

**2011 HOUSE APPROPRIATIONS**

**HB 1016**



# 2011 HOUSE STANDING COMMITTEE MINUTES

House Appropriations Education and Environment Division  
Sakakawea Room, State Capitol

HB 1016  
1/17/11

## Recording Failure

☐ Conference Committee

Committee Clerk Signature

*Shirley Branning*

## Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of job service North Dakota

## Minutes:

Attachment #s 1 and 2

**Job Service employees in attendance:** Maren Daley, Executive Director; Darren Brostrom, Employment Insurance Area Director; Susan Gunsch, Customer Service Area Director; Kevin Marchus, Planning and Support Area Director.

**Chairman Skarphol:** Called the committee to order to discuss HB 1016. Maren Daley was introduced.

**Recording Failure – Print record available only.**

**Maren Daley, Executive Director of Job Service of North Dakota:** Testimony was provided in favor of HB 1016, see Attachment # 2. The budget recommendation details in Appendix A were delineated as follows: unemployment insurance administration, funding for the unemployment insurance program, and the Workforce Investment Act grant.

A change for "job spidering", See Section 3 titled North Dakota Highlights, contains a request to reinstate the general funding of \$300,000 to replace previous federal funding. Discussed also was Workforce 20-20 funding to the level of the Executive recommendation.

**Darren Brostrom, Unemployment Insurance Area Director for Job Service North Dakota:** Provided an explanation of the current status in the unemployment insurance area, see attachment # 2 pp. 2-7. There have been significant increases in claims, some challenges to the IT systems and the Status of the Reed Act Modernization (RAM) funding proposal request. These funds are being held by the federal government, separately in the Job Service trust fund account.

**Chairman Skarphol:** With low unemployment the claims are up. How can that be explained?

**Daley:** The unemployment rate is a separate measurement that doesn't come from the unemployment insurance claim systems. When the unemployment rate is measured, the Bureau of Labor Statistics takes a very small sample nationwide. In North Dakota the



sample size is about 80-100 to determine the unemployment rate, this being a small sample in comparison to national statistics. While the unemployment rate nationally doubled, it doubled in North Dakota as well, going from 2% to 4% and that resulted in twice the amount of claims payouts. Underemployment is also a measure.

Continuing with Testimony, Attachment # 2 and discussing the Workforce Investment Act Program (WIA). Enrollees are required to get a job, keep a job and their earnings rise. From July, 2009 to November 2010 Job Service funded training for 861 individuals through WIA. Examples of jobs included technology, energy, manufacturing, transportation and healthcare. With the stimulus money received in 2010 there was \$3M in the public Service stream and just over \$5M in the WIA. Of that 83% went into training for job seekers. 962 individuals who were enrolled received training in the classroom, books, tuition fees, and on-the-job training. There were 140 trained in healthcare, 51 truck drivers, 53 in the energy fields and 37 in manufacturing. In the summer of 2009 there was also a youth employment program, employing 502 youth. The types of jobs included civil and mechanical engineering technicians, computer support specialists, tour guides, physical therapy aides, medical lab technicians, research assistants and teaching assistants. Under the American Reinvestment Recovery Act (ARRA) WIA funds the website was upgraded with newer technology.

The Quarterly Report Card, see Appendix D in Attachment # 2, delineates the performance and achievement levels that Job Service was able to maintain.

The Wagner-Peyser performance continues to meet the negotiated performance levels. Job Service North Dakota administers a portion of the job opportunity basic skills program for the Department of Human Services.

**Brostrom:** Stated that the unemployment insurance program is designed to provide a financial assurance to workers who lose their jobs through no fault of their own and the program is stable.

**Chairman Skarphol:** What is the weekly unemployment benefits amount to?

**Brostrom:** From \$43.00 per week to \$442.00 per week.

**Chairman Skarphol:** Disgruntled constituents and those most often heard have complaints about payments. How many people get payments weekly?

**Brostrom:** It varies during seasons of low unemployment and high unemployment. The work load typically ends during the fall and winter, there is a higher number of unemployed during those seasons.

**Rep. Monson:** If someone is laid off, is the employer obligated to hire him/her back?

**Borstrom:** This is not always the case; it would depend on the reason for the lay off.

**Rep. Dosch:** Being on the Board gives a deeper insight and we have felt that Job Service is an Agency that is quite efficiently operated and provides an important service to the people of North Dakota.



**Darlene Reinert, Cloverdale Foods:** Spoke in favor of HB 1016 and offered positive comment regarding the working relationship with Job Service North Dakota. They have had a job fair in conjunction with Job Service and has successfully hired 13 new employees.

**Chairman Skarphol:** There being no further comments or questions the hearing on HB 1016 is closed.



# 2011 HOUSE STANDING COMMITTEE MINUTES

House Appropriations Education and Environment Division  
Sakakawea Room, State Capitol

HB 1016

1/27/11

13575

☐ Conference Committee

Committee Clerk Signature

*Meredith Tracholt*

## Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of job service North Dakota.

## Minutes:

You may make reference to "attached testimony."

**Chairman Skarphol:** Called the committee to order to discuss HB 1016. Rep. Dosch has a question about whether we need to include the \$18,669, does that happen to be carryover that got added to the base? Looking at page 1 of the bill, base level is the adjusted appropriation from 09-11? The adjustments are the governor's increase.

**Roxanne Woeste, Legislative Council:** The base level column is the 09-11 legislative appropriation, less any one time funds.

**Chairman Skarphol:** Would it include budget section approved...?

**Woeste:** No

**Chairman Skarphol:** If they did not spend it all, it would be a carry over.

**Woeste:** Job Service does not have authority to carry over general fund dollars, so if they did not spend it all, the funds would be returned to the general fund.

**Chairman Skarphol:** I think there are places where the unexpended number, whatever it may be, is added to the base and would appear then as the appropriation.

**Woeste:** You may be thinking about the university system office budget, I am not aware of it occurring in other budgets.

**Chairman Skarphol:** Rep. Dosch wants to know if we need to add the \$18,669.

**Rep. Williams:** Why did that need to be added?



**Tad Torgerson, Office of Management and Budget Analyst:** The majority of that is salary increases. Part of that is the compensation package. It appears all of it but about \$1267 is salaries and benefits.

**Chairman Skarphol:** Is that entire line (16) salaries?

**Torgerson:** No, most of that is grants. Of the \$1.5 million, \$1.3 million are grants.

**Chairman Skarphol:** And that is general fund money that's grant money?

**Torgerson:** Yes.

**Rep. Monson:** What is the history of this workforce 20/20, when did that start?

**Torgerson:** I don't have that history, but I could find that information

**Rep. Dosch:** It shows up as state funded job training. Do they trainND?

**Chairman Skarphol:** No, that's not in this budget.

**Woeste:** This is money that Job Service ND provides as grants to businesses, for travel costs and tuition costs to train workers.

**Chairman Skarphol:** How is this different from trainND?

**Woeste:** These would be grants to businesses to retrain their workers. TrainND is the flipside of that, they are the trainers, and they offer the training courses to employers. Workforce 20/20 program began in the 1991-93 biennium as the 'Workforce 2000' program. It's a state funded job training program designed to assist ND industry and business in retraining and upgrading worker skills to meet the demand brought by the introduction of new technology and new work methods.

**Chairman Skarphol:** The money in career and tech is the money that gets split up between the workforce training centers for trainND.

**Woeste:** Correct, it goes to four two-year institutions.

**Chairman Skarphol:** In the Human Services Department we have a job training program. Would that connect to trainND?

**Woeste:** No, this is federal money they get through temporary assistance for needy families program, TANIS. They work with people who are difficult to employ and try to get them back into the workforce.

**Chairman Skarphol:** Are we duplicating efforts by paying businesses to train employees, then pay trainND to do it.



**Woeste:** I'm not saying that every business that gets a Workforce 20/20 grant uses trainND, that is one option for training. It could be a very small portion of those grants.

**Rep. Dosch:** It is such an odd dollar amount.

**Woeste:** Being part of salary and benefits can make it a weird dollar amount.

**Torgerson:** I'm not sure if it's one specific FTE that's assigned to this program or not, but the salary dollars included in this are general fund.

**Chairman Skarphol:** Right, it could be a couple employees on part-time.

**Rep. Dosch:** I am looking at total general fund increase, if we take the \$314,000 increase for the spider program, which is good and I think we need to maintain that, what is the percentage increase?

**Chairman Skarphol:** Are we increasing the amount for spidering?

**Rep. Dosch:** It was federally funded with stimulus dollars to get it running.

**Chairman Skarphol:** Then it's a 20% increase.

**Woeste:** Yes, about a 20% increase. Spidering started in the 07-09 biennium with general fund dollars. Last session, job service came in and when we asked agencies if there were any areas where federal stimulus dollars could be used for something currently funded with general fund dollars, they said the spidering portion, so we switched the funding source last session, and now it is back to general fund dollars.

**Chairman Skarphol:** If you deduct the \$300,000 and just use the \$14,500, it's a .92% increase. It's distorted by that one large amount.

**Rep. Monson:** Can we get back to what the general fund for that program was in 07-09, before we used ARRA funds?

**Rep. Dosch:** Does the grant amount have to remain the same, or is there the ability to still maintain that one FTE and give them a wage increase, and have less money for granting?

**Torgerson:** The amount in the budget request for the grant line has not changed, that remained the same as in the current biennium. The increases included in that program are all related to salary, except a small portion that are for operating fees and services. If you left that program the same, they could decrease the amount of the grants that they give to maintain the program.

**Rep. Dosch:** This is a 20% increase. What amount do we want to stick with, as we look at every budget? My recommendation would be that we allocate the \$300,000 general funds for the spidering, but we reduce the workforce 20/20 line to 1.3 plus the 300, putting the new general fund at 1.6. What would the percentage increase be then?



**Woeste:** The job spidering isn't included in that workforce 20/20 line item. The \$300,000 for the job spidering is actually in line 13, the operating expenses. It may be best if you just decide at what level you would like to fund workforce 20/20.

**Rep. Hawken:** We need to be careful of picking a percentage. A percentage of higher ed as opposed to a percentage of this budget is a lot. Their whole budget has an increase of \$137,000. They have some issues as far as IT. If we're just cutting to cut, that's fine. What have they done that you don't think is good that we should not have?

**Rep. Dosch:** Job Service is probably one of the best run agencies that there is. I'm not trying to punish them, but we have 3.5% unemployment in the state, and 10,000 unfilled jobs. Are we still going to keep funding job training? Not just in Job Service, but a lot of these other situations. Are we going to keep funding at the levels we did when we had 5% unemployment? Where do we start backing off?

**Chairman Skarphol:** So you're suggesting you'd like to cut that 20% in half?

**Rep. Dosch:** Yes.

**Chairman Skarphol:** What LC is trying to say is we need to do that in line 16, just take \$150,000 out of workforce 20/20.

**Rep. Hawken:** To have a qualified workforce, even with low unemployment, the people need to be trained and need to match the jobs. There's a pragmatic side to that as well. It does make a difference in the bottom line, and people being not on welfare or unemployment. We need to be wise in where we make our cuts.

