

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2271

2001 SENATE INDUSTRY, BUSINESS AND LABOR

SB 2271

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2271

Senate Industry, Business and Labor Committee

Conference Committee

Hearing Date January 31, 2001.

Tape Number	Side A	Side B	Meter #
1	x		25.6 to end
1		x	0 to 16.6
3		x	18.5 to 23.2
(Feb 13/01) 3	x		37.8 to 41.7
(Feb. 14/01) 1	x		41.0 to end
1		x	0 to 12.9
1		x	24.0 to 40.9
Committee Clerk Signature <i>Norio & Pritz</i>			

Minutes:

The meeting was called to order. All committee members present. Hearing was opened on SB 2271 relating to the creation of a regional work force training investment program; and to provide a continuing appropriation.

SENATOR JUDY LEE, District 13, introduced the bill.

JOHN KRAMER, Pres. Fargo-Cass County Economic Dev. Co., in favor. Provided committee members with 4 reports: 1. Primary sector employer survey of anticipated hirings for the next 5 years. 2. NDSU letter of economic impact. 3. Population and Labor Pool Shifts 4. Changes in the Economic Base(Cass County). If companies do not find employees, they will move. Employers need tools to enable them to recruit people. Concept of tapping into the chronically unemployed and training the underemployed. Training must be quick to and able to react immediately to

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private sector needs. We ask for increase in unemployment insurance to provide training for the un and underemployed. Employers affected would be those with more than 25 employees. We would with JS do studies, find needs, develop with employer basics needs to fill jobs, contract with providers for the training. Most training would take between three and four months.

SENATOR MUTCH: Where do you fit in all the JS training program?

J KRAMER: We would fill entry level positions specifically developed by companies for companies.

SENATOR EVERY: Funding administered by Job Service instead of Voc Ed, money goes to the treasurer's office, then to JS who develops curriculum and contracts out? Funds administered by JS?

WAYNE KINDEM, JSND, neutral, to explain fiscal note. Fee is assessed against employers who have over 25 employees. Fees collected would be used by JS for fee collection, balance would be allocated to the workforce training boards in the four regions, dependent on the amount of contributions made. Boards would decide on training needs for each region.

EDDIE DUNN, Vice Chancellor for Strategic Planning for the University System. In agreement with central issue : the need to increase focus on workforce training as a means of addressing the labor shortage in ND. This bill will duplicate legislation enacted in 1999, written testimony attached. Distributed letter from **PAUL BREWINSKI**, in opposition to this bill.

DONNA THIGPEN, Pres Bismarck State College, in opposition, this bill will duplicate the existing workforce training system. Written testimony attached.

PAUL WOHNOUTKA, Eide Bailly, CPA, in opposition because of the calculation for the new proposed tax. Written testimony attached.

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BOB LAMP, ND Automobile Dealers Assn., in opposition, this will duplicate existing programs and add to the load of the employers who have to pay the fees.

Did not testify but submitted written statements: ARNOLD THOMAS, NE Healthcare Assn, against.

Hearing closed.

Committee reconvened. Tape 3-B- 18.5 to 23.2 All members present. Discussion held.

SENATOR D. MATHERN: We are looking at 3 months of training vs. years of higher education. This would benefit the 6500 underemployed that need technical skills.

SENATOR KREBSBACH: Issue of how do you keep the regions straight, how do you funnel the money equitably.

Hold for further study.

February 13/01. Tape 3-A-37.8 to 41.7.

Committee reconvened. All members present. Discussion held. Waiting for forthcoming amendment.

February 14/01. Tapes 1-A-41.0 to end; 1-B-0 to 12.9

Committee reconvened. All members present. Discussion held of proposed amendment.

SENATOR KLEIN: Amendments limits counties affected to those listed. There is a lot of opposition from the small and junior colleges.

SENATOR ESPEGARD: We are asked to put a tax on all employers to train employees for one company?

R KRAMER: Its a problem for all, if prime sector doesn't grow other sectors will decline.

SENATOR KLEIN: The way it is written now I cannot support it.

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2-13-01

Tape 1-B- 24 to 40.9 Committee reconvened. All members except SENATOR KREBSBACH, present. Discussion held on figures prepared by Wayne Kindem for the proposed amendment. Change assessment from taxable wage basis to employee number basis, identified number of employers with more than 25 employees in the 15 counties in the southeast quadrant of the state.

This is higher than the original fiscal note. JS will also administer contracts for training grants.

SENATOR ESPEGARD: Are people from the rural areas going to live in training centers; who will pay for that?

J KRAMER: Training can be provided in their own town.

SENATOR ESPEGARD: Motion to not adopt amendments. SENATOR TOLLEFSON: Second.

Roll call vote: 5 yes; 1 no; 1 absent not voting. Motion carried.

SENATOR TOLLEFSON: Motion: do not pass. SENATOR KLEIN: Second.

Roll call vote: 5 yes; 1 no; 1 absent not voting. Motion carried. Floor assignment: SENATOR MUTCH.

