

POPULATION STUDY - BACKGROUND MEMORANDUM

INTRODUCTION

House Concurrent Resolution No. 3025 ([attached as Appendix A](#)) provides for a study of possible methods of growing North Dakota's population and increasing the available workforce in the state. The basis of the study includes recognition of the state's low or negative rate of population growth and recognition of the workforce-related problems related to the state's low population growth and changing demographics of the state's population, including rural depopulation, outmigration of young adults and young families, and an increasing proportion of the elderly.

The Legislative Council has charged the interim Workforce Committee with performing the population and workforce study. Additionally, under Section 20 of House Bill No. 1018 the committee is charged with studying the state's system for addressing workforce needs through a workforce system initiative, under Section 3 of Senate Bill No. 2149 the committee is charged with studying job development authorities, and under a Legislative Council chairman directive is charged with studying the means by which the University System fulfills North Dakota's workforce needs. The details of these three studies are addressed in separate background memorandums.

RELATED STUDIES

The scope of studies that may be related to population growth and the related workforce needs is very broad. In addition to studies specifically relating to workforce, studies relating to commerce, economic development, health, welfare, natural resources, education, crime, technology, and taxation may be perceived as being related to population growth and workforce. The following studies relate to population growth and workforce in a narrower scope.

2007-08 Interim

Education Committee

The interim Education Committee charges include:

- Studying the appropriateness and adequacy of high school curricula, with respect to preparing students for higher education and for the workplace, and examining curricular changes implemented in other states and expectations placed on students in other countries.
- Receiving a report from the Statewide Longitudinal Data System Committee before the 61st Legislative Assembly on the status of the plan for a longitudinal data system.

Higher Education Committee

The interim Higher Education Committee charges include:

- Studying the means by which the University System can further contribute to developing and

attracting the human capital to meet North Dakota's economic and workforce needs, including ways to increase postsecondary access, improve the quality of education, contain costs, and other means, including productivity, to maximize the usage of the University System in meeting the human capital needs of the state; including a review of policy recommendations that address the postsecondary delivery system, including the mix of institutions, educational attainment gaps, degree production gaps, recruitment and retention of students, and workforce training needs; and including a review of the impact of the state's changing demographics on the University System long-term financing plan.

- Receiving a report from the State Board of Higher Education before July 1, 2008, on the status of the implementation of the CCbenefits, Inc., services and any recommendations relating to the use of the CCbenefits, Inc., services.

Industry, Business, and Labor Committee

The interim Industry, Business, and Labor Committee charges include:

- Participating in the Department of Commerce Renaissance Zone Conference to review the list of projects in the state which have been undertaken under the renaissance zone program, evaluate whether the projects have positively impacted the renaissance zone communities, consider options for smaller communities to become involved in the renaissance zone program or a similar program, and make recommendations regarding how the program could be improved to further meet the needs of the state and local communities.
- Studying the organization, powers, duties, and effectiveness of the Department of Commerce, including review of the legislative history leading to the creation of the department; review of the legislative and executive branch expectations in the creation of the department and whether those expectations are being met; evaluation of the effectiveness of the North Dakota Economic Development Foundation in providing a nonpartisan, private sector perspective to the department's approach to the department's duties; evaluation of the organizational structure of the department, including whether the department should include a division of science and technology; and evaluation of the strategic planning process of the department and its effectiveness.

- Studying issues relating to wireless service providers in the state and how wireless service impacts the business climate in the state.

2005-06 Interim

Economic Development Committee

The interim Economic Development Committee studied the state's business climate through a business climate initiative, including receipt of agency reports regarding economic development legislation introduced by the Legislative Council during previous legislative sessions, participation in business climate focus groups across the state, and participation in a Business Congress. The committee recommended House Bill No. 1027, a single bill which addressed a broad range of economic development and business climate issues. Although the bill failed to pass the Senate, a majority of the provisions of the bill were included in other pieces of legislation that were successful.

2003-04 Interim

Economic Development Committee

The interim Economic Development Committee studied possible methods of growing North Dakota's population, including approaches to decreasing outmigration and increasing immigration, and reviewed how other states deal with related population issues. The committee also studied the state's business climate, including the creation of an index of key objective measurements that address the state's competitiveness with other states; the consideration of methods of creating business partnerships with North Dakota Indian tribes in order to increase primary sector business growth in the state, with a focus on business opportunities that may be available to North Dakota Indian tribes through the United States Small Business Administration 8(a) business development program; and active participation in the activities of the Primary Sector Business Congress. The committee also received reports from the State Board of Higher Education regarding the implementation of the centers of excellence program and annual reports from the Commissioner of the Department of Commerce regarding specified economic goals and associated benchmarks, including the creation of quality jobs that retain North Dakota's workforce and the attraction of new high-skilled labor.

