

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1059

2005 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1059

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1059

House Industry, Business and Labor Committee

Conference Committee

Hearing Date 1-12-05

Tape Number

1

Side A

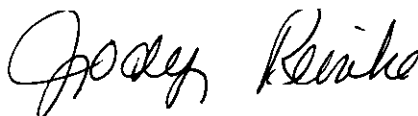
x

Side B

Meter #

0-27.9

Committee Clerk Signature



Minutes:

Chairman Keiser: Opened the hearing on HB 1059. All committee members were present.

Representative Kelsch: Appeared in support of HB 1059, and also was a sponsor for the bill.

This is on behalf of Cloverdale Meats in Mandan, TJ Russell had applied for Workforce 2000 funds, and was told that he was not eligible to receive those funds. Business is not the same as it use to be, business is not the same as it was 10 years ago, or 5 years ago, especially as you look at Cloverdale Meats and the expansions that they have made. Cloverdale has gone from being a producer of summer sausage but actually being a company that is going out and marketing and selling their product. Cloverdale Meats was not eligible because they needed to have workforce training for sales and marketing. This is important for existing businesses in the state of ND, that fail to apply for these workforce training funds. This bill is just adding a category that makes them eligible to receive this.

Maren Daley, Executive Director, Job Service, ND: Appeared in support of HB 1059 and provided written testimony (SEE ATTACHED TESTIMONY).

Page 2

House Industry, Business and Labor Committee

Bill/Resolution Number 1059

Hearing Date 1-12-05

Representative Keiser: What is this bill going to do that you can't now do.

Maren Daley: It should expand it into sales and marketing, is that for all companies or is it just for manufacturing companies.

Representative Amerman: Is there a cap on the number of times they can reapply and on the amount?

Maren Daley: Not specifically, but we do track average funding. But we also are dealing with some very ethical companies in the state.

Dave Straley, ND Chamber of Commerce: Appeared in support of HB 1059.

Representative Porter: Appeared in support of HB 1059.

One of the changes we think is necessary is on page 1 line 23, when they made a significant change in their manufacturing department.

No opposition.

Hearing closed.

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1059

House Industry, Business and Labor Committee

Conference Committee

Hearing Date 1-19-05

Tape Number	Side A	Side B	Meter #
3		x	37.1-end
4	x		0-5.0

Committee Clerk Signature



Minutes:

Chairman Keiser: Reconvened on HB 1059. All committee members were present.

Representative Dosch: The proposed amendments do two things, they change the name of workforce 2000 to workforce 2020, purpose of updating the name, and more clear looking into the future, the basic change what they do is on page 2 line 1, after the number 3 they will be inserting "applicant may be eligible for funding from sales and marketing training that is due to technology or equipment changes that effect the manufacturing or production".

That is the meat of the amendment.

Representative Johnson: They have seen this amendment and are satisfied with 2020?

Representative Dosch: Yes they are.

Representative Dosch: I move that we **Adopt amendments.**

Representative Dietrich: **SECOND the ADOPTION of AMENDMENTS.**

All in favor.

Representative Ekstrom: I move a **DO PASS AS AMENDED**

Page 2

House Industry, Business and Labor Committee

Bill/Resolution Number 1059

Hearing Date 1-19-05

Representative Vigesaa: SECOND the motion on a DO PASS AS AMENDED.

Motion carried. VOTE: 13-YES 1-NO 0-Absent.

Representative Dosch will carry bill on the floor.

Meeting adjourned.

VK
1/20/05
183

HOUSE AMENDMENTS TO HOUSE BILL NO. 1059 IBL 1-21-05

Page 1, line 1, after "sections" insert "52-08.1-01,", replace the second "and" with a comma, and after "52-08.1-03" insert ", 52-08.1-04, 52-08.1-05, and 52-08.1-06"

Page 1, line 2, after "to" insert "changing the name of work force 2000 to workforce 20/20 and" and replace "work force 2000" with "workforce 20/20"

Page 1, after line 3, insert:

"SECTION 1. AMENDMENT. Section 52-08.1-01 of the North Dakota Century Code is amended and reenacted as follows:

52-08.1-01. North Dakota work forc 2000 workforce 20/20 policy and goals.

1. The legislative assembly finds that a highly skilled work force is critical to the present and future competitiveness of North Dakota's economy. The legislative assembly, therefore, declares that it is the policy of the state to support and promote skill training, retraining, and upgrade training for North Dakota workers. It is the goal of the state to:
 - a. Improve the skills of North Dakota workers;
 - b. Promote and sponsor effective and responsive training programs for employed and unemployed North Dakotans who need job-related training;
 - c. Promote programs that lead to family wage jobs;
 - d. Secure the active participation and full cooperation of North Dakota industry leaders, business owners, and employee representatives in developing programs to increase and improve worker skill training;
 - e. Promote the coordination of North Dakota's education and job training systems to more fully respond to the increasingly complex training needs of workers; and
 - f. Promote access to education and job training programs for all North Dakotans regardless of their economic status or geographic location within the state.
2. The legislative assembly declares that it is the policy of this state to integrate skill training and development programs into its economic development strategies."

Page 1, line 6, overstrike "**work force 2000**" and insert immediately thereafter "**workforce 20/20**"

Page 1, line 7, overstrike "work force 2000" and insert immediately thereafter "workforce 20/20"

Page 2, line 1, after "3." insert "An applicant may be eligible for funding of sales and marketing training that is necessitated due to technology or equipment changes that affect manufacturing or production.

4."

Page 2, line 7, replace "4." with "5."

Page 2, line 8, replace "5." with "6."

Page 2, line 19, overstrike "work force 2000" and insert immediately thereafter "workforce 20/20"

Page 3, after line 7, insert:

"SECTION 4. AMENDMENT. Section 52-08.1-04 of the North Dakota Century Code is amended and reenacted as follows:

52-08.1-04. North Dakota work forc 2000 workforce 20/20 program implementation and coordination.

1. All programs must be conducted through contractual arrangements made with job service North Dakota.
2. Programs must be conducted in cooperation with appropriate state board for career and technical education approved training providers and institutions.
3. Final screening of trainees must be conducted by the company with the assistance of job service North Dakota when required.
4. Program effectiveness will be determined by post-training monitoring that will address such issues as:
 - a. Company satisfaction with the program.
 - b. Company transition to new technologies or products.
 - c. Post-training wage levels versus pretraining wage levels.
 - d. Number of trainees successfully completing the program.
 - e. Number of trainees who are retained by the company as a result of the training program.
 - f. Number of new jobs created at entry level as a result of upgrade training.

SECTION 5. AMENDMENT. Section 52-08.1-05 of the North Dakota Century Code is amended and reenacted as follows:

52-08.1-05. North Dakota work forc 2000 workforce 20/20 application procedure.

1. A proposal or concept paper must be submitted by the appropriate company, trade representative, or employee representative to job service North Dakota.

