

NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

WORKFORCE COMMITTEE JOINT MEETING WITH HIGHER EDUCATION COMMITTEE AND EDUCATION COMMITTEE

Tuesday, June 24, 2008
Heritage Center Auditorium
Bismarck, North Dakota

Senator Tony Grindberg, Chairman, Workforce Committee, called the joint meeting to order at 9:05 a.m.

Workforce Committee members present:

Senators Tony Grindberg, Dave Nething, Tom Seymour; Representatives Donald L. Clark, Stacey Dahl, Glen Froseth, Eliot Glassheim, Nancy Johnson, George J. Keiser, Lisa Meier, Lee Myxter, Dan J. Ruby, Clark Williams

Workforce Committee members absent:

Senator Ray Holmberg; Representatives Mary Ekstrom, Pam Gulleson, Steve Zaiser

Higher Education Committee members present:

Representatives Ken Svedjan, Lois Delmore, Kathy Hawken, RaeAnn G. Kelsch, Matthew M. Klein, Jasper Schneider, Bob Skarphol, John D. Wall, Clark Williams; Senators Karen K. Krebsbach, Elroy N. Lindaas, Dave Nething, Dave Oehlke, Tracy Potter, Larry J. Robinson

Higher Education Committee members absent:

Representative Bob Martinson; Senator Ray Holmberg

Education Committee members present:

Representatives RaeAnn G. Kelsch, C. B. Haas, Lyle Hanson, Gil Herbel, Karen Karls, Lisa Meier, David Monson, Phillip Mueller, Gary Sukut, Francis J. Wald, John D. Wall; Senators Tim Flakoll, Layton W. Freborg, Gary A. Lee, Carolyn Nelson

Education Committee members absent:

Representative Bob Hunskor; Senator John M. Andrist

Others present: See [Appendix A](#)

INTRODUCTION

Chairman Grindberg welcomed participants to the joint meeting. He said for purposes of today's meeting, he will assist in moving the committees through the agenda; however, the meeting is the result of the collaborative effort between the chairmen of the Education Committee, Higher Education Committee, and Workforce Committee.

Senator Grindberg said the issues relating to workforce cut across the committee charges for all three committees. He said today's meeting would not be possible without the cooperation of Mr. Thomas P. Miller and Mr. Roy Vanderford of Thomas P. Miller and Associates. He said Mr. Miller and Mr. Vanderford are consultants for the Workforce Committee. He said Dr. David A. Longanecker, President, Western Interstate Commission for Higher

Education, generously has agreed to serve as moderator for this afternoon's panel discussions.

Senator Grindberg said that North Dakota is fortunate to be experiencing strong economic growth. He said the Milken Institute's recently released *2008 State Technology and Science Index* indicates North Dakota has moved up 14 positions to 31st in the ranking of states based on the ability to succeed in the technology-led information age.

WORKFORCE PRESENTATIONS

Senator Grindberg said that in May 2008, he, along with Mr. Shane C. Goettle, Commissioner of Commerce, attended the 2008 National Summit on American Competitiveness. He said this conference in Chicago conveyed a compelling message through participation by global leaders and pragmatic solutions.

Chairman Grindberg said the first item on the agenda is a portion of panel Discussion 1 from the 2008 National Summit on American Competitiveness. The entire summit is available online, including the remaining 35 minutes of panel Discussion 1, at www.americancompetitiveness.com. The committee participants viewed the first 45 minutes of the 80-minute panel discussion.

Following the video presentation, Chairman Grindberg introduced Mr. Miller and Mr. Vanderford to present an executive summary of the Workforce Committee's workforce system study final report ([Appendix B](#)). Mr. Miller and Mr. Vanderford made a computer presentation ([Appendix C](#)). Mr. Miller recognized the valuable efforts of the Legislative Assembly and executive branch working together to address the state's workforce needs. He also recognized the significance of holding today's joint meeting. He said this is the first time he has participated in or has been aware of a joint meeting of this magnitude dealing with workforce, education, and higher education.