**Rep. Dosch:** We're not doing it just to do it. But we don't have massive unemployment. Do we still need to spend the same amount of money as we did when we had higher unemployment and bigger problems in the state?

**Chairman Skarphol:** Help me recall this, because I underlined in the testimony that "Unemployment insurance benefits paid to claimants more than doubled during the last two years." Is that simply a function of the extension, or were there more people involved in claiming unemployment and possibly needing retraining?

**Rep. Dosch:** During that time period, there were major employers in the state that closed down and those people were retrained, and the workforce dollars came in handy to do that.

**Torgerson:** I would have to go back to the agency to find out if the grants were fully utilized, I don't have that available right here.

**Woeste:** We could try to look up a quick report here just to see how much they've spent to date. That would be for the line item as a whole.

**Rep. Dosch:** In their testimony, under the Workforce 20/20, there is some of the information we were looking for.



**Chairman Skarphol:** The chart on the next page seems to indicate they anticipate it's going to move upwards again.

**Rep. Dosch:** That's the appropriated amount increased. The remaining balance in the 20/20 fund is \$250,000, and must be obligated and spent by June 30. They have to turn the funds back if they aren't used. It is a matching program.

**Chairman Skarphol:** They spent 1.1 million in what you might call the first three quarters of the biennia, according to this, and they have a quarter million left. So they have spent 81% of it within 75% of the time.

**Rep. Dosch:** On page 4 of the Workforce Training Tab, is cited the amount remaining. The demands on that were decreasing, which makes sense.

**Chairman Skarphol:** Committee members, is there willingness to reduce that?

**Rep. Dosch:** Why don't we go to \$1.4 million on line 16? That still gives them a little more money than what they spent.

**Chairman Skarphol:** On line 16 go to \$1,400,000 is your recommendation, and make them absorb the \$18,000 from that?

**Rep. Dosch:** Yes. And that we fully fund the spidering program.

**Rep. Williams:** The 1512 that's on line 16, on the base level, will you carry that to the appropriations level?

**Rep. Dosch:** We're going to reduce that amount to a 1.4 appropriation.

**Woeste:** It would be a reduction of \$131,160.

**Rep. Dosch:** They had \$150,000 that they hadn't used yet in a declining environment, so I think that will still give them plenty of money to do what they need to do.

**Chairman Skarphol:** Voice vote to approve the amendment, motion carries.

**Rep. Dosch:** I move do pass HB 1016 as amended.

**Rep. Williams:** Second.

**Chairman Skarphol:** Discussion? If not, the clerk will take the roll. Motion carries 5-0-1. Rep. Dosch will carry the bill. We'll move on to the next bill.



# 2011 HOUSE STANDING COMMITTEE MINUTES

## House Appropriations Committee Roughrider Room, State Capitol

HB 1016  
2/18/11  
14735

☐ Conference Committee

Committee Clerk Signature

*Shirley Branning*

### Explanation or reason for introduction of bill/resolution:

A bill for an Act to provide an appropriation for defraying the expenses of job service North Dakota.

### Minutes:

You may make reference to "attached testimony."

**Chairman Delzer:** We'll discuss HB 1016 .

**Representative Dosch:** Introduced the bill. This is the budget for Job Service North Dakota. The benefits paid out by Job Service are those funds paid in by employers of the state but the operating budget is all federally funded, it is a budget funded by special funds with the exception of WorkForce 2020. Referring to the Green Sheet. In the past it has been funded at about \$1.5M level. We slightly decreased the amount of funds available for the upcoming year. As we have low unemployment now and as things are improving in the state, funding is not so critical. The only other general fund in the budget is \$300,000 for the job spidering program a very efficient way to serve job seekers. The number of employees have been decreased and this is due to the decrease in federal funds that funded those positions. This is one that does more with less, and really does a good job for ND.

**Chairman Delzer:** Is there an amendment to offer.

**Representative Dosch:** Yes, Amendment .01001, which I just went over. I move we adopt the amendment.

**Representative Skarphol:** Second.

**Chairman Delzer:** Amendment adopted by voice vote.

**Representative Dosch:** I move Do Pass as Amended on HB 1016.

**Representative Skarphol:** Second.

**Chairman Delzer:** Discussion.



**Representative Skarphol:** Job Service pointed out to us that their workload has gone up dramatically with the low unemployment rate. It is because of the extended benefits put in by the federal government. It has nearly doubled their work load and they are strained at times to meet the needs of the public.

**Chairman Delzer:** Did you ask them how long that is going to continue?

**Representative Dosch:** The first quarter is the worst of the year. It will continue as long as the extended benefits for unemployment go on. In the last 2 years, where the federal government has extended unemployment benefits. Terms and qualifications have been different and each quarter employees are calling in to see if they still qualify or what has changed.....It has almost quadrupled their work. It should get better as the extensions play themselves out.

**Chairman Delzer:** If there are no further extensions from the feds, how long does it last?

**Representative Dosch:** If there are no new extensions, at the end of each quarter because it requires them to get recertified. Benefits were extended for a year or whatever they were. They will have to deal with this in that time frame.

**Chairman Delzer:** Discussion. Hearing none, a roll call vote will be taken.

**Roll Call Vote:** 21-0-0 Motion Carries.

**Carrier:** Representative Dosch:



Date: 1/27/11  
Roll Call Vote #: 1

**2011 HOUSE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO. 1016**

House Appropriations – Education and Environment Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 1

Action Taken: ☒ Do Pass ☐ Do Not Pass ☐ Amended ☐ Adopt Amendment

☐ Rerefer to Appropriations ☐ Reconsider

Motion Made By Rep. Dosch Seconded By Rep. Williams

Representatives	Yes	No	Representatives	Yes	No
Bob Skarphol	X		Clark Williams	X	
Kathy Hawken		X			
Mark Dosch	X				
Rep. Martinson:	X				
David Monson	X				

Total (Yes) 5 No 1

Absent 0

Floor Assignment Rep. Dosch:  
\_\_\_\_\_

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



January 27, 2011

VK  
2/21/11  
1002

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1016

Page 1, replace line 16 with:

"Workforce 20/20      1,512,491      (112,491)      1,400,000"

Page 1, replace line 20 with:

"Total all funds      \$62,277,347      \$9,588,191      \$71,865,538"

Page 1, replace line 22 with:

"Total general fund      \$1,565,442      \$183,290      \$1,748,732"

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**House Bill No. 1016 - Job Service North Dakota - House Action**

	Executive Budget	House Changes	House Version
Salaries and wages	\$35,270,584		\$35,270,584
Operating expenses	13,698,670		13,698,670
Capital assets	20,000		20,000
Grants	7,576,284		7,576,284
Workforce 20/20	1,531,160	(131,160)	1,400,000
Reed Act - Computer modernization	12,400,000		12,400,000
Federal stimulus funds	1,500,000		1,500,000
Total all funds	\$71,996,698	(\$131,160)	\$71,865,538
Less estimated income	70,116,806	0	70,116,806
General fund	\$1,879,892	(\$131,160)	\$1,748,732
FTE	261.76	0.00	261.76

**Department No. 380 - Job Service North Dakota - Detail of House Changes**

	Decreases Funding for Workforce 20/20 <sup>1</sup>	Total House Changes
Salaries and wages		
Operating expenses		
Capital assets		
Grants		
Workforce 20/20	(131,160)	(131,160)
Reed Act - Computer modernization		
Federal stimulus funds		
Total all funds	(\$131,160)	(\$131,160)
Less estimated income	0	0
General fund	(\$131,160)	(\$131,160)
FTE	0.00	0.00



282

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<sup>1</sup> This amendment decreases funding from the general fund for Workforce 20/20 by \$131,160 from \$1,531,160 as provided for in the 2011-13 executive budget to \$1.4 million. The funding of \$1.4 million represents a decrease in funding from the general fund of \$112,491 compared to the 2009-11 general fund appropriation of \$1,512,491.



Date: 2/18  
Roll Call Vote #: 1

2011 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 1016

House Appropriations Committee

Legislative Council Amendment Number 0/001

Action Taken: ☐ Do Pass ☐ Do Not Pass ☐ Amended ☒ Adopt Amendment  
☐ Rerefer to Appropriations ☐ Reconsider

Motion Made By Rep. Dosch Seconded By Rep. Skarphol

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer			Representative Nelson		
Vice Chairman Kempenich			Representative Wieland		
Representative Pollert					
Representative Skarphol					
Representative Thoreson			Representative Glassheim		
Representative Bellew			Representative Kaldor		
Representative Brandenburg			Representative Kroeber		
Representative Dahl			Representative Metcalf		
Representative Dosch			Representative Williams		
Representative Hawken					
Representative Klein					
Representative Kreidt					
Representative Martinson					
Representative Monson					

Total (Yes) \_\_\_\_\_ No \_\_\_\_\_

Absent \_\_\_\_\_

Floor Assignment \_\_\_\_\_

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

voice vote carries



Date: 2/18  
Roll Call Vote #: 2

2011 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 1014

House Appropriations Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken: ☒ Do Pass ☐ Do Not Pass ☒ Amended ☐ Adopt Amendment  
☐ Rerefer to Appropriations ☐ Reconsider

Motion Made By Rep. Dosch Seconded By Rep. Skarphol

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer	X		Representative Nelson	X	
Vice Chairman Kempenich	X		Representative Wieland	X	
Representative Pollert	X				
Representative Skarphol	X				
Representative Thoreson	X		Representative Glassheim	X	
Representative Bellew	X		Representative Kaldor	X	
Representative Brandenburg	X		Representative Kroeber	X	
Representative Dahl	X		Representative Metcalf	X	
Representative Dosch	X		Representative Williams	X	
Representative Hawken	X				
Representative Klein	X				
Representative Kreidt	X				
Representative Martinson	X				
Representative Monson	X				

Total (Yes) 21 No 0

Absent 0

Floor Assignment Rep. Dosch

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



**REPORT OF STANDING COMMITTEE**

**HB 1016: Appropriations Committee (Rep. Delzer, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (21 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1016 was placed on the Sixth order on the calendar.