3083

2. The proposal or concept paper should address the key guideline points but be kept brief.

SECTION 6. AMENDMENT. Section 52-08.1-06 of the North Dakota Century Code is amended and reenacted as follows:

52-08.1-06. North Dakota work force 2000 workforce 20/20 gifts and grants. Job service North Dakota is authorized to accept and use any funds, including gifts and grants, made available for the purpose of defraying expenses involved in carrying out this chapter."

Renumber accordingly

Date: 1-19-05
Roll Call Vote #: 1

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1059

House **INDUSTRY, BUSINESS AND LABOR** Committee

Check here for Conference Committee

Legislative Council Amendment Number

Action Taken *Adopt Amendments as presented*

Motion Made By *Rep. Dosch* Seconded By *Rep. Dietrich*

Representatives	Yes	No	Representatives	Yes	No
G. Keiser-Chairman	X		Rep. B. Amerman	0	
N. Johnson-Vice Chairman	X		Rep. T. Boe	X	
Rep. D. Clark	X		Rep. M. Ekstrom	X	
Rep. D. Dietrich	X		Rep. E. Thorpe	X	
Rep. M. Dosch	X				
Rep. G. Froseth	X				
Rep. J. Kasper	X				
Rep. D. Nottestad	X				
Rep. D. Ruby	X				
Rep. D. Vigesaa	X				

Total (Yes) *14* No *0*

Absent *-0-*

Floor Assignment

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

Date: 1-19-05
Roll Call Vote #: 2

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1059

House **INDUSTRY, BUSINESS AND LABOR** Committee

Check here for Conference Committee

Legislative Council Amendment Number 50025.0101

Action Taken Do Pass As Amended

Motion Made By Rep Ekstrom Seconded By Rep. Vigasaa

Representatives	Yes	No	Representatives	Yes	No
G. Keiser-Chairman	X		Rep. B. Amerman		X
N. Johnson-Vice Chairman	X		Rep. T. Boe	X	
Rep. D. Clark	X		Rep. M. Ekstrom	X	
Rep. D. Dietrich	X		Rep. E. Thorpe	X	
Rep. M. Dosch	X				
Rep. G. Froseth	X				
Rep. J. Kasper	X				
Rep. D. Nottestad	X				
Rep. D. Ruby	X				
Rep. D. Vigasaa	X				

Total (Yes) 13 No 1

Absent 0

Floor Assignment Rep. Dosch.

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

REPORT OF STANDING COMMITTEE

HB 1059: Industry, Business and Labor Committee (Rep. Keiser, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (13 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). HB 1059 was placed on the Sixth order on the calendar.

Page 1, line 1, after "sections" insert "52-08.1-01,", replace the second "and" with a comma, and after "52-08.1-03" insert ", 52-08.1-04, 52-08.1-05, and 52-08.1-06"

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Renumber accordingly

2005 SENATE INDUSTRY, BUSINESS AND LABOR

HB 1059

2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1059

Senate Industry, Business and Labor Committee

Conference Committee

Hearing Date February 15, 2005

Tape Number	Side A	Side B	Meter #
1		X	1,156-3295

Committee Clerk Signature 

Minutes: Chairman Mutch called the hearing to order on HB 1059, which relates to changing the name of work force 2000 to workforce 20/20 and eligibility for workforce 20/20 funds. All Senators were present, with the exception of Senator Heitkamp.

Representative Rae Ann Kelsch introduced the bill. A constituent brought this matter to their attention as a result of a difficulty obtaining additional work force training dollars. They wanted the funds for sales and marketing to be opened up enough for the board's discretion in terms of funding. She used the example of Cloverdale's marketing strategy which has advertising for their products on the west coast.

Senator Espgaard- The bill basically says that a company like your constituent's, would be eligible for this fund, right?

Rep. Kelsch- Correct.

Senator Mutch- I thought Cloverdale was sold out?

Rep. Kelsch- Cloverdale is still in business, but part of it was sold out to Grand Forks Grocery, Cloverdale is still manufacturing the product.

Senator Dwight Cook appeared in support of the bill.

Senator Cook- There has been great success around our state with manufacturing companies, due to aggressive marketing such as what Bobcat does. Workforce training dollars are meant to help manufacturers become successful, in my opinion.

Senator Espegaard- So, it wasn't in there before that you could fund for training sales?

Senator Cook- Correct.

Senator Klein- Did you access any Job Service funds when you failed to make some sales in your profession?

Senator Cook- I didn't need to, because my employer made sure I received the training, and paid for it with discretionary funds.

Maren Daley, Executive Director of Job Service North Dakota, appeared with a neutral position to the bill. See written testimony.

Senator Klein- Doesn't the bill allow a particular company to participate if funds are available?

Maren- Right. They can apply, but we would need to see over the next biennium how it would tie back to wage increases and what type of comparative performance there might be.

Senator Klein- So, you are saying we don't have resources to make things work as you would like?

Maren- We expect employers to make a significant contribution towards their overall employee training program. In the past, the responsibility for soft skills training has been solely on the employer.

Senator Nething- Were these general fund cuts?

Maren- Yes. Job Service is 97% federally funded, the 3% comes from Workforce 2000, Public Administration, and Social Security.

Senator Espegaard- So, you are not opposed to the bill, rather there just won't be much success due to a lack of money.

Maren- Yes, we are not opposed to the bill.

Senator Mutch- The ratio is 12:1, the employer has to pay \$12 for every dollar you put in?

Maren- They pay the wages of the employees in training.

Senator Mutch- You have to approve the plan for the educating?

Maren- Yes.

Senator Espegaard- The 12:1 ratio is not a requirement.

Representative Todd Porter appeared in support of the bill. This bill does not provide any additional funds, rather it provides a company that is making a significant investment and has the ability to access these funds. It gives them the flexibility on how to use the funds in their own organization. The dollars from the sales force used in marketing the product, actually come back to the state.

Senator Espegaard- Should there be a fiscal note with this bill, since one of the intentions is a name change?

Maren- There is not a fiscal note with this, we don't have a lot of supplies that would be affected by the name change.

Chairman Mutch closed the hearing on HB 1059.

Page 4

Senate Industry, Business and Labor Committee

Bill/Resolution Number HB 1059

Hearing Date February 15, 2005

Action taken:

Senator Espegaard moved a Do Pass recommendation for HB 1059. Seconded by Senator

Nothing. The bill passed 6-0-1, with Fairfield as the carrier of the bill.

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

2005 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1059

Senate Industry, Business, and Labor

Committee

Check here for Conference Committee

Legislative Council Amendment Number

Action Taken

Do Pass

Motion Made By

Espegard

Seconded By

Nothing

Senators	Yes	No	Senators	Yes	No
Chairman Mutch	X		Senator Fairfield	X	
Senator Klein	X		Senator Heitkamp	A	
Senator Krebsbach	X				
Senator Espegard	X				
Senator Nething	X				

Total (Yes)

6

No 0

Absent

1

Floor Assignment

Espegard Fairfield

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

REPORT OF STANDING COMMITTEE (410)
February 23, 2005 2:58 p.m.

Module No: SR-33-3517
Carrier: Fairfield
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1059, as engrossed: Industry, Business and Labor Committee (Sen. Mutch, Chairman) recommends DO PASS (6 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). Engrossed HB 1059 was placed on the Fourteenth order on the calendar.