In the computer presentation, Mr. Miller and Mr. Vanderford reviewed:

- The state's achievements relating to workforce;
- The state's challenges relating to workforce;
- The background of and procedure followed in conducting the Workforce Committee's workforce study;

- The five themes that arose through the course of the workforce study focus groups and Workforce Congress:
 - Retain talent;
 - Attract talent;
 - Incentivize employer productivity, innovation, and entrepreneurship;
 - Connect education and employers; and
 - Promote higher education;
- The policy decisions of investment, innovation, and impact, which should be considered as part of the policy evaluation; and
- Examples of initiatives that could be enacted to address the five identified priority areas.

Following the computer presentation, Mr. Vanderford proposed the following question to the members of the three committees: "What outcome are you seeking and how do we know if we are moving the needle in the correct direction?" Comments from the Workforce Committee included:

- Statistics regarding whether North Dakota college graduates are staying in the state following graduation;
- Statistics regarding whether college graduates are being employed in their field of education;
- Information regarding whether the state has a qualified workforce to fill job openings;
- An increase in per capita income; and
- Targeted indicators on jobs that are most in need of workforce.

Responses from the Higher Education Committee included:

- An agreed-upon assessment tool to show whether students are prepared to enter college and, then, whether those graduates are prepared to enter the workforce;
- Improve communication between higher education and kindergarten through grade 12 to address better curriculum alignment;
- Statistics regarding college completion time;
- Eliminate useless college degrees;
- Increase college retention rates and completion of degrees;
- Whether the state is addressing under-employment and the underskilled workforce;
- Increase communication around the state;
- Strengthen technical education and two-year degrees; and
- Strengthen career guidance programs with the intent of ensuring the first years of college are not wasted and ensuring the education system does not stop training creative people.

Responses from the Education Committee included early identification of student skills and talents to assist in focusing students in higher education and beyond. The effectiveness of this skill identification could be measured by tracking data on whether students end up where they want to be and whether they are prepared when they get there. Additionally, this could be achieved in part by giving every student in kindergarten through grade 12 an individual education plan.

The three committee chairmen each provided a brief overview of their committee's workforce-related activities. Chairman Kelsch said the Education Committee is focusing on curricular issues. In particular, she said, the committee is looking at the appropriateness and adequacy of the state's high school curriculum, with a focus on preparing students for higher education and for the workplace.

Representative Kelsch said to this point in the interim, the Education Committee has examined the three-tiered high school diploma system implemented in South Dakota and the Indiana Core 40. She said like the South Dakota model, under Indiana Core 40, Indiana has three high school diplomas--a basic diploma, a technical diploma, and an academic honors diploma.

Representative Kelsch said issues relating to high school graduation and readiness for higher education and the workforce often involve nontraditional students. Therefore, she said, the committee is examining alternative forms of education, such as adult learning centers. She said anticipated reductions in federal funding would significantly challenge some of these adult learning centers as they try to assist students with upgrading basic academic skills or pursuing general education diplomas.

Representative Kelsch said the Education Committee recognized early in the interim that it cannot limit its study to curriculum alone. She said the committee also is giving consideration to the quality and availability of teachers and to the educational delivery system. She said the reality is that North Dakota student numbers will continue to decline. She said this decline in students increases the existing challenges of delivering a quality education to students, regardless of where in the state they call home. For this reason, she said, the committee is looking at the regional education association structure and changes that could be made to allow the regional education associations to assume a greater role in the delivery of services that are critical to education.

Representative Kelsch said, additionally, the Education Committee has been receiving updates regarding the efforts of the Governor's Commission on Education Improvement. She said the Governor's commission hired a consultant to make recommendations regarding what constitutes educational adequacy in North Dakota. She said this determination is contingent upon the goal of doubling student performance, as measured by the National Assessment of Educational Progress (NAEP). Finally, she said, the commission also is considering the need for career advisors, as well as what qualifications are necessary for such advisors to provide effective and efficient career counseling to North Dakota students.

Chairman Svedjan provided an overview of the activities of the Higher Education Committee. He said the committee recognizes that a lot of the state's workforce issues are related to higher education issues. He said the Higher Education Committee charges include studying human capital development

and studying the efficiency, effectiveness, and productivity of the higher education system.