Page 1, replace line 16 with:

"Workforce 20/20        1,512,491        (112,491)        1,400,000"

Page 1, replace line 20 with:

"Total all funds \$62,277,347    \$9,588,191    \$71,865,538"

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"Total general fund    \$1,565,442    \$183,290    \$1,748,732"

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**House Bill No. 1016 - Job Service North Dakota - House Action**

	<b>Executive Budget</b>	<b>House Changes</b>	<b>House Version</b>
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Grants	7,576,284		7,576,284
Workforce 20/20	1,531,160	(131,160)	1,400,000
Reed Act - Computer modernization	12,400,000		12,400,000
Federal stimulus funds	1,500,000		1,500,000
	\$71,996,698	(\$131,160)	\$71,865,538
Total all funds			
Less estimated income	70,116,806	0	70,116,806
	\$1,879,892	(\$131,160)	\$1,748,732
General fund			
	261.76	0.00	261.76
FTE			

**Department No. 380 - Job Service North Dakota - Detail of House Changes**

	<b>Decreases Funding for Workforce 20/20<sup>1</sup></b>	<b>Total House Changes</b>
Salaries and wages		
Operating expenses		
Capital assets		
Grants		
Workforce 20/20	(131,160)	(131,160)
Reed Act - Computer modernization		
Federal stimulus funds		
	(\$131,160)	(\$131,160)
Total all funds		
Less estimated income	0	0
	(\$131,160)	(\$131,160)
General fund		
	0.00	0.00
FTE		



<sup>1</sup> This amendment decreases funding from the general fund for Workforce 20/20 by \$131,160 from \$1,531,160 as provided for in the 2011-13 executive budget to \$1.4 million. The funding of \$1.4 million represents a decrease in funding from the general fund of \$112,491 compared to the 2009-11 general fund appropriation of \$1,512,491.



**2011 SENATE APPROPRIATIONS**

**HB 1016**



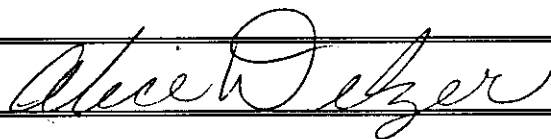
# 2011 SENATE STANDING COMMITTEE MINUTES

## Senate Appropriations Committee Harvest Room, State Capitol

HB 1016  
March 3, 2011  
Job # 14910

☐ Conference Committee

Committee Clerk Signature



### Explanation or reason for introduction of bill/resolution:

**A bill to provide an appropriation for defraying the expenses of Job Service North Dakota.**

### Minutes:

See attached testimony.

**Vice Chair Bowman called the committee hearing to order on HB 1016.**

**Roxanne Woeste - Legislative Council; Tad H. Torgerson - OMB were also present.**

**Maren Daley, Executive Director of Job Service of North Dakota** testified in favor of HB 1016 and provided Testimony attached # 1. She asked the committee to go to Appendix A, Job Service North Dakota Budget Recommendation Details. The 3 primary grants that make up the "legs of the stool" for Job Service ND include: unemployment insurance administration, which is used solely to fund the running the unemployment insurance program, Wagner-Peyser, which funds our public employment service, this includes our job postings and all job seekers, whether employed or unemployed, can come and look for new jobs in ND and has universal access, and finally the Workforce Investment Act, which has specialized workforce training programs designed to enable states to give an extra boost of help to those who may be facing obstacles in finding employment. It provides 3 levels of service that we can offer to job seekers which include: core services, public employment services, intensive services for those who need more coaching, referral sources and the third level is training services, which have been a huge benefit in ND.

The second piece, we are requesting a change for, is "job spidering". She referred to the sheet Job Service North Dakota Highlights, Section 3. We are requesting "to reinstate the general funding of \$300,000" for "job spidering" because the stimulus money is gone

The House took out a "chunk" out of that funding proposal, due to there being less of a need for it. I know this committee has a good understanding of this program. Workforce 20-20 continues to be a very critical program for training incumbent workers. The fact that we have low unemployment is not necessarily a direct tie to the needs of this program. The needs of this program are that it serves to provide manufacturing employers, who are trying to become more technologically savvy, globally competitive to keep their costs down and being highly productive.



Our expression of need is that you will reinstate the Workforce 20-20 funding back to the level propose by the Governor.

**Darren Brostrom, Unemployment Insurance Area Director for Job Service ND**, will be explaining what has been happening in the unemployment insurance area. Even with low unemployment in ND, we have seen significant increases in claims, some challenges to our IT systems and he will be addressing the Reed Act Modernization funding proposal request. These funds are being held by the federal government, separately in our trust fund account.

**Senator Robinson** asks about unemployment and that claims are up. Do we have any documentation on why that scenario is playing out?

**Maren Daley** states the unemployment rate is a separate measurement that doesn't come from our unemployment insurance claim systems. When the unemployment rate is measured, the Bureau of Labor Statistics takes a very small sample across the country. The sample size in ND is about 80-100 samples to determine our unemployment rate. When you roll this up nationally, it is statistically valid but it is a very small sample in ND. If a person works one hour in the week that sample is taken, they are not considered unemployed, for the unemployment insurance rate calculation. However, what we saw in ND in 2009, was a lot of manufacturing employers. Remember how hard it was to hire people in 2007 and 2008 and get them trained. They wanted to hang on to these employees, as much as they could, so rather than totally laying them off, they cut their hours. By reducing their hours, these employees were eligible for a partial to full UI benefit. They could file a claim and still work some hours per week. There is a big difference between, who can file an unemployment insurance claim, when we see various industries go through cycles, where they cut back on hours. Also in ND, we may have one or two week shutdowns, that don't come during the week of the 12<sup>th</sup> of the month, when the UI sample is measured. We hear that unemployment doubled across the country, and it actually doubled in ND too, going from 2% to 4% and that still sounds small, but in doubling, it also doubled our claims payouts. In 2008, our total claims payouts in the trust fund ran about \$40 million and in 2009, they were over \$100 million. That was a big jump. We did see a significant increase in claims and eligible benefits to be paid out.

**Senator Robinson** states that given the means they use to measure unemployment, because of the low number we are using in ND, our unemployment is "in reality, is more than we think."

**Maren Daley** states that there are two different measures. In the unemployment rate, you work one hour, you are not counted as unemployed. There is also measures of underemployment.

**Senator Robinson** states we talked with the Human Service budget group and we have growth in case load, which is running in contrast to slow economy, and low unemployment. Then people ask me, why the big increases? It is difficult for people to understand. They think these caseloads should be coming down and part of it is, the aging population. So it is confusing to people.

**Maren Daley** states, ND has a solid unemployment insurance system. It is well designed for benefits, benefits are tied to the tax rates, they are indexed to wages, so when these things



happen, our system is set up to build the trust fund in better times. We have a bit of a cushion, to pay those benefits out and work through some of those cycles. Due to federal cuts in the federal budget, we will be affected by that.

The House side eliminated the Workforce Investment Act funding, for us would be the next 15 months. We have 3 funding streams, Workforce Investment Act, Wagner-Peyser and Unemployment Administration and that takes off 1/3 of our funding. A rational person would suspect that there would be some balancing to that, when it goes to the Senate side, but we don't know. In all likelihood, there will be significant reductions on the Workforce Investment Act funding, which will affect how we deliver service in ND.

**Vice Chair Bowman** asks, "When a company is short of help, they call and see what's available. Do you ask them what type of training they have to have to qualify for that job? Do you coordinate that with our university system or education system to see where they could get qualified for that job?"

**Maren Daley** states that is an excellent question. When a company calls up we ask what level of skills do you need? If they are not able to find a good candidate through our job seeker pool, they can go with "virtual recruiter" and search resumes of candidates that would meet their criteria. If they find, that they are struggling to find employees, we can take that as an industry message and talk to industry liaisons, to the education system, such as Train ND. They have been very responsive to that idea.

Maren is returning to the testimony presented in Attachment #1.

The Workforce Investment Act is a workhorse preparation and employment system designed to meet the needs of businesses and develop job seeker skills. This program helps job seekers become qualified to enter the employment market and we are achieving our performance goals, which are significant and is helped by ND strong economy. Performance, under the Workforce Investment Act, requires our enrollees get a job, keep a job and their earning go up. In July of 2009-Nov. of 2010, Job Service funded training for 861 individuals through the Workforce Investment Act Program. We charted this to individuals, so they are trained in targeted industries and high wage and high demand occupations. These include: technology, energy, manufacturing, transportation and healthcare. With the stimulus money we received last year, there was \$3 million in the Wagner-Peyser or the Public Employment Service stream and just over \$5 million in the Workforce Investment Act. The Workforce Investment Act performance was amazing and I give my staff tremendous credit for this. They were able to distribute and utilize this money in ND for the benefit of the economy. They put 83% of that \$5 million into training for job seekers. The type of training we were able to get for people, of the 962 individuals that were enrolled, which included classroom training, books, tuition fees, on-the-job training, there were 140 trained in healthcare, 51 truck drivers, 53 in the energy industry and 37 in manufacturing. We had a youth employment program, that employed 502 youth, in the summer of 2009 and employers really opened their arms to this program. They gave these kids some tremendous experience and exposure to some career opportunities in ND. Some of these jobs included: civil and mechanical engineering technicians, computer support specialists, tour guides, physical aide therapies, medical lab technicians, research and teaching assistants. The younger youth that were enrolled, they often needed to develop basic work readiness skills. Entry level worksites included:



groundskeepers, cleaners and recreation workers. Also through, ARRA WIA funds, we were able to upgrade our website so it has newer technology and easier to use.

Our Report Card is under Appendix D. Quarterly Report Card. This indicates the performance levels that Job Service has been able to sustain, despite the challenging funding situations. Key performance areas: The trust fund. Are we on target, and are we within projections for benefit payouts for sustaining reserved balance? What is our performance level in the unemployment insurance claim center, such as handling calls? We have also had some challenges there such as the federal extended benefit program that was mandated by the federal government and the obstacles that were built into that program, caused an increase in the number of phone calls and the time it took to resolve those calls. Unemployment payment accuracy is looked at. We have been encouraging more employers to use electronic reporting. It saves us staff time and cost. Our Workforce Investment Act performance states we are meeting our negotiated performance levels and if our other two partners, adult education in DPI, and Career and Tech. Ed. If they meet their performance standards as well, the state is eligible for a WIA incentive grant. Last year, all three entities met their performance standards. The Workforce 20/20, which we are asking this committee to reinstate the executive budget proposal, the synopsis is on the top of the page 3. The issue we ran into with Workforce 20/20, is in the last couple of sessions, there has been a requirement that at least 50% of those training dollars, had to be invested with new or expanding companies. We ran into some funding issues, where we couldn't sustain that 50% balance, and we had greater need by those who were not growing or expanding from an employment-based aspect. We are requesting, as part of our appropriation, that the 50% requirement be eliminated. In the manufacturing industry, they are continuing to focus on being leaner and more productive, and that does not always translate into employment growth. We also tracked the return on investment for Workforce 20/20, which continues to be very, very strong. The wages for people trained under this program have been growing higher than those not trained under the program. The return on investment for the state, based on the increase in earnings for those trained under Workforce 20/20, have an hourly wage rate of \$22.25 and it takes ND, just over 1 year, to a max of 14 months, to recoup that investment from Workforce 20/20. There is good retention of these people in ND, so overall it's a good deal for ND. North Dakota's return gets paid back quickly from the investment, they are good wage jobs and the people that are trained under this program are staying in ND.

Our Wagner-Peyser, our public employment service performance, continues to meet our negotiated performance levels. Also, Job Service ND, administers a portion of the job opportunity basic skills program, for the Dept. of Human Services. Those clients are required to have a work participation rate, over 50%, in order to remain eligible under the federal TANNIF program. The work participation rates for Job Service clients are well above 70%.