2005 TESTIMONY

HB 1059

Testimony on House Bill No. 1059
Before the House Industry, Business & Labor Committee
Representative George Keiser, Chairman

Presented by Maren Daley
Job Service North Dakota
January 12, 2005

Mr. Chairman, members of the Committee, I am Maren Daley, representing Job Service North Dakota. Job Service North Dakota supports House Bill No. 1059.

In the past, substantive provisions relating to the Work Force 2000 program have been included in the Job Service North Dakota appropriations bill. This bill would serve to derive from the statutory language the provisions relating to Workforce 2000 being a program to assist North Dakota businesses and industries in retraining and upgrading worker's skills to meet demands of (1) new technologies or new equipment or (2) significant changes in business operations or production methods. Job Service North Dakota believes that statutory language is the best place for these substantive provisions since the statutory language is where the public commonly looks for these provisions. This will make it easier and less confusing for the public.

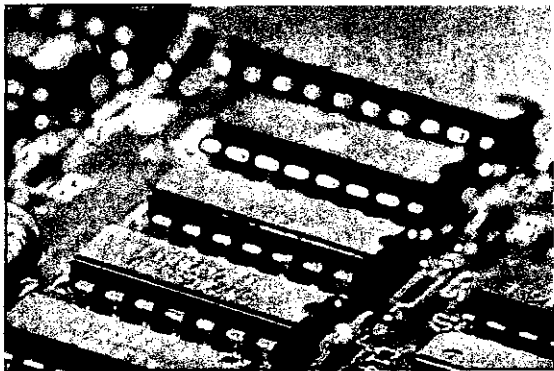
Mr. Chairman, I would be happy to answer the Committee's questions.

Maren Daley

**JOB
SERVICE**
North Dakota
jobsnd.com

WORKFORCE 2000

Biennium Report
July 2001 – June 2003



Prepared by Job Service North Dakota
September 10, 2004

Job Service North Dakota is an equal opportunity employer/program provider.
Auxiliary aids and services are available upon request to individuals with disabilities.

North Dakota's Workforce 2000 Training Program Background

In 1991, the North Dakota Legislative Assembly enacted the Workforce 2000 Training Program to assist North Dakota employers in training and upgrading workers' skills. This state funded training program was designed to fill gaps left by federally funded training programs that generally target long term-unemployed individuals, dislocated workers, and other disadvantaged groups.

In the last 20 years, rapid advances in technology, global competition, and introduction of new work methods has placed an ever-increasing burden upon North Dakota's employers. As employers in North Dakota implement new technology and work methods, the need for highly skilled workers continues to increase. This is where the Workforce 2000 Program can assist employers. The Workforce 2000 Program offers employers the ability to access training programs through project grants that are used to fund the training of the workers needed to compete in today's technologically advanced and global economy.

Workforce 2000 can provide funding assistance to employers for current workers and new employees. First, companies can access assistance to help upgrade the skills of current workers when new technologies and/or new production work methods are introduced. Second, it is available to companies that are expanding or locating to the state to help with training new employees. The objective of Workforce 2000 is to help communities attract and retain companies and make North Dakota a better place to work, live, and do business.

During the 2001 – 2003 biennium, many segments of the economy were languishing throughout the nation. With the decline in the equity markets and the terror attacks on September 11, 2001, many businesses were left wondering what the future would hold. Even North Dakota was not immune to the economic conditions during this time. In July 2001, North Dakota had an unemployment rate of 2.6%. In July 2003, the unemployment rate had grown to 3.6%. However, at the same time, workforce training in North Dakota remained a critical component of our economic success and the Workforce 2000 Program was able to help 75 companies raise the skill levels of 4,061 North Dakotans.

Workforce 2000 provided employers with \$1,703,394.00 in training funds during the 2001 – 2003 biennium. Those funds financed training that may not have otherwise been there for employers. In addition, despite the economic conditions, the valuation of the employers' in-kind match was \$12.24 for every dollar received from Workforce 2000. This is strong evidence that employers are committed to North Dakota as the business location of choice. Please see the chart at the top of page 4 for more detail.

Budget constraints and workforce development will continue to be issues for North Dakota. However, with the efforts of private and public organizations promoting North Dakota's business environment and the signs pointing to general economic improvement, North Dakota appears poised to be more economically competitive. One indication of North Dakota's improving economy is the July 2004 unemployment rate. The July 2004 rate was 2.9%, down 0.7% from a year ago.

Workforce 2000 Advisory Committee Membership

Maren Daley, Executive Director
Job Service North Dakota
P.O. Box 5507
Bismarck, North Dakota 58506-5507

State Agency Representatives

Jim Hirsch
North Dakota Department of Commerce

Don Roloff
State Board for Vocational and Technical
Education

Beth Zander
Job Service North Dakota

Private Sector Representatives

Dave MacIver
Greater North Dakota Association

Pamela Lavin
Rural Electric Cooperative Association

Bill Butcher
National Federation of Independent Business

Local Economic Development Representatives

Tony Grindberg
NDSU Research & Technology Park, Inc.

