

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1160

2005 HOUSE EDUCATION

HB 1160

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. **HB 1160**

House Education Committee

☐ Conference Committee

Hearing Date **10 Jan 05**

Tape Number

1

Side A

Side B

Meter #

0 - 1078

Committee Clerk Signature



Minutes: All House Education Committee members were present except Chairman Kelsch.

In the absence of Chairman Kelsch, Representative Johnson chaired the committee. Rep. Herbel acted as vice chairman.

**John Graham** representing the unemployment insurance program ND Job Service testified in support of the HB 1160. **(Testimony Attached.)** The bill is intended to provide protection for the unemployment insurance trust fund.

**Rep. Haas:** Have there been instances with reorganization in the past where there's been some problems?

**Mr. Graham:** There have situations where school districts have not had adequate funding to reimburse their claims paid. A more likely scenario is that the one-year period has run out and the question arises how is that going to be handled. The problem is school districts do not pay unemployment insurance taxes and in those situations where the trust fund would not be reimbursed, all the employers of the state would have to eat that claim payment. This bill looks

to the future when there may be more reorganizations and we want to make sure the situation is covered.

**Rep. Horter:** Would you clarify the purpose of contacting job service?

**Mr. Graham:** To allow us to provide an estimate of potential benefits so that the school district may know what it's potential liability may be. Second, so that we can be alert to what has happened so we can estimate funds needed.

**Rep. Haas:** If District B is dissolved and is absorbed into District A. If none of the employees in Dist B get a job in Dist A, are all those employees eligible for unemployment compensation.

**Graham:** Generally speaking, given no other disqualifying circumstances, yes.

**Rep. Herbel:** For what period of time are they eligible for compensation?

**Graham:** Base period is for 12-mo forward. If an employee gets a job the day after being eligible then 6 mo later gets laid off, the original base period starts over. This could continue for a 30-month period.

**Rep. Mueller:** Does this apply to all staff including janitors and other support staff?

**Graham:** Yes.

There was no opposing testimony.

Vice Chairman Johnson closed the hearing on HB ~~1078~~.

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. **HB 1160**

House Education Committee

☐ Conference Committee

Hearing Date **11 January 05**

Tape Number	Side A	Side B	Meter #
2	X		780 - 1000

Committee Clerk Signature



Minutes:

**Chairman Kelsch** opened the hearing on **HB 1160**. This is the bill relating to unemployment insurance.

**Rep. Hawken:** I would like to move that we give **HB 1160** a **do pass**.

**Rep. Haas:** Second

**Chairman Kelsch** called for discussion there was none and the question was called. Roll call

vote: **Yes:** 14 **No:** 0 **Absent and not voting:** 0

The motion **passed**. **Rep. Horter** will carry the bill.

**Hearing on HB 1160** was closed.

Date: 11 Jan 05  
Roll Call Vote #: 1

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. HB 1160

House Education Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken *do pass*

Motion Made By *Rep. Hawken* Seconded By *Rep. Hanson*

Representatives	Yes	No	Representatives	Yes	No
Chairman Kelsch	X		Rep. Hanson	X	
Vice Chairman Johnson	X		Rep. Hunskor	X	
Rep. Haas	X		Rep. Mueller	X	
Rep. Kawken	X		Rep. Solberg	X	
Rep. Herbel	X				
Rep. Horter	X				
Rep. Meier	X				
Rep. Norland	X				
Rep. Sitte	X				
Rep. Wall	X				

Total (Yes) 14 No 0

Absent 0

Floor Assignment *Rep. Horter*

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

**REPORT OF STANDING COMMITTEE (410)**  
January 11, 2005 12:32 p.m.

**Module No: HR-06-0267**  
**Carrier: Horter**  
**Insert LC: . Title: .**

**REPORT OF STANDING COMMITTEE**

**HB 1160: Education Committee (Rep. R. Kelsch, Chairman) recommends DO PASS**  
**(14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1160 was placed on the**  
**Eleventh order on the calendar.**

2005 SENATE EDUCATION

HB 1160



2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1160

Senate Education Committee

☐ Conference Committee

Hearing Date February 15, 2005

Tape Number	Side A	Side B	Meter #
1	X		1-1377

Committee Clerk Signature

*Patty Wilkins*

Minutes:

**Chairman Freborg called the meeting to order on HB 1160, relating to notification of job service North Dakota, the distribution of a fund of the dissolved school district, and the credit to taxpayers of the dissolved school district. All Senators were present.**

**Beth Zander, representing the Unemployment Insurance program of Job Service North Dakota appeared in support of the bill. See written testimony.**

**Senator Seymour-** When did it become evident that you needed this bill?

**Beth-** As more school districts began to dissolve and re-organize, it became evident that this bill was necessary.

**Senator Lee-** In paragraph 5, on the last page you make reference to deposited amount equal to Job Service's estimate of the potential liability. How do you determine that?

