

**Job Service North Dakota
Budget No. 380
Senate Bill No. 2016**

	FTE Positions	General Fund	Other Funds	Total
2021-23 legislative appropriation	156.61	\$410,229	\$64,995,263	\$65,405,492
2019-21 legislative appropriation	<u>172.61</u>	<u>430,624</u>	<u>436,208,877</u>	<u>436,639,501</u>
2021-23 appropriation increase (decrease) to 2019-21 appropriation	(16.00)	(\$20,395)	(\$371,213,614)	(\$371,234,009)

Item Description

FTE position changes - The Legislative Assembly approved 156.61 FTE positions for Job Service North Dakota for the 2021-23 biennium, a decrease of 16 FTE positions from the 2019-21 biennium level of 172.61 FTE positions. The Legislative Assembly transferred 16 FTE information technology positions to the Information Technology Department for the information technology unification initiative, of which 5 FTE positions were unfunded in previous bienniums.

Unemployment insurance modernization project - In Senate Bill No. 2016, the Legislative Assembly appropriated \$10,945,126 of federal Reed Act distributions received in federal fiscal years 1957, 1958, 1999, and 2002 for developing a modernized unemployment insurance system for the 2021-23 biennium.

Unemployment insurance trust fund balance - North Dakota Century Code Section 52-02-17 requires Job Service North Dakota to report to the Legislative Council before March 1 of each year on the actual trust fund balance and the projected trust fund balance for the next 3 years.

Status/Result

All 16 FTE positions have been transferred to the Information Technology Department.

Job Service North Dakota reported the COVID-19 pandemic delayed unemployment insurance system modernization projects; however, improvements made include replacing Unisys mainframe hardware with modern hardware and hosting the unemployment insurance program in a government cloud environment rather than on premises at Job Service North Dakota.

Job Service North Dakota indicated efforts to modernize the unemployment insurance system in the future will be focused on incremental improvements rather than a large, multi-biennium project, which is expected to be a more cost-effective long-term approach.

Job Service North Dakota anticipates rewriting two components of the unemployment insurance system during the 2021-23 and 2023-25 bienniums. The components relate to the interstate process each state uses to transfer claim, wage, and employment information to operate unemployment insurance programs and other electronic document management system adjudication, tracking, mailing, and interfacing functions. Job Service North Dakota anticipates spending approximately \$900,000 from federal funds remaining from the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act and approximately \$400,000 from federal Reed Act funds through federal fiscal year 2023.

As of December 31, 2021, the balance of the unemployment trust fund was \$252 million, \$6 million more than the target balance of \$246 million, and the modified average high-cost multiplier was 1.02, 0.02 above the projected target of 1.0.

Federal COVID-19 funding - 2019-21 biennium - In House Bill No. 1395 (2021), the Legislative Assembly appropriated one-time funding of \$370,953,307 from the federal Coronavirus Relief Fund to Job Service North Dakota for the 2019-21 biennium for state unemployment insurance claims and to minimize the impact to employer tax rates (\$355,600,000), reimbursable group premiums related to COVID-19 unemployment costs (\$10,953,307), temporary staff and overtime costs (\$2,200,000), contractual services for mainframe application management (\$500,000), and other COVID-19-related costs, primarily for information technology programming costs for new federal unemployment insurance benefits programs (\$1,700,000). This funding was transferred to the unemployment insurance trust fund.

The Legislative Assembly authorized the funding to be continued into the 2021-23 biennium.

Other federal COVID-19 funding - During the 2019-21 and 2021-23 bienniums, Job Service North Dakota received and spent federal funding for various programs as a result of the COVID-19 pandemic from the unemployment insurance trust fund pursuant to continuing appropriation authority provided in Section 52-03-04.

Job Service North Dakota spent the entire appropriation from the Coronavirus Relief Fund during the 2019-21 biennium. Actual spending from Coronavirus Relief Fund appropriations in House Bill No. 1395 is as follows:

Program	Coronavirus Relief Fund House Bill No. 1395 Actual Spending
State unemployment insurance claims	\$355,653,643
Reimbursable group premiums	10,953,307
Temporary staff and overtime costs, contractual services, and other COVID-19 costs	4,346,357
Total	\$370,953,307

Through March 2022, Job Service North Dakota received and spent \$815,751,369 for these programs, of which \$810,219,855 was spent in the 2019-21 biennium and \$5,531,514 was spent in the 2021-23 biennium, as follows:

Program	Federal COVID-19 Funds Actual Spending
Federal pandemic unemployment compensation ¹	\$541,335,520
Pandemic emergency unemployment compensation ²	146,800,691
Pandemic unemployment assistance ³	75,326,673
Lost wages assistance ⁴	34,907,946
Reimbursable group premiums ⁵	13,370,088
Other federal programs ⁶	4,010,451
Total	\$815,751,369

¹The federal pandemic unemployment compensation program provided funding to pay for the cost of the federally authorized additional \$600 weekly unemployment insurance benefit for qualifying individuals from March 2020 through July 2020 and an additional \$300 weekly unemployment insurance benefit from December 2020 through September 2021. North Dakota opted out of the program in June 2021.

²The pandemic emergency unemployment compensation program provided funding to allow individuals to receive federal and state unemployment insurance benefit payments for an additional 13 weeks from March 2020 through September 2021. North Dakota opted out of the program in June 2021.

³The pandemic unemployment assistance program provided funding for self-employed individuals or other individuals that do not qualify for regular unemployment insurance. This program went into effect retroactively beginning in January 2020 and ending in September 2021. North Dakota opted out of the program in June 2021.

⁴The lost wages assistance program was established by executive order to supplement the federal pandemic unemployment compensation program to provide a \$300 weekly unemployment insurance benefit to eligible individuals in August 2020 and September 2020.

⁵Funding for reimbursable group premiums was used to reimburse employers for unemployment benefits incurred from March 2020 through December 2020 as a result of the COVID-19 pandemic. This funding is in addition to the funding appropriated from the Coronavirus Relief Fund in House Bill No. 1395, resulting in a total of \$24,323,395 spent on reimbursable group premiums.

⁶Other federal programs include the mixed earners unemployment compensation program, extended benefits program, first week program, emergency unemployment insurance stabilization and access program, and national dislocated workers program.

Through April 2022, Job Service North Dakota has not received and spent any additional federal funding under this section.

Federal funds appropriation - Section 3 of Senate Bill No. 2016 provides all federal funds received by Job Service North Dakota in excess of those funds appropriated in Section 1 are appropriated for the 2021-23 biennium.