The committee recommended Senate Bill No. 2032, which was a single piece of legislation encompassing the committee's business climate initiative. The Legislative Assembly enacted a majority of the programs recommended by the 2003-04 interim Economic Development Committee as part of the committee's single business climate initiative bill. As enacted, Senate Bill No. 2032:

- Extended and expanded the Bank of North Dakota's authority to invest its funds in North Dakota alternative and venture capital investments and early-stage capital funds;

- Rewrote the centers of excellence law, repealing the existing North Dakota Century Code section and creating a new chapter;
- Modified the membership of the Emergency Commission;
- Required the Office of Management and Budget to establish a procurement information Internet web site;
- Modified the seed capital investment tax credit laws;
- Repealed the laws relating to venture capital corporations and the Myron G. Nelson Fund, Inc., effective August 1, 2007;
- Required the two studies assigned to the Economic Development Committee--the North Dakota business climate initiative and venture and risk capital; and
- Required multiple agency studies and reports to the Legislative Council.

Additionally, as enacted, Senate Bill No. 2018, the Department of Commerce appropriation, included several provisions that came from the recommendations of the 2003-04 interim Economic Development Committee, including:

- Modified the organization of the Department of Commerce Division of Economic Development and Finance to:
 - Rename and modify the International Business and Trade Office; and
 - Clarify the duties of the North Dakota American Indian Business Development Office;
- Provided a Division of Economic Development and Finance program for local economic developer certification;
- Required the Commissioner of Commerce to identify target industries;
- Provided for a Department of Commerce program for North Dakota image information;
- Provided for a Department of Commerce business hotline program;
- Provided for a Dakota Manufacturing Initiative, through which the Department of Commerce was directed to seek to contract with The Dakota Manufacturing Extension Partnership, Inc.; and
- Required multiple agency studies and reports to the Legislative Council.

Commerce Committee

The interim Commerce Committee was charged with studying the impact of pending federal legislation that would significantly change the respective federal-state responsibilities and funding for workforce development, workforce training, public labor exchange, and unemployment insurance programs.

Because no significant changes in federal law were adopted before the committee completed its study, the committee made no recommendation for responding to the proposed changes in federal law.

However, the committee expressed its support for a request by Job Service North Dakota to the 59th Legislative Assembly for an appropriation of Reed Act funds adequate to fund procurement planning studies, including development and issuance of a request for proposal relating to the costs and appropriate technology to replace the mainframe computer application used to process unemployment insurance claims and unemployment insurance tax reporting and payment and the committee also expressed its support for a proposal by Job Service North Dakota to request an appropriation by the 59th Legislative Assembly of \$250,000 of Reed Act funds to fund a pilot project on intensive reemployment actions designed to demonstrate whether those actions can have a significant effect on reducing expenditures from the unemployment insurance trust fund.

2001-02 Interim

Commerce Committee

The interim Commerce Committee was charged with studying workforce training and development programs in the state, including efforts to recruit and retain North Dakota's workforce, underemployment and skills shortages, current workforce training efforts, and the involvement of the New Economy Initiative goals and strategies; and with studying the Work Force 2000 and new jobs training programs and other workforce training and development programs administered by agencies of the state, and the feasibility and desirability of consolidating in a single agency the funding and administration of those programs.

The committee recommended Senate Bill No. 2030 (2003), which as enacted allowed the Department of Commerce to retain a limited amount of the money received as subscriptions, commissions, or fees from the department's career guidance and job opportunities Internet web site. The bill provided that up to \$130,000 of the funds per biennium were appropriated on a continuing basis to fund this Internet web site. Additionally, the bill provided that the Department of Commerce shall report annually to the Budget Section of the Legislative Council regarding money spent from the fund.

1999-2000 Interim

Commerce and Labor Committee

The interim Commerce and Labor Committee was charged with studying the economic development efforts in the state. As part of this study, the committee studied population retention and demographics, including receipt of reports from Project Back Home, CareerLink North, and the North Dakota State University Data Center. The committee recommended Senate Bill No. 2032 (2001), which created the Department of Commerce by consolidating the Division of Community Services, Department of Economic Development and Finance, and Tourism Department, and which created the

North Dakota Commerce Cabinet. Additionally, the committee recommended House Bill No. 1043, which would have provided for state payment of certain student loans. That bill failed to pass the Senate.