Organized Labor Representatives

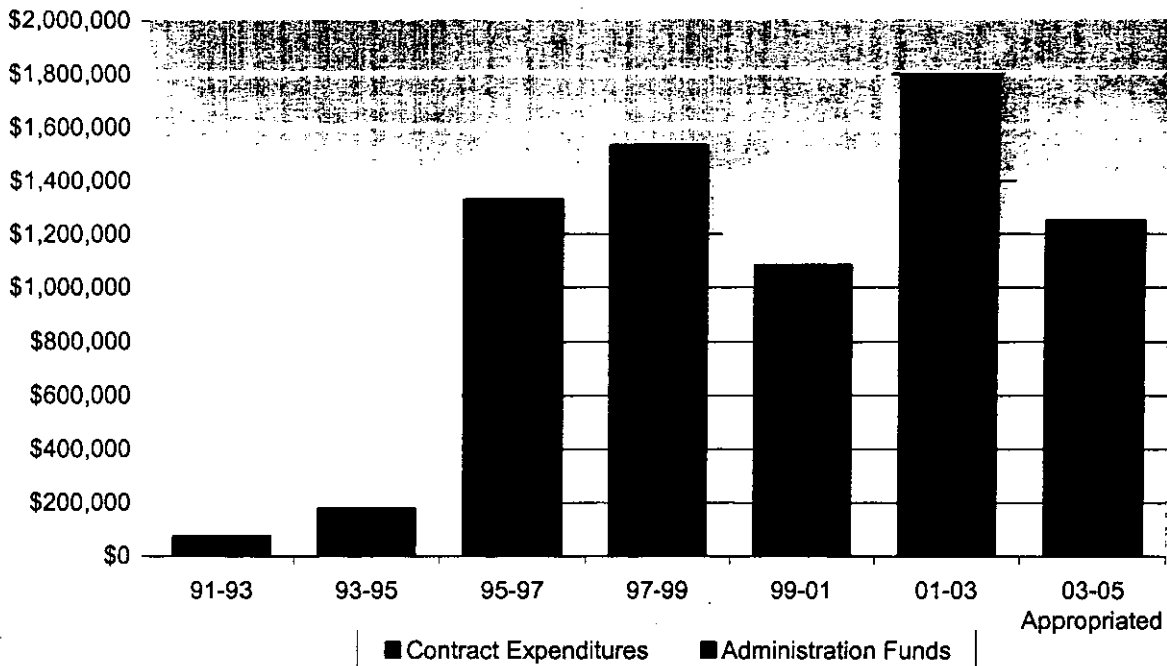
Al Austad
North Dakota AFL-CIO

Non-voting Administrative Staff

Randy Spitzer
Job Service North Dakota

Donna Stoltz
Job Service North Dakota

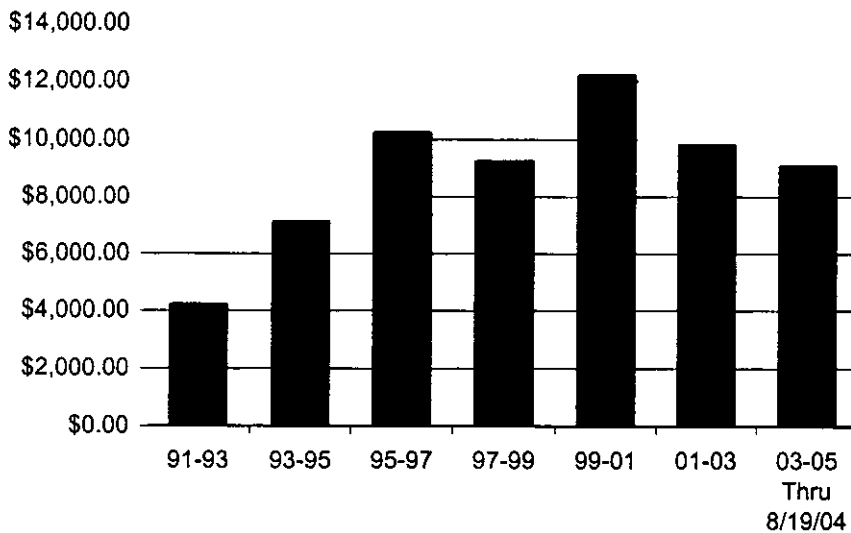
Workforce 2000, Funds Expended; Historical Overview 1991 – 2005



Comment

The North Dakota Legislative Assembly appropriates Workforce 2000 Program funds. Unspent funds at the end of a biennium are returned to the North Dakota General Fund. For the 2003-2005 biennium, the amount presented is the total funds appropriated for the biennium. Through August 19, 2004, for the 2003 – 2005 biennium, \$711,226.03 has been obligated to 84 contracts.

Workforce 2000, Average Contract Grant Awarded; Historical Overview 1991 – 2005



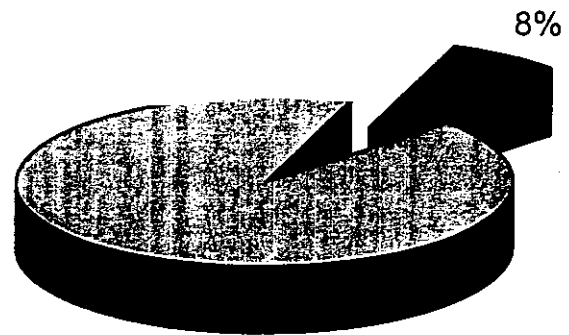
Comment

Costs of technology and training associated with implementation of new equipment and changing work methods continue to increase every year for North Dakota employers.

During the 2001 – 2003 biennium, the Workforce 2000 Program was able to help defray the cost of employee training by awarding employers with grants ranging from \$240.00 to \$292,141.00.

Workforce 2000, Value of Matching Contributions by Employers; 2001 – 2003

Source	Funds
Workforce 2000 Funds	\$1,703,394.00
Employer In-kind Match	\$20,851,429.00
Total Training Funds	\$22,554,823.00

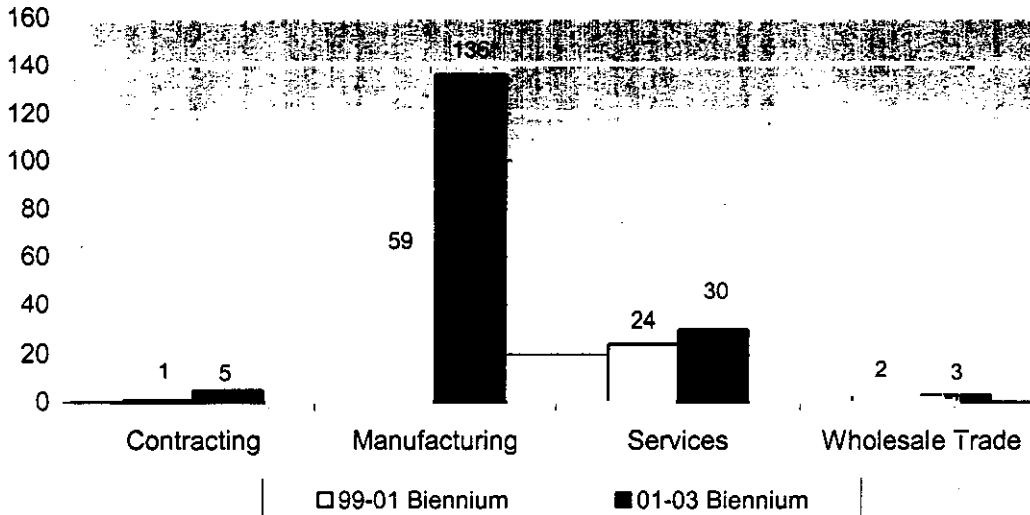


Comment

North Dakota Century Code Section 52-08.1.04 requires encouragement of companies to participate with in-kind contributions. All contracts for the 2001 - 2003 biennium are closed and follow-up with the employers has been completed.

Despite the economic conditions during the 2001 – 2003 biennium, employers were able to increase the amount of the employer's match over the 1999 – 2001 biennium. For the 2001 – 2003 biennium, employers matched at a level of \$12.24 for every grant dollar received from Workforce 2000. Employers' matching monetary funds are used for the employees' wages and benefits paid during training, and portions of the training fees not covered by Workforce 2000 grants. In addition, the matching funds include valuation of in-kind contributions of training space, training equipment, training supplies, purchases of new equipment, and technical assistance.

Workforce 2000, Contracts Awarded by Industry; 2001 - 2003



Comment

Workforce 2000 funds are awarded to businesses and industries that bring new revenue to the state by selling a majority of their products and services outside of North Dakota. Businesses that sell products or services in the local area are also eligible for Workforce 2000 funding. However, these businesses need to demonstrate a compelling economic benefit to the community or state. As depicted here, the business sector with the most potential for bringing in new revenue from out of state has been the manufacturing sector for the last two bienniums. The 174 projects funded during the 2001 – 2003 biennium exceeded the number of funded projects from every other biennium of the program history.