Representative Svedjan said the Higher Education Committee has contracted with Mr. Dennis Jones, National Center for Higher Education Management Systems, to assist the committee in its studies. He said with the assistance of Mr. Jones, the committee has prioritized the following eight areas to address:

1. Student preparation;
2. Student retention and completion;
3. Affordability;
4. Accessibility;
5. A vision for and expectations of the North Dakota University System;
6. Efficiency and effectiveness;
7. Higher education funding; and
8. An appropriate higher education structure for the 21st century.

Representative Svedjan said for each of these eight prioritized issues, the committee has established a set of metrics, including benchmarks and areas of improvements, and a list of strategies, including legislative actions, collaborative processes, and actions of the North Dakota University System.

Chairman Grindberg reviewed the workforce activities of the Workforce Committee. He said Mr. Miller and Mr. Vanderford have provided an overview of their involvement in the committee's workforce study. He said the workforce focus groups and Workforce Congress have monopolized the committee's activities since January 2008, and the committee has not met as a whole since September 2007.

Senator Grindberg said the committee's primary goal is to address the workforce pipeline issues. He said as part of the workforce discussion, the committee needs to decide whether there is a role for the state in addressing the growth of this pipeline. He said the comments made during this morning's session have supported his belief that the Workforce Committee, Education Committee, and Higher Education Committee activities are interrelated. He said as the committees move forward and create their legislative packages, they need to consider whether their initiatives support the state as a whole versus supporting a specific sector.

PANEL DISCUSSIONS

Chairman Grindberg introduced Dr. Longanecker to moderate both of the committee's panel discussions.

Senator Grindberg said the first panel is made up of representatives of each of the state's five targeted industries as well as a representative of the health care sector and a representative of the North Dakota Chamber of Commerce. He said the second panel is made up of representatives of higher education, kindergarten through grade 12, career and technical education, and distance education.

Dr. Longanecker said North Dakota is in a unique position, given its economic growth as well as its workforce challenges. He said North Dakotans are accustomed to hearing that their challenges include

demographics, as well as global competition. However, he said, North Dakota is fortunate to be experiencing a robust economy.

Dr. Longanecker said ground rules for both of the panels will include requests that the participants as well as the audience focus on solutions, which help to look into the future, and not focus on problems, which tend to look into the past.

Industry Panel

Dr. Longanecker invited each of the panelists to respond to the question "What one thing would you do or change to improve North Dakota's workforce and economy for the future?"

Mr. Randy Hatzenbuehler, President, Theodore Roosevelt Medora Foundation, a representative of the tourism sector, stated that his biggest interest is looking at how to retain and attract a workforce and he expects that this can be accomplished through strengthening the linkage between education and jobs.

Mr. Joe Rothschilder, President, Steffes Corporation, an advanced manufacturing sector business, stated he would seek to have a proficiency-based education system so a student's diploma has more meaning and is based upon more assessments.

Mr. Matt Stockert, Warehouse and Logistics Manager, Cavendish Farms, a value-added agriculture sector business, stated the importance of ensuring high school students have the right education going into higher education and once again when they graduate with a degree from higher education and go into the workforce.

Mr. David Farnsworth, Outage Manager, Great River Energy, an energy sector business, said the energy sector has huge opportunities at this time; however, it is also experiencing a shortage of skilled workers. He said in the energy industry 70 percent of the employees need technical skills.

Mr. Arnold R. Thomas, President, North Dakota Healthcare Association, representing the health care industry, said his suggested change would be to reevaluate the business income and corporate tax structure.

Mr. Dave Maclver, President, North Dakota Chamber of Commerce, said several of the solutions to the workforce issues can be found in the recommendations of the P-16 task force. He said the state would benefit from focusing on the career areas that are experiencing the highest growth in North Dakota, especially through providing career and technical education.

Mr. Ken Behrendt, President, Eagle Creek Software, a technology-based sector business, stated the state's needs are not simple. He said the general needs are the needs to recruit workers, train workers, and retain workers. He said these three things need to be done simultaneously.