**Darren Brostrom, Unemployment Insurance Area Director for Job Service of ND** testified in favor of HB 1016. Pages 2-7 of testimony #1. The unemployment insurance program is designed to provide a short-term financial safety net to workers who lose employment through no fault of their own. The ND unemployment insurance program is stable.



**V. Chair Grindberg** asks, 'What are the minimum and maximum weekly unemployment benefits?

**Darren Brostrom** states the minimum of \$43/week to the maximum is \$442/wk.

**Senator Christmann** states that the comments he has heard are from a very disgruntled constituent, who is a manufacturer. When the Bureau of Labor statistics comes out, I am assuming that you get a count of how many people each week get an unemployment check.

**Darren Brostrom** states we call that, weekly benefits paid, claim numbers or the number of individuals receiving benefits

**Senator Christmann** asks of those individuals receiving benefits, do we keep track of how many of them are job attached?

**Darren Brostrom** states, yes we do.

**Senator Christmann** asks if that is half or 10% or 90%?

**Darren Brostrom** states that it ranges due to the time of the year. In the fall and winter season, we see road work ending, there is a higher number of unemployed in the fall. In the fall, it can range anywhere 60%-75%, being job attached. We are seeing more recently that individuals, that are being laid off or separated from employment, are being terminated with "no return to employer plan". I would guess about 60% would be "job attached" at this time.

**Senator Christmann** asks if there is any penalty if employer says someone's job is "job attached?" Are they obligated to hire that person back?

**Darren Brostrom** states that the penalty would be a higher tax rate.

**Senator Christmann** asks if the employer can draw?

**Darren Brostrom** states there are some very limited situations that they could draw. 99.5% of time, no. If they were forced into bankruptcy, that raises some potential for employers to draw but it is extremely limited and doesn't happen often.

**Senator Christmann** asks if the employer has 10 welders, including himself, he pays on his hours, if 9 leave, he doesn't have anything left to do, he doesn't get to collect on himself?

**Darren Brostrom** states, in broad terms, a lot of employers will exempt themselves from unemployment insurance payment, so they are not paying on their own wages. If some choose to pay, the major reason for that is the federal tax deduction they receive, by participating into the unemployment program. By paying into the state program, they get a 5.4% decrease or credit to their federal tax.

**Vice Chairman Grindberg** closes the hearing on HB 1016.



# 2011 SENATE STANDING COMMITTEE MINUTES

## Senate Appropriations Committee Harvest Room, State Capitol

HB 1016  
March 22, 2011  
Job # 15806

☐ Conference Committee

Committee Clerk Signature



### Explanation or reason for introduction of bill/resolution:

This is a subcommittee hearing on Job Service.

### Minutes:

**Chairman Grindberg:** We will call the Conference Committee, I mean the subcommittee hearing to order on HB 1016. Let the records show we are all here: Senators Holmberg, Warner and I. Tad H. Torgerson, OMB and Roxanne Woeste, Legislative Council are also present. My understanding is one issue, and Maren, would you like to talk about that one issue?

**Maren Daley:** Good morning, Senators, and thank-you, Senator Grindberg for keeping in mind conference committee. We are hoping our bill goes to conference committee for that one issue: to restore Workforce 20/20 funds of \$131,160 that were taken out on the House side. Are we talking about a different issue?

**Chairman Grindberg:** I thought the issue was something to with Landmen.

**Maren Daley:** We are meeting with Ron Ness and the Landmen Association people at 1:30 regarding an unemployment insurance provision they would like to see amended. We have suggested they possibly attach that amendment, if they are going to proceed with it on HB 2245, which is a UI benefits bill and then handled through the IB&L who typically handle the UI tax and benefits issue. I have talked to Senator Klein and Rep. Keiser ....they were amenable to that option.

**Chairman Grindberg:** Mr. Ness' amendment would not be required in your budget bill?

**Maren Daley:** That was my suggestion.

**Chairman Grindberg:** What does HB 2245 do?

**Maren Daley:** It is an unemployment insurance benefits bill that would provide benefits for domestic violence. We are relatively comfortable and worked out to the point where it was passed by the Senate side. We are comfortable the House will now support it and it will be a passable bill.



**Chairman Grindberg:** I will check with Rep. Keiser and remind us about the restoration of about \$100,000.

**Maren Daley:** Yes, for Workforce 20/20, the House cut \$131,160 out of the executive budget recommendation. We would like to see that restored ..... it has been a highly successful program in ND. Our manufacturers continue to try to be lean, productive, and globally competitive. It helps share the cost of training for their incumbent workforce. The rationale the House explained in making that cut was with lower unemployment. We shouldn't continue to need it, but this is an incumbent worker training program that continues to elevate our existing workforce skills so companies don't need to move elsewhere to find a highly skilled workforce. If you would like any more explanation on the Landmen issue, I would be happy to give that.

**Senator Holmberg:** The issues aren't great but what is the House going to do on that?

**Senator Warner:** The Landmen issue is the policy issue and isn't anything for us to concern ourselves with.

**Chairman Grindberg:** The other item, we passed SB 2056 which had 3 workforce related efforts. One was to broaden the eligibility and new jobs training entities. Would you be ok with us amending that section of that bill into your bill to declare as you had administered the new job training program?

**Maren Daley:** If it stays the same that I am aware of, I have no problem with that section. I met with Dr Krotseng and explained how it would work, gave her some outlines and training pieces she can use for her staff. We also offered some of our staff to do some presentations to assist them.

**Chairman Grindberg:** That is in the House.....not sure of the fate.

**Maren Daley:** The version I saw was workable for perspective. We may not be in existence, depending on the federal budget. HR won that the House is proposing on the Federal side has zero doubt Workforce Investment Act funding for us for the next 15 months. That is 1/3 of Job Service's total funding, we have Unemployment Insurance Administration, we have the Public Labor Exchange, and the Workforce Investment Act funding funds our local offices, it funds staff for core and intensive services for those who are harder to employ, and it funds all of our training that we then pass through to training providers for people that need training to get employed. That's a huge risk to us right now.

**Chairman Grindberg:** When will you know the outcome of that?

**Maren Daley:** We are on our second continuing resolution. April 8<sup>th</sup> is the next date....the Senate has expressed that the House cuts are too deep, but we have not seen a Senate proposal on that specific provision. We will know the next step April 8<sup>th</sup> if they continue on a continuing resolution if they adopt some sort of modified budget. Our federal funding is at severe risk.

**Chairman Grindberg:** If that prevails, what is left? Unemployment?



**Maren Daley:** Unemployment insurance and money to administer that. There is a funding stream which is Wagner-Peyser programs; it funds the Public Labor Exchange. The Public Labor Exchange has been flat since 1982.....it doesn't cover much. That has to cover universal access to the job listing system. At this point we would consider maintaining our jobs.nd.com, although we would negotiate with the vendor to bring the costs down if possible. It would fund some staff, but we could not afford our local office structure, we would not have any training dollars to offer to clients, and we'd be reducing staff. We have been keeping the governor's office aware of it. I share that for awareness at this point because you guys may leave and constituents may say what has happened to Job Service?

**Senator Warner:** How is the \$131,000 allocated? On the green sheet, it shows only \$18,000 of that is general fund. Which funding sources cover that \$131,000?

**Maren Daley:** The Workforce 20/20 is all general funds. That is one small piece for job service....we are primarily federally funded, but general funds do fund Workforce 20/20 because it is state income that is a Workforce Training Program.

**Chairman Grindberg:** That is 100% general fund.

**Maren Daley:** Yes.

**Chairman Grindberg:** If we finish on April 20th and you find out May 10<sup>th</sup> that the House prevails, you have some hard decisions to make. Should we have contingency language that transfers this to commerce in that event? It has to go somewhere. New Jobs Training and Workforce 20/20 has to go somewhere.

**Maren Daley:** We would still be able to maintain those because we would have the public labor exchange. We would have a core central staff that would be smaller. We can certainly handle effectively and efficiently and deliver those programs. We would continue to deliver the unemployment insurance and would maintain through a network with local communities through Chamber of Commerce and everything else that we could do for outreach. We would have a small or a reduced sized local office network, but those programs would not be at risk for how well we could administer them. I hope we hear good news.

**Senator Warner:** Would you be open to a motion, now or later.

**Chairman Grindberg:** We will do that later. I want to talk to Rep. Keiser first. We certainly can request amendments for restoration of that \$131 and an amendment on the new job training pursuant to the bill that passed here and maybe Roxanne could process them for us.

**Senator Warner:** I would agree to that.

**Chairman Grindberg:** Ok, thank-you. The hearing was adjourned.



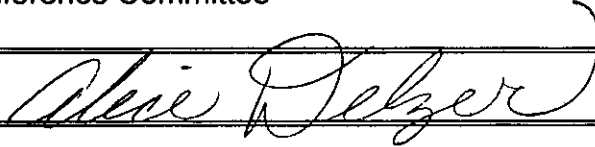
# 2011 SENATE STANDING COMMITTEE MINUTES

## Senate Appropriations Committee Harvest Room, State Capitol

HB 1016  
03-30-2011  
Job # 16161

☐ Conference Committee

Committee Clerk Signature



### Explanation or reason for introduction of bill/resolution:

A ROLL CALL VOTE ON THE BUDGET FOR JOB SERVICE

### Minutes:

You may make reference to "attached testimony."

**Chairman Holmberg** called the committee to order in reference to HB1016. Tad H. Torgerson, OMB and Becky J. Keller, Legislative Council were also present.

**V. Chair Grindberg** explained the amendment # 11.8128.02001. **He moved the amendment. Seconded by Senator O'Connell.**

**V. Chair Grindberg** made comments regarding the amendment and needs in the western part of the state.

**A roll call vote was taken on Amendment # 11.8128.02001. Yea: 13; Nay: 0; Absent: 0.**

**V. Chair Grindberg** moved a **DO PASS AS AMENDED. Seconded by Senator Robinson.**

**Chairman Holmberg:** Call the roll on a do pass as amended on HB 1016.

**A Roll Call vote was taken. Yea: 13; Nay: 0; Absent: 0. Motion carried. Senator Warner will carry the Bill.**

The hearing on HB 1016 was closed.



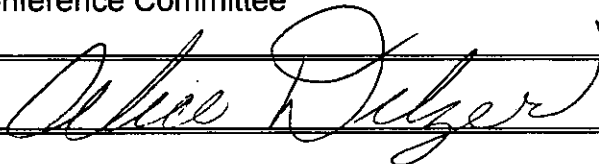
# 2011 SENATE STANDING COMMITTEE MINUTES

## Senate Appropriations Committee Harvest Room, State Capitol

HB 1016  
03-31-2011  
Job # 16209 and 16223

☐ Conference Committee

Committee Clerk Signature



### Explanation or reason for introduction of bill/resolution:

A MEETING REGARDING JOB SERVICE OF ND

### Minutes:

You may make reference to "attached testimony."

**Chairman Holmberg** called the committee back to order in reference to HB 1016. Tad H. Torgerson, OMB and Becky J. Keller, Legislative Council were also present.