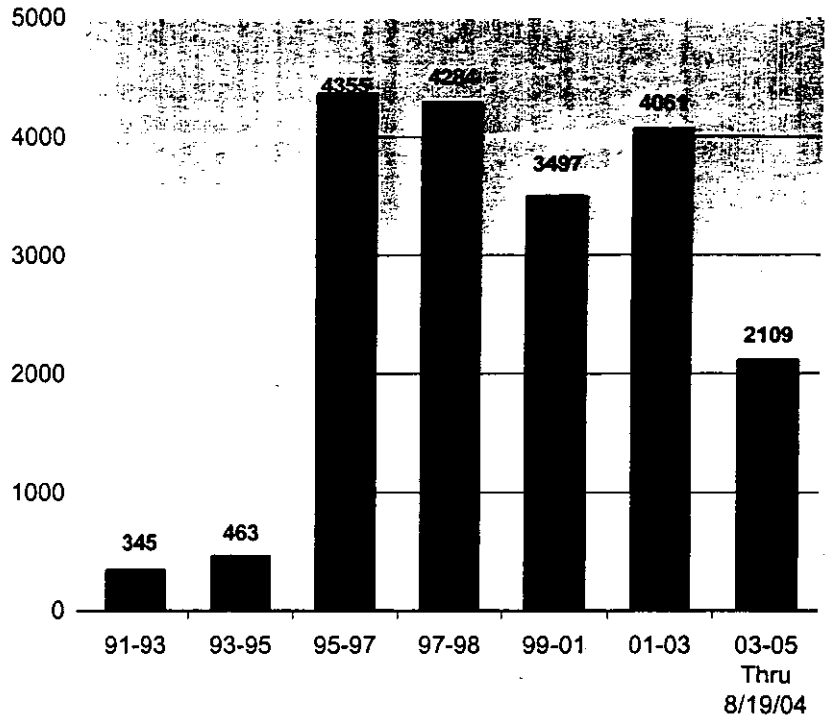
Workforce 2000, Employees Trained; Historical Overview 1991 – 2005

Comment

The amount of funding available each biennium does have some impact on the number of employees who receive training. However, the number of employees trained each biennium is much more dependent upon the economic viability of the proposals received from employers.

With the large quantity of proposals competing for limited dollars, the selection of employers who will receive grants goes beyond just training a large volume of employees. The overall economic impact must be considered. Such as wages, generation of out-of-state revenue, and other economic benefits to the community or state.

Through the biennium ending June 30, 2003, 17,005 employees have received training using funds from the Workforce 2000 Program.

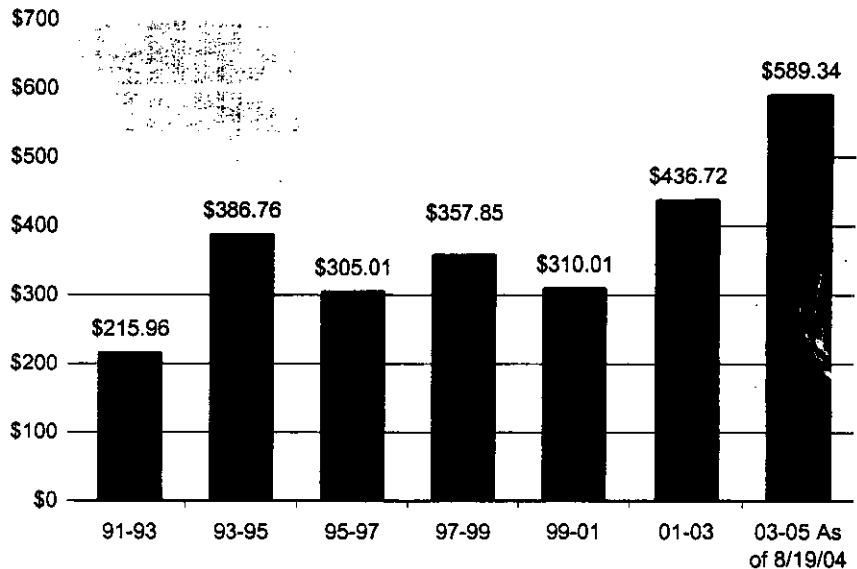


Workforce 2000, Cost per Employee; Historical Overview 1991 – 2005

Comment

Cost per employee can vary from year to year based on the amount of Workforce 2000 funds expended, the number of employees trained, and the rising cost of education.

However, compared to other states with similar new employee and incumbent worker training programs, North Dakota's spending appears reasonable. Please see **Appendix A** for a comparison of how North Dakota's spending compares to other states.



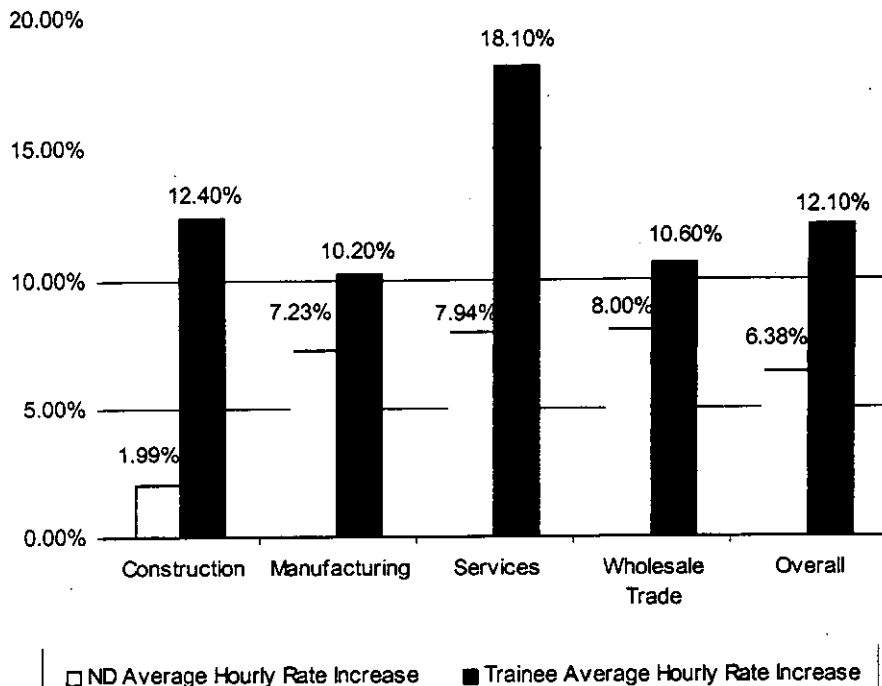
Workforce 2000, Average Hourly Wage Rate Increases by Industry; 2001 – 2003

Comment

Hourly wage rates are collected prior to training and one year after training. The chart at the left shows how employees receiving training had average hourly wage rate increases at levels exceeding North Dakota's statewide industry average increases from 2001 to 2003.

North Dakota Century Code Section 52-08.1-02 requires Workforce 2000 to provide customized, retraining, and upgrade training in occupations that pay not less than 200% of the federal and state minimum wage. Two hundred percent of the federal and state minimum wage is \$10.30 per hour.