**Beth-** We have developed two tools in the planning stages to estimate the amount that would be paid in. One is based on average wages that the employer has paid in. The other consists of the list of employees, and calculating the list of maximum pay-out.

**Senator Lee-** So, the amount that you put in would be based on all of the employees, in what they potentially could draw?

**Beth-** The money would go into reimbursement accounts, not the Job Service trust fund.

**Tom Decker,** who has worked with Job Service and the School Board Association appeared in support of the bill.

**There was no opposition to the bill. Chairman Freborg closed the hearing on HB 1160.**

**Senator Erbele moved for a Do Pass recommendation on the bill, seconded by Senator Taylor.**

**Discussion on the bill followed:**

**Beth Zander appeared for further questions.**

**Senator Lee-** The cap is currently \$10,000 if the bill passes you would need to look at the employees and base the amount on the employees potentially drawing from that account? How large would that account be?

**Beth-** I would like to defer that question to Bob Olsen.

**Senator Taylor-** Is this a change that the receiving school district would become liable for making reimbursement?

**Beth-** Yes.

**Bob Olsen of Job Service appeared before the committee.**

**Senator Lee-**How large would the account be in some of the districts?

**Bob-** The maximum amount is \$8,000 per individual for un-employment. For example, if there were 10 employees in a dissolving school district, the funds could be around \$80,000. I would expect most of the dissolving school districts to be rather small, and most teachers would not qualify for the maximum amount, based on their wages.

**Chairman Freborg-** The amount that the bill would require they deposit, is not part of the \$10,000?

**Bob-** The \$10,000 is part of the current law and is deposited for any kind of bills that might arise for the dissolving school district.

**Chairman Freborg-** The amount of money that Lee is talking about would be deposited by Job Service or the School Board Association?

**Bob-** It would be deposited by the School Board Association or the County Auditor.

**Senator Flakoll-** I believe our ending fund balance is currently at \$155 million dollars statewide.

**There was no further discussion. HB 1160 passed unanimously, 6-0-0. Senator Erbele will be the carrier for the bill.**

**The meeting was closed by Chairman Freborg.**

Date: 2/15/05  
Roll Call Vote #: 1

**2005 SENATE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO. #B 1160**

Senate SENATE EDUCATION

Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken *Do Pass HB 1160*

Motion Made By *Sen Erbele* Seconded By *Sen Taylor*

**Senators**  
CH- SENATOR FREBORG  
V-CH- SENATOR G. LEE  
SENATOR ERBELE  
SENATOR FLAKOLL

**Yes** **No**  
✓  
✓  
✓  
✓

**Senators**  
SENATOR SEYMOUR  
SENATOR TAYLOR

**Yes** **No**  
✓  
✓

Total (Yes)

*6*

No

*0*

Absent

*0*

Floor Assignment

*Sen. Erbele.*

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

**REPORT OF STANDING COMMITTEE (410)**  
**February 15, 2005 1:05 p.m.**

**Module No: SR-30-2970**  
**Carrier: Erbele**  
**Insert LC: . Title: .**

**REPORT OF STANDING COMMITTEE**

**HB 1160: Education Committee (Sen. Freborg, Chairman) recommends DO PASS**  
**(6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1160 was placed on the**  
**Fourteenth order on the calendar.**

2005 TESTIMONY

HB 1160

HB 1160  
10 Jan 05

House Bill No. 1160

Testimony of John Graham  
for Job Service North Dakota

Before the House Education Committee  
Rep. RaeAnn Kelsch, Chairperson

Monday, January 10, 2005

Rep. Kelsch, members of the House Education Committee, I am John Graham, and I am representing the Unemployment Insurance program of Job Service North Dakota. I am appearing in support of House Bill No. 1160. Job Service collaborated with the Department of Public Instruction and the North Dakota School Boards Association in the drafting of this Bill.

This Bill is intended to provide protection for the Unemployment Insurance Trust Fund in situations where school districts cease operation as a result of dissolution or reorganization. Under current law, a dissolving school district's unobligated cash balance, not in excess of \$10,000, is to be held by the County Auditor for one year to allow for payment of after arising debts of the dissolved school district.