Dr. Longanecker said that given the comments of the panelists, alignment seems integral to the issues of workforce. He challenged the panelists to consider which responsibilities should be public responsibilities and which should be private responsibilities.

Mr. Farnsworth said Great River Energy has worked closely with the higher education system to try to ensure that the basic educational elements are being met through the degree programs.

Mr. Thomas said the issue of credentialing different professions has been an ongoing battle with the Legislative Assembly. He said allowing a profession to be credentialed is meaningful to the workers in that field. He said professional challenges include clinical requirements related to education as well as the availability of clinical opportunities. He said these challenges are especially felt by nursing students, pharmacy students, and radiation technology students.

Mr. Rothschiller said one step his company takes is to test potential employees as part of the hiring practice. He said establishing competency is everyone's role, both private and public. He said he thinks the American College Test (ACT) WorkKeys Program is a valuable opportunity the state should explore. Additionally, he said, he supports a requirement that high school graduates have four years of mathematics and supports strengthening career counselors in the school system. He said the state needs to be prepared to educate people at all stages of their lives.

Mr. Behrendt said he agrees that competency is everybody's responsibility. He said North Dakota graduates are very talented students, but there are areas that could be improved. He said businesses are best qualified to address issues related to specialized training, but the state needs to be relied upon to provide basic training.

Dr. Longanecker proposed the question of whether raising wages would have the desired impact of addressing the state's workforce needs.

Mr. Thomas said North Dakota is known as a low-wage state and this negatively impacts recruitment competitiveness.

Mr. Farnsworth said wages are not a problem in the energy sector. He said the energy sector's problem is the workforce supply.

Mr. Behrendt said the majority of his workforce is in their twenties. He said employees need to have a vision of what they want to accomplish in their career. He said if his employees are assisted in attaining this vision, state incentives and higher wages do not impact these employees.

Mr. Maclver said employee tax credits do not create the environment that will get the state where we really want to be. He said tax credits to businesses have had more positive impact.

Mr. Hatzenbuehler said he supports incentives for students to encourage them to seek employment within the state as well as to keep that employment within the state.

Mr. Rothschiller said it is his impression that Generation Y would look favorably upon tax incentives. He said if the state does implement incentives for students, he supports programs to address North Dakota students who have left the state to achieve their higher education, but who may be interested in returning to the state. Additionally, he

said, he sees an unmet need in having the state's education system reaching the rural areas of the state.

Mr. Thomas said the current higher education funding system is a disincentive in that the state appropriates money to the institutions of higher education based on the number of full-time students on campus. He said instead, the appropriation formula should be changed to support and recognize universities that reach out to rural North Dakota and to nontraditional students who may not be full-time students.

Mr. Thomas said a majority of North Dakota's population is over 21 years old. He said, with lifetime learning, this sector of the population may not fit the traditional college student image. Additionally, he said, the labor laws in North Dakota make it difficult for high school students to get jobs and begin establishing their work history.

Mr. Maclver said he supports state programs such as Operation Intern. He said programs like this link students with jobs.

Mr. Farnsworth said Great River Energy uses an internship program that has been very successful.

Mr. Rothschiller said his business uses the internship program as well and he supports the state's efforts.

Mr. Behrendt said although he supports the idea of internships, there are some businesses for which it is not feasible to have an internship program. For example, he said, in his business employees generally need at least two years of specialized training before they are productive.

Chairman Svedjan posed the question whether there are steps the state should take to tackle the issues related to employers' needs for hiring skilled technical workers.

Mr. Farnsworth suggested the state refocus funding. He said technical education should expand the needed programs as well as provide these training programs where the need exists.

Mr. Stockert said high school students need to have a better understanding of what the career opportunities are in their own backyards.

Mr. Thomas said the system needs to better support skill-sets and to help guide students. He said very few high school students feel strongly about the job they are going to have when they are older; however, they do have strong feelings about what interests they have.