The average pre-training hourly wage of all companies receiving funding was \$15.94 per hour for 4,061 employees. One year after training, the average hourly wage for the 3,122 employees still retained by the same employer was \$17.87.



Source: North Dakota Workforce 2000 Program follow-up monitoring reports and Job Service North Dakota's Labor Market Information publications; *North Dakota Employment & Wages; 2001 Annual Wages*, and *North Dakota Employment & Wages; 2003 Annual Wages*

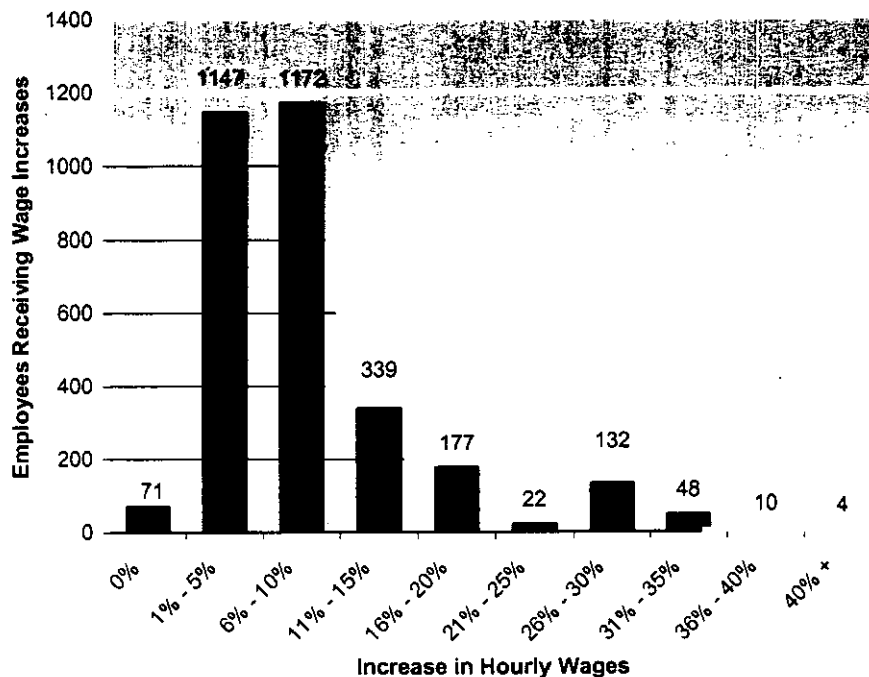
Workforce 2000, Distribution of Pay Raises One Year After Training; 2001 - 2003

Comment

Out of the 174 contracts granted during 2001 - 2003, 156 (89.7%) reported an increase in hourly wages for the 3,122 employees retained one year after training.

Of those contracts reporting increases, 141 (90%) reported average increases of 1 to 25 percent and 15 (10%) reported average increases of 26 percent or more.

Only 71 (2.5%) employees, from 18 different contracts, retained one year after training had not received an increase in hourly wages. However, the average wage of these 71 employees was \$15.40 an hour. For 2003, the North Dakota average hourly wage was \$13.28.



Effect of the Workforce 2000 Program On North Dakota's Economy; 2001 - 2003

Employee Wage Increases and Retention

Measuring the effect of the Workforce 2000 Program in North Dakota, to say the least, is a complex undertaking. However, the worth of the Workforce 2000 Program can be measured by wages and employee retention. During the 2001-2003 biennium, information provided by the employers shows the trained employees' wages increased an average of \$1.93 per hour and employers retained 76.9% (3,122/4,061) of the employees one year after training. Despite 23.1% of the employees leaving within one year after training, the majority of these individuals went on to jobs within North Dakota paying equivalent wages or improved wages as a result of the training received.

Since North Dakota Unemployment Insurance wage record data at the time of this report was not available for all employers at the one-year period after training, a wage and retention analysis was performed on a sample of 2,138 trained employees at six months after training. This sample amounted to 52.6% of all employees who received training. After six months, 511 (23.9%) of the trainees were identified by employers as no longer employed, and of these 511 trainees, 134 did not have North Dakota wages at six months after training. However, only 30 of the individuals without wages at 6 months after training were collecting North Dakota unemployment insurance. The remaining 104 individuals either did not qualify for unemployment, moved to another state, retired, did not re-enter the workforce, or returned to work in a later quarter.

A wage review of the employees not retained by the employers was performed at six months after training. Out of the 511 employees no longer employed with the same employer at six months, 377 (73.8%) were found to have North Dakota wages. The average wage for these reemployed trainees was \$15.26 an hour, an increase of 10.9%. The average pretraining wage for these trainees had been \$13.76.

Economic Impact on North Dakota

The cost per trainee during the 2001-2003 biennium averaged \$436.72. One way to calculate the effectiveness of the program, or a rate of return on investment, is to project the increased North Dakota income tax and sales tax collections that result from higher wages. However, one needs to remember these projections are based on the average wage increases of 4,061 individuals trained under one of 174 contracts, and still employed with the same employer at one year after training. The cumulative average wage increase for trainees after training was 12.1%. However, pay raises given by each individual employer ranged from 0.0% to 61.6%.

As wages go up, North Dakota should expect increased state income tax collections. During the 2001-2003 biennium, the average Workforce 2000 trainee received an average hourly pay raise of \$1.93. An employee working a full-time job (2,080 hours) and receiving the average pay raise of \$1.93 would earn an additional \$4,014.40 per year. Assuming this employee is married and falls into North Dakota's first tax bracket of 2.1%, the increased wages nets North Dakota an extra \$84.30 ($\$4,014.40 \times 2.1\%$) in state income tax each year. If this same employee fell into North Dakota's second tax bracket of 3.92%, the increased tax collection would be \$157.36 per year ($\$4,014.40 \times 3.92\%$). The extra tax collections are based on the new North Dakota tax rate structure that took effect in 2001.

In addition, let's assume this same person has 20% withheld for payroll taxes. After taxes, the employee has an estimated \$3,394.56 of extra disposable income. Assuming this individual spends at least 50% of the disposable income on taxable sales and services, the state will stand to collect an additional \$84.86 through the 5% sales tax.

Depending upon an employee's tax bracket and spending habits, on average it will take North Dakota 1.80 ($\$436.72/(\$157.36 + \$84.86)$) to 2.58 ($\$436.72/(\$84.30 + \$84.86)$) years to recover the funds spent on each individual trained with Workforce 2000 dollars. This calculation does not even consider increased property taxes, motor vehicle excise taxes, fuel taxes, state fees, or other excise taxes an individual may incur as a result of higher wages.

The 1.8 to 2.58 years needed for North Dakota to break-even on its investment are actually conservative figures. A preliminary review of the North Dakota Unemployment Insurance wage records indicate employees are actually taking home higher wages than what the employers are reporting. Why would the wages reported for North Dakota Unemployment Insurance be greater than what is reported by the employers? Because, Workforce 2000 only requires employers to report an hourly wage rate for each employee and not gross wages for a quarter, or year. When employers report wages for North Dakota Unemployment Insurance, they are reporting employee quarterly gross wages. When reporting wages for Unemployment Insurance, employers include overtime pay, performance bonuses, and commissions in addition to an employee's base wage. Since many of the employees trained were in the manufacturing sector, actual wages earned will be greater when overtime, bonuses, and commissions are factored in.

