the cost estimate for the project to be more than the settlement proceeds received but currently does not have plans for financing the additional costs.

A report will be made to the Budget Section when project activities and timelines are established.

United States Department of Labor waiver - Section 7 of House Bill No. 1017 requires Job Service North Dakota to seek a waiver from the United States Department of Labor for the authority to use excess administrative funding, created through administrative efficiencies, for program costs.

Public transportation provider payments - Section 8 of House Bill No. 1017 provides that Job Service North Dakota reimburse, upon receipt of a detailed billing, public transportation providers for transportation services provided to welfare-to-work recipients. The rate of reimbursement is to be at the same rate the provider charges non-welfare-to-work recipients using the same services. The section also limits the total reimbursement to public transportation providers to not more than \$225,000 per biennium.

Unemployment compensation incentive appropriation - Section 4 of House Bill No. 1089 provides a \$327,000 appropriation from the unemployment compensation incentive fund to Job Service North Dakota for every year in which Job Service achieves an average duration of benefits that is at least one-half week less than the average duration of benefits for the preceding year.

Job Service North Dakota property sale - 1999 House Bill No. 1093 allows for the sale of the local Job Service North Dakota office in Bismarck or the transfer of the title to the property to the United States Department of Labor, which holds a 100 percent equity position in the property.

Unemployment insurance tax law changes - 1999 House Bill No. 1135 creates a new tax rate structure for the unemployment insurance program including establishment of a trust fund reserve solvency target, an arrayed tax rate schedule, and incentives for employers to control their costs and manage risk.

The agency submitted a waiver request to the United States Department of Labor on September 13, 1999. A response was received on October 20, 1999, denying the request.

Job Service North Dakota reimbursed approximately \$3,300 to public transportation providers for transportation services provided to welfare-to-work recipients from July 1999 through March 2000. The agency is estimating the transportation reimbursements for the entire 1999-2001 biennium to be approximately \$10,000.

Job Service North Dakota determined the average duration of benefits on June 30, 1999, was approximately two weeks less than the average duration of benefits on June 30, 1998; therefore, the agency may spend the \$327,000 appropriation from the unemployment compensation incentive fund. A decision has not yet been made as to what the funding will be used for.

A decision has not yet been made regarding the sale or the relocation of the local Job Service North Dakota office in Bismarck. The agency is in the process of studying the options available.

Job Service North Dakota anticipates an increase in the amount of taxes collected due to the change in the tax rate structure, which became effective at the beginning of calendar year 2000.

Job Service North Dakota also anticipates the unemployment insurance trust fund, which began the 1999-2001 biennium with a balance of \$21.8 million, to increase by \$1 million to \$22.8 million by July 1, 2000.