Education Finance Committee

The interim Education Finance Committee was charged with studying the provision of education to public school students in this state and the manner in which education to public school students will be delivered in the ensuing 5, 10, and 20 years, including consideration of demographic changes. The committee received testimony regarding the decline in students but did not make any recommendations directly related to this portion of the study.

LEGISLATIVE BACKGROUND

As in the case of related studies, the scope of the topic of related legislation may be very broad. Legislation relating to population growth and retention has often been classified as focusing on improving the business climate of the state, addressing workforce needs, or directly addressing needs of individuals. For example, business climate legislation may include changing the business tax scheme in the state, workforce legislation may address the education system, and individual needs legislation may include changing the individual tax scheme in the state. However, the scope of legislation that may more indirectly impact the population and workforce of this state is even more far-reaching and may include issues relating to health care, welfare, natural resources education, recreation, taxation, local government, and a broad range of other issues.

Legislative measures introduced during the 2007 legislative session which specifically or closely address population and the related workforce issues include:

- House Bill No. 1018, the Department of Commerce appropriation, which provided for:
 - Creation of a Beginning Again North Dakota pilot program to develop a data base of skills and other assets of communities and residents to be used to advance the internal and external image of the state and communities in the state and to assist in developing a strategic plan for development.
 - Expansion of the duties of the Department of Commerce Division of Workforce Development.
 - Creation of a program to assist public schools in promoting North Dakota career opportunities to high school students.
 - Creation of a workforce recruitment tax credit for hard-to-fill positions and creation of an internship employment tax credit.
- Senate Bill No. 2347, which failed to pass the House, would have created a promise grant

program for students enrolled in institutions of higher education.

- Senate Bill No. 2249, which failed to pass the Senate, would have directed that \$250,000 in grants be awarded to Bismarck State College, Lake Region State College, North Dakota State College of Science, and Williston State College for curriculum design and development relating to critical workforce needs as determined in collaboration with the Department of Commerce.
- Senate Bill No. 2393, which failed to pass the Senate, would have provided student loan reductions to individuals who have resided in this state since incurring the loan and to individuals who returned to this state within 10 years of having established residency elsewhere.
- House Bill No. 1249, which failed to pass the Senate, would have forgiven a portion of a student loan incurred by an individual who teaches in an area of shortage or in a smaller school district.
- House Bill No. 1484, which failed to pass the House, would have provided a tuition rebate to an individual who completed a career training program at a postsecondary institution in this state, relocated to a rural area of this state, and obtained employment or became self-employed in a field of critical shortage.

BACKGROUND

Population and Demographic Statistics

North Dakota

According to United States Census Bureau data, North Dakota's estimated population on July 1, 2006, was 635,867, compared to the year 2000 population of 642,200, a percentage change of -1.0 percent. North Dakota is ranked 48th in national population with the District of Columbia, Vermont, and Wyoming having smaller populations. The census data indicates the state's demographics include 14.7 percent of the population is age 65 or older; 83.9 percent of the population has graduated from high school; and 22 percent of the population has earned a bachelor's degree or higher.

The North Dakota State Data Center is the state's official source of population and socioeconomic statistics. On June 10, 2007, Dr. Richard Rathge of the North Dakota State Data Center made the presentation "Strategic Visioning for North Dakota" to a meeting of the North Dakota Association of Counties. The computer presentation is attached as Appendix B and is available online at www.ndsu.edu/sdc/presentations/061007.pps.

National

In reviewing the population and demographic statistics of North Dakota, a review of national and regional statistics may be of value in putting these

statistics in perspective. The United States Census Bureau makes available a broad range of census information online at www.census.gov. A compilation of "quickfacts" for North Dakota, Minnesota, South Dakota, Montana, Wyoming, Nebraska, Kansas, Oklahoma, Iowa, and the United States is attached as Appendix C. The data from the North Dakota State Data Center includes state, national, and regional information available online at www.ndsu.nodak.edu/sdc.

Additionally, population initiatives at the local level are not unique to North Dakota. Interest in population issues is a regional, Great Plains issue as well as a national, rural issue. The Midwestern Office of the Council of State Governments' June 2005 publication of *Stateline Midwest* includes an article stating that "population increases in the Midwest will lag behind the rest of the country over the next few decades." The article is based on United States Census Bureau data indicating trends between the years 2000 and 2030.

Population Initiatives

In addition to a wide variety of organizations that have addressed population growth in the state and region, there have been several population growth initiatives. Initiatives addressing the issue of population growth include the Great Plains Population Symposium Project, Saving North Dakota Roundtable, New Economy Initiative, and the Youth Investment Initiative in Support of 2002 Initiated Measure No. 3.