Representative Kelsch posed the question of whether there is a lack of communication between the kindergarten through grade 12 system, higher education, and the private sector. She said her experience has been that kids gravitate to familiar professions and there seems to be a lack of awareness of professional opportunities. She said it seems like a missed opportunity to educate teachers, parents, and students.

Mr. Rothschiller said there have been efforts by businesses to inform students and teachers of career opportunities. He said the state should pay for every student to take the ACT and the ACT WorkKeys

assessment. He said the North Dakota education system does have room for improvement.

Mr. Farnsworth said Great River Energy does bring high school students to tour the energy facilities and to discuss career opportunities.

Mr. MacIver said the P-16 task force recognized there are not enough career counselors in North Dakota.

Senator Grindberg said through the course of the interim activities, not once has he heard that the tax structure in North Dakota is a problem. He questioned whether it really is necessary to change the state's tax structure.

Mr. Rothschilder said his business is not looking for a tax decrease. He said his business is looking at what investment it would take to bring vocational technical education to all areas of the state.

Mr. Stockert said he would support investing in a mobile technical and vocational education system to bring this technical training to all areas of the state.

Mr. Farnsworth said he does not support bringing every field of study to every campus; however, there should be consideration of the physical location of the course offerings.

Dr. Longanecker said in summary, the panel discussion seems to reflect four main areas:

1. North Dakota is a skilled economy and is underinvested in skills training.
2. There is a lack of communication in getting the message out. He said people need to know more about career and education opportunities.
3. There is support for implementing competency assessments.
4. There is a new work ethic that needs to be recognized.

Education Panel

Chairman Grindberg said the second panel discussion would have an opportunity to comment on the information presented this morning as well as the information from the industry panel. He said once again Dr. Longanecker will moderate the panel.

Dr. Longanecker posed the question to the panelists "What is your top recommendation for the education system to address the state's workforce needs?"

Mr. William G. Goetz, Chancellor, North Dakota University System, said the workforce issues come down to the critical aspects of strategic policy change. He said there needs to be increased communication with the general public regarding the situation the state is facing.

Dr. Robert H. Boyd, Vice President for Student and Outreach Services, University of North Dakota, said the North Dakota University System is looking to respond to the state's needs.

Mr. Wayne Kutzer, State Director, Department of Career and Technical Education, said it is important to make sure students are aware of their opportunities and the training opportunities that are available.

Mr. John Richman, President, State College of Science, said the rural education associations and

career and technical colleges are well-suited to address the state's workforce needs. He said there needs to be increased state funding of these rural education associations and career and technical education. He recognized North Dakota's student supply is decreasing, and therefore, the institutions of higher education need to look out of state for students. He said one of the benefits of recruiting students from out of state is that the state will retain some of these out-of-state students when they graduate. He said today's meeting recognizes education is the driver and we need to effectively appropriate funds for education. He said the cost of educating liberal arts students is less than the cost associated with educating career and technical education students. However, he said, the state reimbursement formula does not recognize this disparity in the cost of educating students.

Mr. Jon Skaare, Director, Center for Distance Education, said distance education is a tool to provide education to rural students. He said in sitting through today's meeting it has reinforced his belief that education is a common thread through workforce discussions.

Mr. Lane Huber, Director, Distance Education, Bismarck State College, said he supports getting students into top careers. He said there is competition for students within the state; therefore, the institutions of higher education need to look out of state. He said there has been success in keeping out-of-state students in North Dakota following graduation. Additionally, he said, there are upcoming faculty needs as a new generation of teachers will be using new technology.

Dr. Ellen Chaffee, President, Valley City State University, said realistically if the state is going to fill 14,000 open jobs, the state is going to need 14,000 individuals from out of state. She said the state institutions of higher education need to recruit students from out of state. She said when it comes to funding and course offerings, educators are professionals and they understand the reward system. She said under the current system, institutions of higher education are enrollment-driven.

Dr. Chaffee said it is necessary to have a true collaboration between all the interested parties in order to reach a shared vision and a strategic plan for higher education. She said the metrics involved in creating a strategic plan include striving for the highest level of college graduates, attempting to grow our population, and recognizing that education is a long-term proposition.