In addition to the state getting a monetary return on its investment in the short-term, the bigger picture should be the long-term contribution of the trained individual to the state's economy. Having a highly trained labor force not only means higher taxable wages, but can also serve as an incentive for new or out-of-state businesses to locate in North Dakota. Knowing trained employees are available in North Dakota could entice some businesses to take a second look at our state.

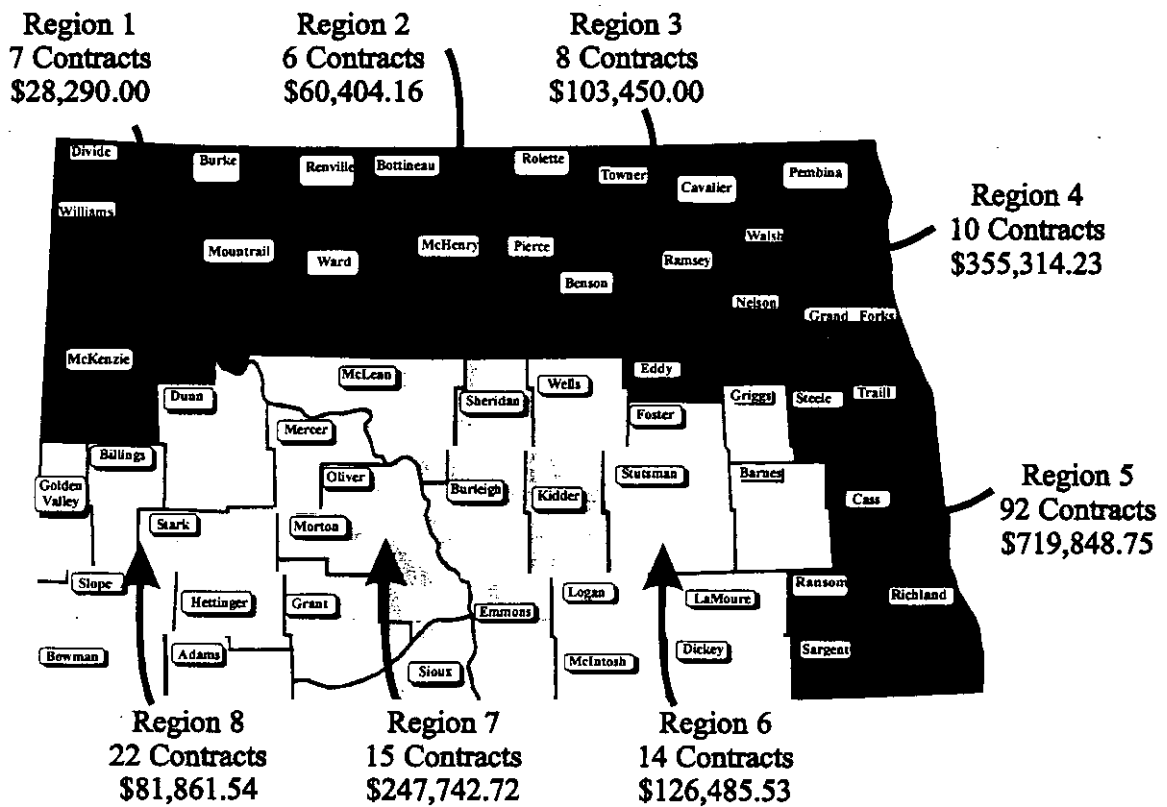
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Geographical Distribution Workforce 2000 Grants; 2001 - 2003

Comment

This graph depicts the geographical distribution of Workforce 2000 funds for the 2001 – 2003 biennium. This biennium is highlighted because it is the most recent biennium for which all contracts are closed and future fund adjustments are not required.

The importance of the geographical distribution is based on a mandate to spend at least \$150,000.00 during the biennium in rural areas. Rural areas are defined as areas that are not within five miles of any city with a population of more than eight thousand. During the 1999-2001 biennium \$601,422.53, four times what was required, was distributed in areas designated as rural. See **Appendix B** for a complete listing of contracts funded in rural areas.



Other Indicators Relating to the Effectiveness of the Workforce 2000 Program

Comment

The effectiveness of a program goes beyond just measuring the increased numbers of businesses and employees benefiting from the program. The effectiveness of a program can also be gauged by comments of those customers using the program. The following employer comments attest to the success of the Workforce 2000 Program during the 2001 – 2003 biennium.

Contract WF-06-02

"We brought in 2 new business units, utilizing several different network systems & processing work for thousands of agents and policy owners. Continue the wonderful service & support we received from Donna Stoltz!"

Contract WF-16-02

"New software technologies allowed us to bring in out of state sales."

Contract WF-20-02

"The turn around on this request was exceptional. Donna is very responsive to our needs."

Contract WF-25-02

"We feel the Workforce 2000 Program is an extremely valuable asset to our operation and have been very satisfied with the assistance and support of the program and its staff."

Contract WF-39-02

"This is the first time we utilized the Workforce 2000 Program. It was a reasonable process. The paperwork was not difficult to complete, the personnel involved in the process were helpful. We found out about the program right before we began the training so our initial proposal was reviewed immediately because a committee meeting was scheduled for the next day. The program is wonderful and is beneficial to a company and its personnel. Thank you."

Contract WF-98-02

"The program was conducted very successfully and promptly – on schedule – with positive feedback from the employees."

Contract WF-170-02

"We were extremely pleased with the training provided. Thanks so much for your assistance with this program. I feel that we have planted a seed that will continue to grow and make us more competitive in the marketplace."

Appendix A

Workforce 2000; How North Dakota Spending Compares to Other States

State	Name of Program	Program Year	Expenditures	Trainees	Cost Per Trainee
¹ Nebraska	Worker Training Program	2002 - 2003	\$1,824,359.00	16,732	\$109.03
² Ohio	The Ohio Investment in Training Program	2002 - 2003	\$12,341,516.00	74,809	\$164.97
³ Florida	Florida's Incumbent Worker Training Program	2002 - 2003	\$2,633,661.00	11,257	\$233.96
⁴ Kentucky	Grant-in-Aid	2002 - 2003	\$3,438,905.73	12,002	\$286.53
⁵ West Virginia	Governor's Guaranteed Work Force Program	2002 - 2003	\$4,018,600.00	11,063	\$363.25
North Dakota	Workforce 2000	2001 - 2003	\$1,793,152.93	4,061	\$441.55
⁶ Kansas	Kansas Industrial Training (KIT) & Kansas Industrial Retraining (KIR)	2002 - 2003	\$3,600,000.00	7,148	\$503.64
⁷ Vermont	The Vermont Training Program	2002 - 2003	\$663,685.00	1,243	\$533.94
⁸ Hawaii	Employment and Training Fund Program	2001 - 2002	\$4,835,917.00	8,966	\$539.36
⁹ Massachusetts	Workforce Training Fund	2002 - 2003	\$18,800,000.00	29,500	\$637.29
¹⁰ Indiana	Incumbent Worker Training Fund	2002 - 2003	\$5,423,801.56	5,422	\$1,000.33
¹¹ Texas	Skills Development Fund	2002 - 2003	\$13,500,000.00	12,939	\$1,043.36
¹² California	Employment Training Panel Program	2002 - 2003	\$82,700,000.00	72,600	\$1,139.12
⁶ Kansas	Investments In Major Projects and Comprehensive Training	2002 - 2003	\$5,579,739.00	2,515	\$2,218.58