Great Plains Population Symposium Project

The Great Plains Population Symposium Project held a three-day national policy conference in Bismarck in October 2001 and held a two-day state and local policy conference in Dickinson in April 2002. According to the project's web page at gppop.dsu.nodak.edu, the purpose of the project was to investigate the continuing depopulation of the rural Great Plains and to raise the nation's awareness of the facts and ramifications relating to the emptying of the nation's vast central region. The project was led by Dickinson State University in collaboration with researchers at North Dakota State University, Colorado State University, University of Montana, and Iowa State University. The project was sponsored by federal legislation and was supported by a grant from Congress.

Saving North Dakota Roundtable

On January 9, 2003, on the North Dakota State University campus, 31 people aged 21 to 34 took part in a "Saving North Dakota" roundtable discussion cohosted by *The Forum* (Fargo) and the Associated Press Managing Editors Group. *The Forum* reported that roundtable members targeted five major areas of discussion--human rights, arts and culture, technology, marketing, and community and economic development. Additionally, on January 30, 2003, several of the panelists met with legislative leaders

and Governor John Hoeven to discuss these major topics.

New Economy Initiative

The New Economy Initiative was a public-private initiative coordinated by the Greater North Dakota Association beginning in 2000. The goals of the initiative were to mobilize North Dakotans to develop and implement solutions to some of the problems plaguing the state's business climate. The initiative worked through the creation of action teams and industry clusters.

Youth Initiative Committee Initiated Statutory Measure No. 3

Initiated statutory measure No. 3 was rejected by voters on November 5, 2002. The measure, supported by the Youth Initiative Committee, would have created a Bank of North Dakota-administered program providing for partial reimbursement of student loan payments for employed North Dakota residents under age 30 who graduated from accredited postsecondary schools. Reimbursements would have been limited to \$1,000 per eligible resident per year for not more than five years. The measure would also have provided an income tax credit of up to \$1,000 for employed North Dakota residents from 21 through 29 years of age, for up to five years.

STUDY APPROACH

There appears to be at least four very basic elements directly relating to population--the number of births in the state, the average life span of residents in the state, retention of state residents, and the level of immigration to the state. Related to the issue of population is the issue of demographics and the age and skills of the population. Demographics have a large impact on workforce.

One way to approach the issues related to increasing the state's population may be to prioritize the population and demographic issues related to these basic elements; review the resources available to address these issues; and then determine the best approaches in which to accomplish those priorities, including consideration of the most appropriate and effective role of state government in addressing population and workforce.

In addition to considering recommendations of local initiatives; regional organizations; and state, federal, and local government, it may be valuable to consider how other Plains States have attempted to address population and demographic concerns. The following is a partial list of resources the committee may wish to utilize in pursuing its charge of studying

possible methods of growing the state's population in order to address workforce needs:

1. Department of Commerce;
2. State Board of Higher Education and the Higher Education Roundtable;
3. Department of Career and Technical Education;
4. Job Service North Dakota;
5. Agriculture Commissioner;
6. North Dakota Economic Development Foundation;
7. Tax Commissioner;
8. Indian Affairs Commission;
9. North Dakota State Data Center;
10. University of North Dakota Center for Rural Health;
11. Local government organizations:
 - a. North Dakota Association of Counties;
 - b. North Dakota League of Cities;
 - c. North Dakota Township Officers Association; and
 - d. North Dakota School Boards Association;
12. Congressional delegation;
13. North Dakota Chamber of Commerce;
14. Local development corporations;
15. Job development authorities;
16. Economic Development Association of North Dakota;
17. National Conference of State Legislatures;
18. Council of State Governments;
19. Young Professional Network in the state;
20. Representatives of local initiatives:
 - a. Great Plains Population Symposium Project;
 - b. New Economy Initiative;
 - c. Saving North Dakota Roundtable; and
 - d. Youth Initiative Committee; and
21. Center for Immigration Studies.

In planning the study approach, the committee may consider whether to coordinate this population and workforce study with any of the other studies, such as the committee's workforce system initiative study or higher education system study, or whether to conduct this study separately from the committee's other three studies. This population and workforce study charge appears to be very closely related to the workforce system and higher education system study charges and it would seem appropriate to coordinate with one or both of the studies.

Upon receipt of requested information, the committee will be in a position to consider whether there are steps the state should take to address population issues as they relate to workforce and whether it might be appropriate to recommend legislative changes.

ATTACH:3