Mr. Jon Martinson, Executive Director, North Dakota School Boards Association, said early identification of student skills and interests would be very helpful in helping address the state's workforce needs. For example, he said, in some European countries, such as Germany, the assessment of students is performed in the fourth grade.

Mr. Richman said possible ways to address the state's workforce needs include offering students dual credit for coursework, providing students opportunities

for earning credit for prior learning, and also strengthening the state's apprenticeship program.

Mr. Goetz said lifelong learning and adult education is an important component of the state's workforce issues. He said the state will need financial assistance that better accommodates nontraditional students. He said the current financial assistance system works well for traditional students but not for nontraditional students. Additionally, he said, accessibility of programs will need to be addressed to better accommodate lifelong learning and adult education, and this may be accomplished through rural education associations.

Dr. Boyd said institutions of higher education generally want to respond to the business needs, but need clear information and the necessary resources.

Dr. Longanecker questioned how comfortable the participants in the education system are with discussions of workforce as it relates to education.

Dr. Chaffee said the education system is more comfortable than people realize when it comes to addressing the education system's role in the workforce. She did recognize that some institutions are more comfortable than others.

Mr. Richman said he agrees with Dr. Chaffee. He said there is perhaps a misconception that the education system is uncomfortable discussing workforce. He said he believes the state does not need to do a better job of educating, we just need to do more of it.

Mr. Goetz said the higher education funding model needs to be revised to provide greater flexibility and the ability to respond more immediately to the workforce needs.

Dr. Longanecker asked the panelists to share their opinions regarding good ideas and bad ideas that have been raised through today's discussions.

Mr. Richman said the discussions relating to internship and co-op programs recognized a critical need for applied science degrees. He said he would encourage increased automation in the workplace and education can help drive this.

Mr. Skaare said the state needs to look at education policies as they relate to distance education. He said if the state does not provide distance learning in an effective way, others will do it for us and perhaps in a way that we do not support.

Dr. Boyd said he is not critical of any suggestions that have been raised at today's meeting. He said part of the public policymaking process requires all opinions be discussed and the best ideas will rise to the top. However, he said, he is concerned about the idea of putting students in "tracks" that limit the student. He said he believes students should have the ability to be anything they want to be.

Mr. Huber said business leaders are focused on skills and the desire to take training to the students. He said if we are creative, we can be successful in doing this.

Dr. Chaffee said the Higher Education Roundtable could be a vehicle to move these workforce concerns forward.

Mr. Kutzer said career planning is an unmet need. His experience has been that students thrive when they have a focus.

Representative Svedjan mentioned that Mr. Farnsworth had raised the point that there is a dire need for education in the energy industry and the industry has worked with higher education to make it happen. He questioned whether this might be successful in other sectors as well.

Mr. Richman said there are examples of models that work well. For example, he said, there is a John Deere internship/cooperative program that has been very successful. However, he said, not all businesses are worldwide in scope and have the resources necessary to implement a program on the same scale as John Deere. For example, he said, individual trucking businesses may not have the necessary size to start up an industry program; however, the truck driving industry as a whole may be able to work together to recognize the economies of scale necessary to start up a program similar to John Deere's.

Representative Svedjan noted that in the private sector panel, the issue was raised that high school students need to know more about their job opportunities in the state. He asked the panelists to what extent higher education knows these industry needs.

Mr. Richman said his campus works with advisory committees and one of the rules is to work with industry to determine skill-set needs and related curriculum.

Chairman Grindberg thanked Dr. Longanecker and the panelists for their participation in the afternoon session. He asked the committee members what their desire is in moving forward.

Representative Haas suggested leaving the discussion to the individual committees.

Senator Grindberg suggested it might work well to have the three chairmen work together to better organize the roles of each of the committees to avoid overlap.

Representative Svedjan said he supports taking information from today's meeting and organizing the topics according to study charges of the three committees.

No further work remaining, the chairmen adjourned the committee at 4:04 p.m.

Jennifer S. N. Clark
Committee Counsel

ATTACH:3