¹Nebraska Workforce Development, Department of Labor; Worker Training Program Annual Report July 2002 - June 2003

²Department of Development's Ohio Investment in Training Program Annual Report; FY 2003

³Florida's Incumbent Worker Training Program; Annual Report FY 2002-2003

⁴Annual Report 2002 - 2003; Bluegrass Skills Corporation, Kentucky Cabinet for Economic Development

⁵Governor's Guaranteed Work Force Program; Annual Report for PY 2003

⁶Kansas Department of Commerce & Housing, 2003 Annual Report

⁷ThinkVermont.Com; Vermont Department of Economic Development

⁸2002 Annual Report; Employment and Training Fund Program

⁹The Massachusetts Workforce Training Fund; Annual Report Fiscal Year 2003

¹⁰Training Indiana's Workforce, 2002-2003, A report to the Indiana General Assembly; December 1, 2003

¹¹Texas Workforce Commission Skills Development Fund; Annual Report Fiscal Year 2003

¹²Employment Training Panel; Annual Report 2002-03, November 30, 2003

Appendix B

Workforce 2000, Funding in Rural Areas; 2001 - 2003

CONTRACT	Region	PROJECT	AMOUNT
WF-08-02	Region 3	START UP	\$ 6,000.00
WF-11-02	Region 4	AUTO CAD TRAINING	\$ 253.04
WF-16-02	Region 6	PROFESSIONAL CLIENT	\$ 16,235.00
WF-17-02	Region 4	MECHANICAL DESK TOP	\$ 901.45
WF-18-02	Region 4	APICS CERTIFICATION	\$ 7,572.41
WF-19-02	Region 3	LEAN 101	\$ 7,000.00
WF-23-02	Region 8	INFO SYSTEM SECURITY	\$ 1,827.50
WF-25-02	Region 8	IPC-A-600	\$ 4,341.00
WF-26-02	Region 3	LEAN 101	\$ 5,250.00
WF-27-02	Region 6	ROBOTIC WELDING	\$ 4,500.00
WF-32-02	Region 5	START UP	\$ 16,384.00
WF-39-02	Region 6	ROBOTIC OPERATING	\$ 12,593.00
WF-56-02	Region 1	BAKING ADVANCES	\$ 2,200.00
WF-58-02	Region 1	BUHLER EQUIPMENT	\$ 2,925.00
WF-62-02	Region 3	LEAN 101	\$ 12,250.00
WF-67-02	Region 2	ROBOTIC WELDING	\$ 1,790.52
WF-83-02	Region 8	IPC-J-STD-001	\$ 5,590.00
WF-88-02	Region 5	LEAN MANUFACTURING	\$ 6,250.00
WF-94-02	Region 3	LEAN 101	\$ 18,800.00
WF-99-02	Region 5	LEAN 101/VALUE STREAM	\$ 48,750.00
WF-103-02	Region 8	BGA (BALL GRID ARRAY)	\$ 2,400.00
WF-105-02	Region 3	LEAN 101, VALUE STREAM	\$ 14,500.00
WF-109-02	Region 5	MAXIMO RELEASE 5.0	\$ 8,750.00
WF-110-02	Region 4	UPGRADE TRAINING	\$ 292,141.09
WF-127-02	Region 5	DEMAND FLOW TECH.	\$ 20,000.00
WF-130-02	Region 1	SOFTWARE DEV.	\$ 1,280.00
WF-136-02	Region 5	JOB METHODS	\$ 495.00
WF-145-02	Region 3	LEAN 101/VALUE STREAM	\$ 14,750.00
WF-147-02	Region 7	START UP	\$ 9,557.86
WF-153-02	Region 5	LEAN 101	\$ 22,750.00
WF-154-02	Region 7	DANGEROUS GOODS BY AIR	\$ 950.00
WF-158-02	Region 8	DIT-MCO TESTER TRNG.	\$ 2,101.00
WF-160-02	Region 6	CAM/CAD SOFTWARE	\$ 1,600.00
WF-167-02	Region 3	TMMC TECHNOLOGY UPGRADE	\$ 24,900.00
WF-172-03	Region 6	CERT. WELDER INSTRUCTOR	\$ 1,884.66
WF-174-02	Region 8	IPC-A-610 CERTIFIED INSTRUC.	\$ 1,950.00
			\$ 601,422.53

*A minimum of \$150,000 must be committed to rural projects.

House Bill No. 1059

**Testimony of Maren Daley, Executive Director
Job Service North Dakota**

Before the

**Senate Committee on Industry, Business, and Labor
Senator Duane Mutch, Chairman**

Tuesday, February 15, 2005

- The need for highly skilled workers is increasing as employers in North Dakota implement new technology and work methods. Workforce 2000 is a state-funded training program that assists in meeting these demands. Workforce 2000 Training funds have helped employers provide retraining and upgrade training to support the introduction of new technologies and work methods into the workplace. Often this results in high-wage and high-skill jobs that enhance the economy and benefit workers through increased earning potential and employment opportunities.
- Workforce 2000 was not designed or nor has it been funded to cover all the types of training needed for a productive workforce. Soft skill training such as supervisory training or sales training have been the responsibility of employers to provide as they deem fit.
- Expanding the types of training available under Workforce 2000, as proposed in HB 1059, *without added funding*, may water down the technology training that has proven to be a successful aspect of the program

- The Senate Appropriations Committee has cut the Governor's budget for Workforce 2000 training for the upcoming biennium by \$225,000; yet demand for training assistance continues to grow.
- The funds available in the current biennium for Workforce 2000 are close to being fully obligated with four months left in the biennium.
- Workforce 2000 is a funding source to assist in reducing the cost of training. Employers contribute with in-kind contributions. In the 2001-2003 biennium, employers contributed \$12.24 for every dollar granted from Workforce 2000.
- Workforce 2000 Biennium Report July 2001-June 2003
 - Page 3 funding levels
 - Page 7 Effect of Workforce 2000 Program on North Dakota's economy 2001-2003. Return on Investment analysis calculated how long it would take for the state to recoup the average cost per trainee from income tax and sales tax collections resulting from the higher wages of training participants. The 1.8 to 2.58 years needed for North Dakota to break-even on its investment are conservative figures.
- In summary, Job Service North Dakota does not support the expansion from technology focused training to soft skills training under the Workforce 2000 program without additional funding. Job Service North Dakota does support the name change to Workforce 20/20.