FISCAL NOTE

Requested by Legislative Council
01/22/2001

Bill/Resolution No.: SB 2271

Amendment to:

1A. State fiscal effect: *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$5,850,000	\$0	\$6,512,000
Expenditures	\$0	\$0	\$0	\$5,796,691	\$0	\$6,510,210
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

1B. County, city, and school district fiscal effect: *Identify the fiscal effect on the appropriate political subdivision.*

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$136,400	\$136,400	\$0	\$151,800	\$151,800	\$0

2. Narrative: *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

Job Service will need to establish and operate a fee collection system for the workforce training assessment.

It is important to note that Job Service does not have a source of funds to establish the fee collection system and initiate the first assessment. For purposes of development of this Fiscal Note, the assumption is made that the bill will be amended to provide Job Service with borrowing authority to finance the start-up.

3. State fiscal effect detail: *For information shown under state fiscal effect in 1A, please:*

A. Revenues: *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

Revenue comes from the workforce training assessment fee of one-tenth of one percent of taxable wages paid during each calendar year by employers (assumed to be defined as set forth in Chapter 52-04), excluding employers with twenty-five or fewer employees, and private and public elementary and secondary schools.

The first assessment would be made on May 1, 2002 for calendar year 2001 "taxable wages" and annually thereafter each May 1st.

The estimated revenue for the 01-03 biennium would be \$5,850,000. The estimated amount of revenue is from the following categories of employers: private sector and nonprofits \$5,041,300, state government \$535,900, and local government \$272,800. Local government is Counties and Cities combined. We are not

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able to provide a breakout between Counties and Cities, but have shown an equal split of the combined amount for each in Section 1B.

The estimated revenue for the 03-05 biennium would be \$6,512,000. The estimated amount of revenue is from the following categories of employers: private sector and nonprofits \$5,611,800, state government \$596,600, and local government \$303,600. Local government is Counties and Cities combined. We are not able to provide a breakout between Counties and Cities, but have shown an equal split of the combined amount for each in Section 1B.

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

Expenditures for the 2001-2003 biennium include \$198,176 for Job Service administrative costs and \$5,598,515 in allocations to the four regional workforce training investment boards. The Job Service expenditures include: \$89,784 in salaries and benefits for 1.5 permanent FTE, \$61,092 for operating expenses, and \$47,300 for equipment.

Expenditures for the 2003-2005 biennium include \$131,287 for Job Service administrative costs, and \$6,378,923 in allocations to the four regional workforce training investment boards. The Job Service expenditures include: \$95,252 in salaries and benefits for 1.5 permanent FTE, and \$36,035 for operating expenses.

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

This bill provides a continuing appropriation for the expenditures.

Name:	Wayne Kindem	Agency:	Job Service North Dakota
Phone Number:	328-3033	Date Prepared:	01/26/2001

February 14, 2001

PROPOSED AMENDMENTS TO SENATE BILL NO. 2271

Page 1, line 2, remove "regional", after "investment" insert "pilot", and remove "and"

Page 1, line 3, after "appropriation" insert "; and to provide an expiration date"

Page 1, replace lines 7 through 24 with:

"Workforce training investment pilot program - Investment fee - Legislative council report - Loan authority - Continuing appropriation.

1. Except for employers with fewer than twenty-six employees and public and private elementary and secondary schools, job service North Dakota shall assess each employer in the counties that comprise job service North Dakota customer service area III a workforce training investment fee in the amount of seven dollars and twenty-five cents per employee. The number of employees for each calendar year is the average number of employees reported by the employer each quarter for each employing unit to job service North Dakota under section 52-01-02. The workforce training investment fee is assessed on an annual basis. The counties that comprise job service North Dakota customer service area III are Barnes, Cass, Dickey, Foster, Griggs, LaMoure, Logan, McIntosh, Ransom, Richland, Sargent, Steele, Stutsman, Traill, and Wells. The workforce training investment fee is a fee separate from contributions made under chapter 52-04 and may not be deposited in the unemployment compensation fund. However, any unpaid workforce training investment fees are subject to the interest and penalty provisions set forth in section 52-04-11. The workforce training investment fee payments may not be included in computing unemployment compensation rates assigned to employers and may not be deducted by an employer from the wages of the employer's employees.
2. Job service North Dakota shall deposit funds collected under this section in a workforce training investment fund. All moneys accruing to this fund in any manner, including interest earnings, must be maintained in a separate interest-bearing account at the Bank of North Dakota. Administrative costs incurred by job service North Dakota in collecting the workforce training investment fee, implementing this section, and establishing and maintaining the workforce training investment account must be paid from the workforce training investment fund.
3. All money in the workforce training investment fund, including interest earnings, is appropriated on a continuing basis to job service North Dakota for carrying out the purposes of this section. The Bank of North Dakota shall provide a loan in an amount not exceeding two hundred thousand dollars to job service North Dakota to provide initial funds for deposit in the workforce training investment fund for use to finance the administrative costs incurred by job service North Dakota in collecting the workforce training investment fee during the period beginning July 1, 2001, and ending June 30, 2002. Job service North Dakota shall repay the loan by September 30, 2002, from the fees collected under this section.