**V. Chair Grindberg:** Maren Daley from Job Service sent an email that request that we add an amendment to the bill that provides for a sale of the property of a job service location. Let me read her email. "Job Service requests an amendment to our appropriation bill to enable the agency to sell real estate (inaudible) in the event of federal funding costs. Laura and Pam from Attorney General's office have worked on the amendment. If Congress passes HR1 in it's current form it would eliminate funding for the Workforce Investment Act for the upcoming year. The agency would then have to make significant reductions it would not be able to continue to hold a number of local offices". So the amendment prepared by the Attorney General's office is what I passed around (**Testimony attached # 1**) and provides for that in the event of federal action and the last sentence there it says "Net proceeds from the sale must be used as authorized and directed by law". I presume that all of those funds would go back to the federal government because state funds do not cover costs of job service.

**Chairman Holmberg:** Becky, could you remind us. It says that Job Service may cause the property to be sold in the manner prescribed by 54-01-05.1 and the provisions of 54-01-05.5 do not apply. Could you tell us what those provisions are so we have an idea of just will happen?

**Becky J. Keller:** Statute # 54.01.05.1 state owned land how transferred real property held in the name of the state of ND for the use and benefit of any department or agency thereof may be transferred and conveyed by quick claim deed executed in the name of the state. The appraised value in that the state reserves the right to reject any and all bids. No land may be sold at auction for less than the appraised value. In addition to the purchase price at auction they buyer must pay the cost of preparing the land for sale. For a land sale or exchange when the value of the land is not more than \$100,000, one appraisal must be obtained and when the value of the land is in excess of \$100,000, two appraisals must be obtained. If more than one appraisal is obtained the appraised value of the land is the average of the two appraisals. If no



bid is received on the land at public auction the land may be sold for not less than 90% of the appraised value.

**Chairman Holmberg:** And then it says the provisions of 5.0.5 don't apply in this particular case.

**Becky J. Keller:** The supervising agency board commission department or institution owning or controlling land proposed by a bill introduced in the legislative assembly to be sold or exchanged shall prepare a written report that includes an analysis of the type of land involved, the determination whether the land is needed for present or future uses of the agency board commission department or institution. A description of the party or parties if known who are interested in the land and the purpose for which the land is desired, a map showing the boundaries of the land.

**Chairman Holmberg:** That doesn't apply. They don't have to do this. He was told that is correct.

**Senator Robinson:** it is my understanding although these are properties held by Job Service are they not owned by the federal government and not the state government? The statute references sale of state property so is there an oversight there? Can we sell federal property, because it is a federal agency?

**Chairman Holmberg:** Do they own it or lease them? The federal government built them.

**Senator Krebsbach:** My recollection on all of this is the buildings are owned by the state of ND. The funds for operating and the payments of benefits and so on come from the federal.

**Chairman Holmberg:** Any comment. Why don't we have Maren Daley come in because we want to know. We clearly don't want to try to have to explain a floor amendment if we have some issues with it. We will start at 9:00 am.

**Job # 16223 started at this time regarding HB 1016, Job Service.**

**Maren Daley, Executive Director, Job Service:** In response to who owns these properties that Job Service is asking for permission to sell in the event that our federal funding is significantly cut over the next biennium and the answer is the state now owns the properties. I was slightly off in my answer to you because in 2007 through the Department of Labor transferred the equity in the properties back to the states and I have the legal section on that with the requirement that if the properties are sold the proceeds have to go back to the funding stream grants that paid for them so for ND that would be Job Services Unemployment Insurance Administration Grant and the Employment Service, Wagner-Pizer Grants.

**Senator Robinson:** Are we potentially looking at several properties or two or three?

**Maren Daley:** HR1 would eliminate our funding of \$5.1M on an annual basis for the next year. If that extreme were adopted it would be a significant majority of our properties and service would be, we would direct our remaining services to where we could serve the most number of customers based on our work load for unemployed, for eligible people.



**Senator Robinson:** Thus any job service mobile?

**Maren Daley:** We may have some traveling teams. That's not so far off. We are hoping that when HR1 being zeroing out funding that there may be some negotiation in that realm. The initial proposal put forth by the House talked about reverting to 08 funding levels which we would be just fine with and now it's to zeroing it out.

**Chairman Holmberg:** Do you still have the itinerant persons because my first job was with Job service in the employment security and I was stationed in Bismarck, and I went to Max, Washburn, Linton on a rotating basis, I was the Ag man. The ranchers and farmers employed a lot of temporary help. Here's my question: You decide as administrator of job service that a property and community X has no purpose anymore. You feel you have to get rid of it. What steps do you have to do or is that authority all in your hands as the executive director to say we are going to sell the property in town X? Do you have to get governor's approval, get anybody approval?

**Maren Daley:** First off, the decision likely would not be based on no need, but no funding to sustain it, although we recognize that services are needed. We did a complete map in 06 and various ways we can deliver that service. We have done some face to face over the computer, we have tried to find different ways to deliver service. We still have 2 part time, one in Oaks, our person is half time with the TRAINND out of Wahpeton, and we are nested with them. With this level of cuts we are seeing there will be significant changes. You ask the process. I would review our plans with the governor's office, and welcome their input, be sure they understand it and they have apprised me that we would notify legislators as to what the plans would be.

**Chairman Holmberg:** If they have a property they can't sustain, can they lease it out?

**Maren Daley:** That would be hugely advantageous to us. We do not have that authority right now in that the feds have traditionally frowned on leasing the property out unless it's to a Workforce Investment Act partner and then it's done on a cost sharing basis. We would very much like further flexibility in handling these properties. We've been trying to sell property in Jamestown, haven't found a buyer when we went into smaller lease space so there may be some room now that the feds have transferred the equity to the states to give us further flexibility on that as long as we are making efforts to sell it.

**Chairman Holmberg:** Do the feds still hold the reins or is that state law that has the issue?

**Maren Daley:** I will have to get back to you. We have not heard anything different than "we don't want you leasing because if you are in the business of leasing you are not in the business of workforce."

**Senator Robinson:** Thank you for everything you have done. I've been in touch with your agency many times and you have done remarkable work. Getting back to the ability to move these properties because of nature of the locations, that's going to be another challenge, is it not? He was told yes.



**Senator Wardner:** You mentioned the two grants that money goes back to. Can you tell me what happens to that? What is their use; does it go back to the federal government, is it used here in the state?

**Maren Daley:** The money stays in the state. It is very much needed in those two funding streams and those were the funding streams that paid for these properties initially, it came out of our grants to administer the Unemployment Insurance Program in ND so it would help us continue to administer that program, and the Employment Service Grant has been flat funded for 30 years. Our IT costs keep going up, our other costs keep going up, and so our ability to deliver the public employment system in ND has been severely constrained because it's been flat funded for 30 years so anything going back into that fund can help us try to fill this huge hole, possibly with internet improvements that can at least help those that have internet. But a lot of our local offices are used by people that don't have computer skills or don't have access to the internet.

**Senator Christmann:** Seems like we are getting in a big hurry to sell these. If this is something that might happen, one example that comes to my mind, we hear talk of a potential federal cut for Head Start, we've already got bills in to start funding it ourselves. And so, if this happens, how do we already know that maybe the legislature wouldn't chose to do something with one or more of these or that local entities might chose to partner up. I am curious that we would be this quick within a matter of months to dump them before the next legislature meets.

**Maren Daley:** I appreciate your prospective, but as we've been working through the scenarios the continuing resolution expires next Friday and so Congress will either have to come to an agreement to continue that again or hammer out some sort of balance in the budget. At this point, no one has been championing Workforce as something they really want to protect. Our reason for coming to you now for this is not to rush into it. This is an absolutely last resort we would go to but we need the legal authority to do it because if these cuts happen, we would be running out of money within 3 months and have to do layoffs, and with layoffs, we can't continue to afford to pay the heat and the lights. Literally we would be running out of money before the next session. We would not move to this prematurely if our funding is sustained by the federal government to continue this. Our offices we pared back on staff in our relationship with communities. They serve a very viable need in those communities so it's kind of like emergency flood protection, you have to sometimes prepare for the worst but we wouldn't be jumping ahead of this.

**Senator Krebsbach:** Do you still have an advisory committee?

**Maren Daley:** There are two advisory groups we work with. One is the Workforce Development Council and that works with the Workforce Investment Act funding. If this funding goes away the funding for that council goes away as well. The second advisory committee that was created by this legislature a couple of sessions ago and has worked wonderfully with us is the Unemployment Insurance Advisory Committee.

**Senator Krebsbach:** I would like to have a map of your points that you serve in the state and what extent those are full time offices, part-time or whatever and I know you have that available.



**Maren Daley:** Absolutely, it's on our website and I can get that for you this afternoon.

**Senator Robinson:** asked if these places could be marked and he was told that she would not be in a position to mark these areas on the map. She was asked if it is far reaching and the committee was told yes, it was.

**Chairman Holmberg:** For the interest of the committee, since most of the committee members don't have the green sheet in front of them, since 2005 Job Service has reduced from 356 employees in the state to 261 employees in the state.

**Senator Wanzek:** I know the amendment gives you the authority to sell the building or liquidate the building but it sounds like you could have more situations like Jamestown, you are not getting the building sold, yet you said the federal government frowns on the flexibility of having you lease it, what about if we gave you authority to assign another state agency that deals with that and leasing it out?

**Maren Daley:** I appreciate any ideas concerning this process. When there was flooding in Jamestown a couple of years ago we did lease on a short time to DHS because they needed high dry space and it wasn't great space because we had shuttered the building but we will try to push that and make anything possible work.

**Chairman Holmberg:** Are there any more questions of Maren? Committee, we'll come back to this again. The hearing was closed on HB 1016.



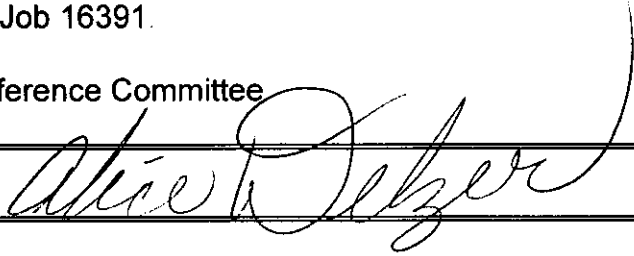
# 2011 SENATE STANDING COMMITTEE MINUTES

## Senate Appropriations Committee Harvest Room, State Capitol

HB 1016  
04-06-2011  
Job 16391

☐ Conference Committee

Committee Clerk Signature



### Explanation or reason for introduction of bill/resolution:

A HEARING ON THE JOB SERVICE BUDGET.

### Minutes:

You may make reference to "attached testimony."

**Chairman Holmberg** called the committee to order on HB 1016. Tammy R. Dolan, OMB and Roxanne Woeste, Legislative Council were also present. If you recall we had passed the bill out and then we got urgings from Maren Dailey that she would like us to consider an amendment that would give flexibility to the department to sell surplus property incase they have to close centers. And at the request of committee members we brought the bill back, or kept the bill here, it kind of got lost in the shuffle, and thanks to Senator Warner, he brought up the fact that he's carrying the bill but he has never seen it. Let's look at 1016. It's an amendment prepared by Job Service (Testimony attached # 1) and the question is, let's have some discussion, do you want to add this on or do we let things go as they are?