There are three problems with the current state of the law: First, the one-year time frame doesn't recognize that Unemployment Insurance (UI) claims for which a school district could be liable could arise up to 17 months after the school district ceased operating, and benefits could be paid on those claims up to 30 months thereafter; second, the ten thousand dollar limit does not recognize the potential liability that a dissolving school district with a number of former employees could have; and third, there is no provision for a set aside for after arising claims against schools that cease operation due to

reorganization.

Because school districts are generally "reimbursing" employers for UI purposes, those districts have not paid taxes into the UI Trust Fund. Instead, as a reimbursing employer, a school district which has a valid UI claim charged to it due to the unemployment of one of its former employees, reimburses the UI Trust Fund for the full amount of the benefits paid to that employee. If the school district were not to make that reimbursement, the burden would fall on all of the UI taxpaying employers in the State.

This Bill does several things to correct the current situation:

1. It requires both the State Board of Public School Education to notify Job Service of school district reorganizations. (Page 1, lines 22-24; Page 2, lines 1-2.) And also of dissolutions. (Page 3, lines 15-19.)
2. It requires both reorganizing and dissolving school district to contact Job Service to get an estimate of the potential UI liability. (Page 2, line 27 through Page 3, line 2. and Page 3, lines 8-19.)
3. It requires a County Superintendent to notify Job Service of the results of a reorganization election, and, if successful, of the effective date. (Page 2, lines 21-24.)
4. It requires a reorganized school district to reimburse Job Service for any benefits paid to former employees of the "school districts which reorganized."
5. It creates a new section of law which requires a dissolving school district to deposit an amount equal to Job Service's estimate of the potential liability into a "reimbursement account" which can be kept by the county auditor or the North Dakota School Boards Association. That money is to be held for 30 months, and, if any funds remain after that period, is thereafter to be distributed to the school district(s) which received the dissolved district's real property. If the funds deposited are not sufficient to reimburse Job Service, the receiving school district(s) become liable for making the necessary remaining reimbursement.

Rep. Kelsch, I would be happy to attempt to answer the Committee's questions.



House Bill No. 1160

Testimony of Beth Zander  
for Job Service North Dakota

Before the Senate Education Committee  
Sen. Layton Freborg, Chairperson

Tuesday, February 15, 2005

Senator Freborg, members of the Senate Education Committee, I am Beth Zander, and I am representing the Unemployment Insurance program of Job Service North Dakota. I am appearing in support of House Bill No. 1160. Job Service collaborated with the Department of Public Instruction and the North Dakota School Boards Association in the drafting of this Bill.

This Bill is intended to provide protection for the Unemployment Insurance Trust Fund in situations where school districts cease operation as a result of dissolution or reorganization. Under current law, a dissolving school district's unobligated cash balance, not in excess of \$10,000, is to be held by the County Auditor for one year to allow for payment of after arising debts of the dissolved school district.

There are three problems with the current state of the law. First, the one-year time frame doesn't recognize that Unemployment Insurance (UI) claims for which a school district could be liable could arise up to 17 months after the school district ceased operating, and benefits could be paid on those claims up to 30 months thereafter. Second,

the ten thousand dollar limit does not recognize the potential liability that a dissolving school district with a number of former employees could have. And third, there is no provision for a set aside for after arising claims against schools that cease operation due to reorganization.

Because school districts are generally "reimbursing" employers for UI purposes, those districts have not paid taxes into the UI Trust Fund. Instead, as a reimbursing employer, a school district which has a valid UI claim charged to it due to the unemployment of one of its former employees, reimburses the UI Trust Fund for the full amount of the benefits paid to that employee. If the school district were not to make that reimbursement, the burden would fall on all of the UI taxing employers in the State.

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2. It requires both reorganizing and dissolving school district to contact Job Service to get an estimate of the potential UI liability. (Page 2, line 27 through Page 3, line 2. and Page 3, lines 8-19.)

3. It requires a County Superintendent to notify Job Service of the results of a reorganization election, and, if successful, of the effective date. (Page 2, lines 21-24.)
4. It requires a reorganized school district to reimburse Job Service for any benefits paid to former employees of the school districts that reorganized.
5. It creates a new section of law that requires a dissolving school district to deposit an amount equal to Job Service's estimate of the potential liability into a "reimbursement account" which can be kept by the county auditor or the North Dakota School Boards Association. That money is to be held for 30 months, and, any funds remaining after that period are thereafter to be distributed to the school district(s) that received the dissolved district's real property. If the funds deposited are not sufficient to reimburse Job Service, the receiving school district(s) become liable for making the necessary remaining reimbursement.

Senator Freborg, I would be happy to attempt to answer the Committee's questions.