**Senator Warner:** Parlimentarily do we need to move to we reconsider our action?

**Chairman Holmberg:** We have to look up in the minutes. Where are we at in 1016? Do we reconsider it or do we just not sign it? The last action. Yes, we did it. So if we would do this we would have to reconsider our action by which we passed 1016 and then reopened the bill because the last action we had it was closed and it was just held.

**Senator Warner:** I would move that we reconsider our action by which we passed HB 1016 for the purpose.

**Chairman Holmberg:** You support an additional amendment.

**Senator Warner:** I don't support the amendment.

**Chairman Holmberg:** Then why would we reconsider it?

**Senator Warner:** I didn't think we could talk about it until we reopened it.



**Chairman Holmberg:** No, what we have to have is, if there is no motion then I'll resign the bill and send it upstairs. If you feel that we should add that, but I would suggest that someone who supports this amendment that makes the motion.

**Senator Krebsbach:** Does the amendment do any harm? This will be going back to the amendments we put on.

**V. Chair Grindberg:** We put amendments on if the House concurs then there will be no conference committee.

**Senator Wanzek:** Maybe why they think it might be beneficial they use for an example the old job service building in Jamestown setting empty and they can't get them a buyer. Would this give them more flexibility so they could lease it out? He was told no.

**Senator Warner:** My understanding the buildings are purchased with federal grants, which also contain the operating money in the grant money, they would be allowed to use the proceeds of the sale of the buildings to continue their programs within the grant silo, for each individual silo.

**Chairman Holmberg:** It came from employment service and they sold the building the money would go back to employment service accounts. It is not a state access thing.

**Senator Wanzek:** Even passing this wouldn't change the situation in Jamestown? He was told no.

**V. Chair Bowman:** Because they have an emergency clause on this, somebody feels this is important and important to do it right away so they can proceed with something. Why would you put an emergency clause on if they didn't feel it was very important to get that.

**Chairman Holmberg:** Her testimony was they don't know what is going to happen.

**Senator Robinson:** Were they not going to receive some current information last Friday on what was going to happen. Things are changing there dramatically.

**Chairman Holmberg:** There's one other thing we can do, just leave the bill alone, pass it and ask the House if they would not concur so we can gather some additional information. Let's do that, Let's not do anything then, the bill has passed. I'll sign the report, we'll send it upstairs. The hearing was closed on HB 1016.



PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1016

Page 1, line 2, after "Dakota" insert "; and to amend and reenact subsection 3 of section 52-02.1-01 and section 52-08-10 of the North Dakota Century Code, relating to the new jobs training program and workforce training program"

Page 1, replace line 16 with:

"Workforce 20/20	1,512,491	18,669	1,531,160"
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Page 1, replace line 20 with:

"Total all funds	\$62,277,347	\$9,719,351	\$71,996,698"
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Page 1, replace line 22 with:

"Total general fund	\$1,565,442	\$314,450	\$1,879,892"
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Page 2, after line 21, insert:

**"SECTION 5. AMENDMENT.** Subsection 3 of section 52-02.1-01 of the North Dakota Century Code is amended and reenacted as follows:

3. "Community" means the city or county in which an eligible primary sector business is or will be located or a local development corporation, community organization, institution of higher education that is assigned primary responsibility for workforce training under section 52-08-08, or any other group the interest of which is in the economic growth of the area.

**SECTION 6. AMENDMENT.** Section 52-08-10 of the North Dakota Century Code is amended and reenacted as follows:

**52-08-10. Preparation of business plan - Revolving loans.**

Subject to state board of higher education policies, the president of an institution of higher education that is assigned primary responsibility for workforce training shall prepare an annual business plan that must include provisions for use of the training capacity of the tribal colleges within the designated region, in consultation with the workforce training board. The business plan may include preparation as a community under the new jobs training program under chapter 52-02.1. The workforce training board shall approve the business plan and make recommendations for funding of the business plan to the state board of higher education. Any state funds received under this program by the institutions of higher education assigned primary responsibility for workforce training must be used for business and customized training activities. The state board of higher education may establish for each institution of higher education assigned primary responsibility for workforce training a revolving loan fund for workforce training program startups using the borrowing authority provided in section 15-10-16.1."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:



# House Bill No. 1016 - Job Service North Dakota - Senate Action

	Executive Budget	House Version	Senate Changes	Senate Version
Salaries and wages	\$35,270,584	\$35,270,584		\$35,270,584
Operating expenses	13,698,670	13,698,670		13,698,670
Capital assets	20,000	20,000		20,000
Grants	7,576,284	7,576,284		7,576,284
Workforce 20/20	1,531,160	1,400,000	131,160	1,531,160
Reed Act - Computer modernization	12,400,000	12,400,000		12,400,000
Federal stimulus funds	1,500,000	1,500,000		1,500,000
Total all funds	\$71,996,698	\$71,865,538	\$131,160	\$71,996,698
Less estimated income	70,116,806	70,116,806	0	70,116,806
General fund	\$1,879,892	\$1,748,732	\$131,160	\$1,879,892
FTE	261.76	261.76	0.00	261.76

## Department No. 380 - Job Service North Dakota - Detail of Senate Changes

	Restores Funding for Workforce 20/20 <sup>1</sup>	Total Senate Changes
Salaries and wages		
Operating expenses		
Capital assets		
Grants		
Workforce 20/20	131,160	131,160
Reed Act - Computer modernization		
Federal stimulus funds		
Total all funds	\$131,160	\$131,160
Less estimated income	0	0
General fund	\$131,160	\$131,160
FTE	0.00	0.00

<sup>1</sup> This amendment increases funding for Workforce 20/20 by \$131,160 to provide a total of \$1,531,160 from the general fund for the program. This restores the funding removed by the House and provides the level included in the executive budget.

This amendment also adds two sections to amend North Dakota Century Code relating to the new jobs training program and the workforce training program.



Date: 3-30-11  
Roll Call Vote # 1

2011 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 1016

Senate Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 11.8117.02001

Action Taken: ☐ Do Pass ☐ Do Not Pass ☐ Amended ☒ Adopt Amendment  
☐ Rerefer to Appropriations ☐ Reconsider

Motion Made By Grindberg Seconded By O'Connell

Senators	Yes	No	Senators	Yes	No
Chairman Holmberg	✓		Senator Warner	✓	
Senator Bowman	✓		Senator O'Connell	✓	
Senator Grindberg	✓		Senator Robinson	✓	
Senator Christmann	✓				
Senator Wardner	✓				
Senator Kilzer	✓				
Senator Fischer	✓				
Senator Krebsbach	✓				
Senator Erbele	✓				
Senator Wanzek	✓				

Total (Yes) 13 No 0

Absent 0

Floor Assignment \_\_\_\_\_

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



Date: 3-30-11  
Roll Call Vote # 2

2011 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 1016

Senate Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken: ☒ Do Pass ☐ Do Not Pass ☒ Amended ☐ Adopt Amendment  
☐ Rerefer to Appropriations ☐ Reconsider

Motion Made By Grindberg Seconded By Robinson

Senators	Yes	No	Senators	Yes	No
Chairman Holmberg	<input checked="" type="checkbox"/>		Senator Warner	<input checked="" type="checkbox"/>	
Senator Bowman	<input checked="" type="checkbox"/>		Senator O'Connell	<input checked="" type="checkbox"/>	
Senator Grindberg	<input checked="" type="checkbox"/>		Senator Robinson	<input checked="" type="checkbox"/>	
Senator Christmann	<input checked="" type="checkbox"/>				
Senator Wardner	<input checked="" type="checkbox"/>				
Senator Kilzer	<input checked="" type="checkbox"/>				
Senator Fischer	<input checked="" type="checkbox"/>				
Senator Krebsbach	<input checked="" type="checkbox"/>				
Senator Erbele	<input checked="" type="checkbox"/>				
Senator Wanzek	<input checked="" type="checkbox"/>				

Total (Yes) 13 No 0

Absent 0

Floor Assignment John Warner

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



**REPORT OF STANDING COMMITTEE**

**HB 1016, as engrossed: Appropriations Committee (Sen. Holmberg, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (13 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1016 was placed on the Sixth order on the calendar.

Page 1, line 2, after "Dakota" insert "; and to amend and reenact subsection 3 of section 52-02.1-01 and section 52-08-10 of the North Dakota Century Code, relating to the new jobs training program and workforce training program"

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Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**House Bill No. 1016 - Job Service North Dakota - Senate Action**

Executive	House	<input checked="" type="checkbox"/> Senate	Senate
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	Budget	Version	Changes	Version
Salaries and wages	\$35,270,584	\$35,270,584		\$35,270,584
Operating expenses	13,698,670	13,698,670		13,698,670
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Total all funds	\$131,160	\$131,160
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<sup>1</sup> This amendment increases funding for Workforce 20/20 by \$131,160 to provide a total of \$1,531,160 from the general fund for the program. This restores the funding removed by the House and provides the level included in the executive budget.

This amendment also adds two sections to amend North Dakota Century Code relating to the new jobs training program and the workforce training program.



**2011 HOUSE APPROPRIATIONS**

**CONFERENCE COMMITTEE**

**HB 1016**



# 2011 HOUSE STANDING COMMITTEE MINUTES

House Appropriations Education and Environment Division  
Sakakawea Room, State Capitol

HB 1016  
4/19/11  
16768

☒ Conference Committee

Committee Clerk Signature

*Shirley Branning*

## Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of job service North Dakota; and to amend and reenact subsection 3 of section 52-02.1-01 and section 52-08-10 of the North Dakota Century Code, relating to the new jobs training program and workforce training program.

## Minutes:

You may make reference to "attached testimony."

**Rep. Dosch:** Called the Conference Committee to order on HB 1016, All members were present. **Also Present:** Roxanne Woeste, Legislative Council; Sheila Peterson, OMB.

**Senator Warner:** Explanation was given of the amendments to HB 1016 11.8128.03000. The Senate restored the original request for funding of \$121,000 for Workforce 20-20. Compelling testimony was given in support in the Senate on the nature of retraining incumbent workers to become much more productive by updating their skills to be more productive in a global economy.

**Rep. Dosch:** The other verbiage changes in Sections 5 and 6.

**Senator Grindberg:** Explaining the verbiage in Sections 5 and 6. This involves the New Jobs Training program and preparation of business plans. This is a result of the Interim Committee on Workforce. Since 1993, a program called the New Jobs Training program that allows for new or expanding business or new hires and utilize the income tax for training services. Ways to use it is local economic development. This language allows the two four year colleges who are assigned to work with Job Service. It allows the four two-year colleges to work with the Job Service program. It makes them eligible to be in the revolving loan program with Job Service.

The bill passed the Senate, passed the House, we put it here because this is where it belongs.

SB 2056 is still in conference.

**Rep. Dosch:** This allows the four year but why not the two year colleges.



**Senator Grindberg:** Providing history on ...since 1993. By using a non profit in a community largely the economic development entities that are out packaging the expansion of new industries, the Education Development Center (EDC) as the entity to partner with Job Service and the Tax Department for the withholdings on the new hires, it allows the four two year colleges the same opportunities to utilize the Job Service technical expertise. There is no fiscal impact, just incentive to participate in the program.

**Rep. Dosch:** Job Service is here and requesting that comments or questions be directed to Ms. Daley.

**Maren Daley, Executive Director of Job Service of North Dakota:** We worked with Dr. Marcia Krotseng, University System to develop a total package for the training of her staff at the two-year colleges and do a more total package for training for some of these new jobs and be able to use the features of new jobs training to help promote some of the training that companies can offer.

It is adding the two year colleges to the definition of community. Currently the economic development entities do it and may charge a fee that is negotiated with the company. Job Service gets a fee because we administer the entire program.

**Rep. Dosch:** Workforce 20-20, the House took out \$120,000 given the many open jobs, do we need as much money in workforce 20-20 as in the past? Originally it was established to retrain workers to jobs that are available. Asking Daley to comment on the funds available now.

**Daley:** Workforce 20-20 is a unique state program. It helps upgrade the skills of incumbent workers and to keep high tech companies competitive in the global market. It assists in upgrading the skills of the workforce is appropriate because there opportunities that stem from the disaster in Japan for example.

**Rep. Dosch:** Are the employers who use this charged a fee to recoup some of the training costs?

**Daley:** It is a cost share program between the company and the state money ranging from 50% up to 80%. The company has a significant contribution and they also pay the wages for these workers. It pays back from nine months to 1.3 years in taxes.

**Rep. Williams:** Move that the House Accede to the Senate Amendments.

**Senator Grindberg: Second**

**Rep. Monson:** Looks like it is general fund money. Was it originally federal funded?

**Senator Grindberg:** Started under the Schafer amendment and typically funded at \$1.3M to \$2M per biennium. The Workforce General fund to provide for economic development in the manufacturing industry. It has been around for 16 years.

**Daley:** It came in 1993 with New Jobs. The uniqueness is, the federal programs do not cover this unique need for upgrading the incumbent worker training program. It focuses on



getting those with significant barriers into the program. This is to upgrade North Dakota's work force.

**Rep. Monson:** Most of this budget is special funded. It is quite an increase \$1.57M in the last biennium to the Governor's recommendation of \$1.88M of general funds. This would bring us back to the Governor's original on this line item.

**Rep. Dosch:** Correct, a stand at ease was requested. Taking the opportunity to comment on the Job Service superior work without additional funding.

**Rep. Williams:** Addressing Daley, regarding the statement on the retraining, how quickly do the dollars come back? The response was nine months to 1.3 years. Commenting further on the success of the agency.

**Roll Call Vote: The House Accedes to the Senate Amendments. 5-1-0 Opposed by Rep. Monson. Motion Carried.**

**Meeting Adjourned.**



# 2011 HOUSE CONFERENCE COMMITTEE ROLL CALL VOTES

Committee: Appropriations – Education and Environment

Bill/Resolution No. HB 1016 as (re) engrossed

Date: 4/19/11

Roll Call Vote #: 1

- Action Taken**
- ☒ HOUSE accede to Senate amendments
  - ☐ HOUSE accede to Senate amendments and further amend
  - ☐ SENATE recede from Senate amendments
  - ☐ SENATE recede from Senate amendments and amend as follows

House/Senate Amendments on HJ/SJ page(s) 1464 -- 1465

- ☐ Unable to agree, recommends that the committee be discharged and a new committee be appointed

((Re) Engrossed) HB 1016 was placed on the Seventh order of business on the calendar

Motion Made by: Rep. Williams Seconded by: Senator Grindberg

Representatives			Yes	No		Senators			Yes	No
Rep. Dosch	X		X			Sen. Grindberg	X		X	
Rep. Monson	X			X		Sen. Erbele	X		X	
Rep. Williams	X		X			Sen. Warner	X		X	

Vote Count Yes: 5 No: 1 Absent: 0

House Carrier Rep. Dosch Senate Carrier Senator Warner

LC Number 11.8128 . .03000 of amendment

LC Number \_\_\_\_\_ . \_\_\_\_\_ of engrossment

Emergency clause added or deleted

Statement of purpose of amendment



**REPORT OF CONFERENCE COMMITTEE**

**HB 1016, as engrossed:** Your conference committee (Sens. Grindberg, Erbele, Warner and Reps. Dosch, Monson, Williams) recommends that the **HOUSE ACCEDE** to the Senate amendments as printed on HJ pages 1464-1465 and place HB 1016 on the Seventh order.

Engrossed HB 1016 was placed on the Seventh order of business on the calendar.



**2011 TESTIMONY**

**HB 1016**

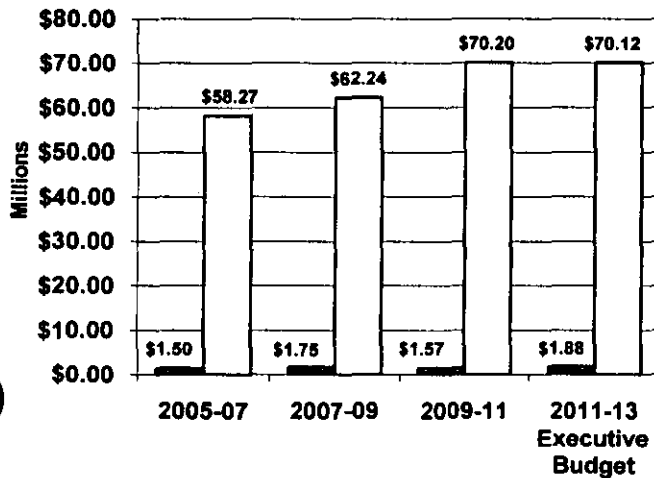


**Department 380 - Job Service North Dakota**  
**House Bill No. 1016**

	FTE Positions	General Fund	Other Funds	Total
2011-13 Executive Budget	261.76	\$1,879,892	\$70,116,806	\$71,996,698
2009-11 Legislative Appropriations	284.05	1,565,442	70,204,844	71,770,286 <sup>1</sup>
Increase (Decrease)	(22.29)	\$314,450	(\$88,038)	\$226,412

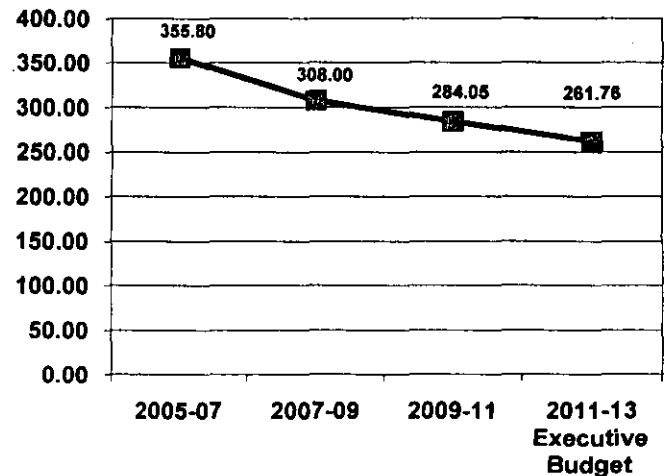
<sup>1</sup>The 2009-11 appropriation amounts include \$400,000 of other funds for the agency's share of the \$16 million funding pool appropriated to the Office of Management and Budget for special market equity adjustments for executive branch employees. The 2009-11 appropriation amounts do not include \$2,040 of funding from the general fund transferred from the Office of Management and Budget for a student intern program and \$87,087 of additional special funds authority resulting from Emergency Commission action during the 2009-11 biennium.

**Agency Funding**



■ General Fund □ Other Funds

**FTE Positions**



**Ongoing and One-Time General Fund Appropriations**

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2011-13 Executive Budget	\$1,879,892	\$0	\$1,879,892
2009-11 Legislative Appropriations	1,565,442	0	1,565,442
Increase (Decrease)	\$314,450	\$0	\$314,450

**Executive Budget Highlights**

	General Fund	Other Funds	Total
1. Increases funding for Workforce 20/20 from \$1,512,491 to \$1,531,160	\$18,669		\$18,669
2. Deletes 22.29 FTE positions not requested by the agency		(\$2,740,149)	(\$2,740,149)
3. Provides funding to continue job spidering (online employment search tool) (This item was funded with federal fiscal stimulus funds in the 2009-11 biennium.)	\$300,000		\$300,000
4. Removes federal fiscal stimulus funding appropriated for the 2009-11 biennium for Workforce Investment Act programs (\$5,068,883), state unemployment insurance and employment services (\$2,984,613), and administration relating to unemployment compensation benefit increases (\$1,039,443)		(\$9,092,939)	(\$9,092,939)
5. Provides for the continuation of federal fiscal stimulus funds not expended in the 2009-11 biennium relating to state unemployment insurance and employment services and administration relating to unemployment compensation benefit increases		\$1,500,000	\$1,500,000



6. Increases funding from Reed Act distributions for the unemployment insurance modernization efforts from \$5,515,586 to \$12,400,000	\$6,884,414	\$6,884,414
7. Provides federal funding for the agency's portion of the statewide longitudinal data system	\$1,036,000	\$1,036,000
8. Adjusts funding for operating expenses to reflect inflationary adjustments and other budget changes for the 2011-13 biennium	\$275,930	\$275,930

#### **Other Sections in Bill**

**Appropriation** - Section 4 provides that all federal funds received by Job Service North Dakota in excess of those funds appropriated in House Bill No. 1016 are appropriated to the agency for the 2011-13 biennium.

#### **Continuing Appropriations**

**Federal advance interest repayment fund** - North Dakota Century Code Section 52-04-22 - Collection of penalty and interest on delinquent unemployment insurance contribution reports and payment of any interest due on federal and nonfederal obligations of the unemployment insurance trust fund.

**Unemployment insurance tax fund** - Section 52-03-04 - Collection of unemployment taxes and the payments of unemployment benefits.

**Job task analysis** - Section 52-08-13 - Collection of fees for providing job task analysis services to employers that request such services and the payment of the expenses related to the activity.

#### **Significant Audit Findings**

There are no significant audit findings for this agency.

#### **Major Related Legislation**

At this time, no major legislation has been introduced affecting this agency.



## NDLA, H APP EE

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**From:** Sand, Holly N.  
**Sent:** Tuesday, January 11, 2011 11:43 AM  
**To:** NDLA, H APP EE  
**Subject:** Job Service

Shirley,

Here are the names of Job Service employees who testified this morning:

Maren Daley – Executive Director  
Darren Brostrom – Unemployment Insurance Area Director  
Susan Gunsch – Customer Service Area Director  
Kevin Marchus – Planning and Support Area Director

Michael Ziesch is the Research Analyst in our Labor Market Information Center that Rep. Skarphol could contact for his Oil Jobs question. His email is [mziesch@nd.gov](mailto:mziesch@nd.gov) and his phone number is 328-2888.

Let's meet for lunch one day. I could pop over there or we could go to Minerva's.

Holly Sand  
Public Information Specialist  
Job Service North Dakota

[hsand@nd.gov](mailto:hsand@nd.gov)  
701-328-3031  
701-328-1885 (Fax)



HB 1016  
attachment #1  
Jan 11, 2011



## Financial Audit Report Review

On November 18, 2010, Eide Bailly LLP completed the annual Job Service North Dakota financial audit for the fiscal year ended June 30, 2010. I am very pleased to report that Eide Bailly issued an unqualified opinion on our agency's financial statements as a whole, meaning the statements are fairly presented and free of any material misstatements.

During the course of the audit, two findings involving internal control were noted:

**IT User Rights:** The audit identified three Job Service North Dakota employees who transferred from one department to another as not having their prior position system accesses removed upon transfer. The security accesses to their original positions were removed immediately upon discovery.

**Job Service Response:** Job Service North Dakota is implementing a new internal control procedure using the Human Resource department as the central repository of information as to who has and needs access to which systems. This procedure will provide a higher level of control over employee security assignments ensuring that system access is only granted as necessary for each position; and further that access is removed as needed for employees transferring to a new department or leaving the agency.

**Eligibility – Workforce Investment Act (WIA) Programs:** Internal controls were not in place to adequately detect missing documentation in WIA program files and to ensure that information was correctly entered into the case management software.

**Job Service Response:** Although adequate eligibility requirements documentation was not included in every program file, there were no findings of any program participants who were not eligible to participate in the WIA program.

Job Service North Dakota has completed statewide training to ensure that all case managers fully understand and appropriately document eligibility requirements and ensure that all required information is entered in the case management system. Job Service North Dakota also updated program eligibility checklist tools which case managers use and updated the Workforce Investment Act procedure manual to require documentation for the eligibility requirements.

It is important to note that these two findings disclosed no instances of noncompliance which were material to Job Service North Dakota financial statements.



HB 1016  
Attachment #2  
Jan 11, 2011



# **Job Service North Dakota Testimony**

## **House Bill 1016**

Prepared for  
House Appropriations Committee  
Education and Environment Division

January 2011



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Maren Daley  
Executive Director

HOUSE APPROPRIATIONS  
EDUCATION AND ENVIRONMENT DIVISION  
Rep. Bob Skarphol, Chairman

Testimony  
House Bill No. 1016

January 11, 2011

**Chairman Skarphol**, members of the House Appropriations Education and Environment Division, thank you for allowing me to testify today in support of House Bill 1016. I am Maren Daley, Executive Director of Job Service North Dakota.

Before I begin our appropriations testimony, I would like to review our agency financial audit as requested by Rep. Delzer. Please turn your attention to the Financial Audit Report Review that was distributed with our testimony.

As I just reviewed, Eide Bailly issued an unqualified opinion on the financial statements for this past fiscal year. This opinion speaks volumes as to the degree of professionalism and commitment Job Service management and staff demonstrates, but it only tells part of the story.

**Today's Testimony**

- I. Appropriations Summary
- II. Unemployment Insurance Services
- III. Workforce Program Initiatives
- IV. Strategic Plan and LMI Review
- V. Job Service "Report Card"
- VI. General Funding Requests

At Job Service North Dakota, our annual audit and review process is unique in nature. In addition to an annual financial audit, numerous non-financial audits and reviews take place as part of our normal course of business each year. In fact, over the 12-month period from October 1, 2009 through September 30, 2010, independent financial auditors, the U.S. Department of Labor (USDOL) and the Internal Revenue Service conducted twenty-two separate audits or reviews of our agency. These audits include workforce program reviews, unemployment insurance and tax performance reviews, data validation reviews and IRS data security audits, just to name a few.

I can report that during the course of these extensive audits and reviews over the past year, we have consistently demonstrated excellent performance and have resolved, or are in the process of resolving, any findings or issues that were brought to our attention. When a federal audit or review is done, noncompliance can result in program discontinuance or disallowed costs – neither of which has occurred at Job Service. In fact, in many cases, the USDOL has taken what they have learned from Job Service program audits and reviews and used them as "best practices" to take back and share with other states. This further demonstrates that Job Service North Dakota is an excellent steward of the funding we receive. We take the administration of our programs and services seriously and the successful compliance with our ongoing audit and review processes speaks for itself.



## **I. Appropriations Summary**

Job Service North Dakota is a unique state agency in that nearly all of our workforce programs are federally-funded, but state-administered and locally-delivered. As referenced in HB 1016, the total Job Service North Dakota 2011-13 executive budget recommendation is \$71,996,698, a \$137,235 increase when compared to the 09-11 biennium appropriation. The details of our budget recommendation are contained in Appendix A.

The total Full-Time Employees (FTEs) count of 261.76 reflects a reduction of 22.29 FTEs compared to a total of 284.05 FTEs during the same time frame last biennium. The FTE reduction was largely due to attrition, and inability to fill positions due to our continued flat or declining federal funding.

The U.S. Department of Labor awarded a \$1 million Workforce Data Quality Initiative Grant to Job Service North Dakota to build a workforce database to improve the link between education and workforce data. This will be a key component to the state's longitudinal data system, connecting education and workforce. I am extremely pleased that Job Service was awarded this grant for the state of North Dakota – especially since this was a competitive grant with stiff competition from other states.

Job Service will use this funding to evaluate the outcomes of workforce programs, analyze the effectiveness of education and training programs used by unemployment insurance claimants and analyze job seekers' ability to find employment. This funding will go far to improve our educational and workforce training systems and improve the long-term success of our workforce.

At this time, our Unemployment Insurance Area Director, Darren Brostrom, will discuss our unemployment insurance services along with some of the major projects we will focus on in the upcoming biennium. Following his testimony, our Customer Service Area Director, Susan Gunsch, and Planning and Support Area Director, Kevin Marchus, will review our major program initiatives to provide better workforce services to our customers, the strategic plan and Job Service North Dakota's major outcomes for the biennium.

Following their testimony, I will wrap up with the performance measures we have developed into an agency Report Card, which demonstrates how our agency monitors performance and the successes we have achieved. Then I will close with our specific general funding requests for the upcoming biennium.

## **II. Unemployment Insurance Services**

Mr. Chairman, members of the committee, I am Darren Brostrom, Unemployment Insurance Area Director for Job Service North Dakota. The unemployment insurance program is designed to provide a short-term financial safety net to workers who lose employment through no fault of their own. Additionally, the unemployment insurance program indirectly provides a level of economic stability to businesses and communities. Financial assistance paid through unemployment insurance benefits enables the unemployed to continue to patronize local businesses and maintain residence in their areas as they look for work.

### **High-Level Performance**

I am pleased to report that North Dakota's unemployment insurance program is a nationwide performance and quality leader. In 2009, the North Dakota unemployment insurance program



received multiple national awards for overall performance. These awards included top performance among all fifty states in the following areas:

- Appeals – Awarded for timely and high-quality appeals decisions
- Benefits – Awarded for timely adjudication determinations, quality eligibility determinations, and accurate benefit payments
- Tax – Awarded for high-quality tax operations

Additionally, the North Dakota unemployment insurance program received the U.S. Department of Labor's prestigious Pinnacle Award for our rank as the highest-performing unemployment insurance program in the nation.

#### **Unemployment Insurance Trust Fund Financial Stability**

I am also pleased to report that the North Dakota unemployment insurance program is financially sound. While many states struggle with performance and unemployment insurance trust fund solvency issues, the North Dakota unemployment insurance program is stable.

Because the North Dakota unemployment insurance trust fund is funded by employer taxes and interest and can only be used to pay unemployment insurance benefits, funding for it is not part of the appropriations request or process. However, it is important that as policy makers you are made aware of the status of the program.

#### **IMPACT OF RECESSION**

Even with our financial stability and high performance ratings, we would be foolish to ignore the impact of the increased workloads and changing environment of the last two years. The national recession impacted our unemployment insurance program – perhaps not to the extent it affected other states, but the impact was significant.

#### **More Benefits Paid**

Unemployment insurance benefits paid to claimants more than doubled during the last two years. Job Service typically pays claims totaling \$40 to \$50 million each year. In 2009, that number increased to approximately \$100 million.

What was designed to be a short-term program has stretched the confines and moved into the realm of a long-term program in many states with the passage of a nationwide extended benefit program called Emergency Unemployment Compensation, or EUC.

Since the inception of EUC in 2008, Congress has either extended the program or altered it in various ways to the point that the program currently is made up of four benefit tiers, with the potential for the receipt of up to 99 weeks of extended unemployment insurance benefits. In North Dakota, however, because tiers and available benefits are tied in part to the level of unemployment within a state, North Dakota claimants can receive a maximum of 60 weeks of benefits. To date, 12,470 North Dakotans have received EUC benefit payments – payments that would not be available to them under the regular unemployment insurance program.

At the same time EUC began, the federal government implemented the Federal Additional Compensation program, or FAC. This program increased the weekly benefit amount claimants received by \$25 per week and impacted all claimants, including those participating in the regular unemployment insurance program.



It should be noted that while the Emergency Unemployment Compensation and Federal Additional Compensation programs are expensive, the U.S. Department of Labor covers the administrative costs of these programs, as well as the increased benefit costs. As a result, neither the EUC nor the FAC payments have impacted the North Dakota unemployment insurance trust fund or the North Dakota employers' unemployment insurance tax rates.

Even with additional funding to administer these federal programs, keeping up with the resulting increased workload has proven difficult. It is a challenge to maintain appropriate staffing levels and train new staff to meet the increased needs. This places a severe strain on our ability to serve our customers in as timely a manner as we would like. With each new program and program change, many steps must be taken. Computer re-programming, staff training, and hiring and training temporary staff, for example, are just part of a broad range of activities that are necessary to successfully administer the unemployment insurance program. None of these activities are insignificant, and all place a heavy burden on our staff.

### **Increased Workload**

The sheer increase in the number of unemployment insurance claims impacted the unemployment insurance area's workload tremendously. Our staff typically processes approximately 18,000 new benefit claims each year. In 2009, that number jumped to approximately 30,000 new claims, a 67 percent increase. In addition, we experienced a 55 percent increase in phone call volume in our Claims Center. Another major factor in the increased workload came as the result of the federal government instituting benefit extensions which require computer programming with each extension.

### **KEY ACTIVITIES**

The unemployment insurance area has undertaken many key activities since last session, including efforts to improve efficiencies.

### **Improved Efficiencies**

Because of the program implementation challenges we face, automation and other efficiency gains are a major unemployment insurance area focus. While automation may not always be the best immediate answer, it is necessary for the continued timely administration of the unemployment insurance program.

To that end, Job Service has implemented and is in the process of implementing several automation projects to provide North Dakota employers and workers with improved communication channels. Both our employer and claimant Internet-based systems have recently been enhanced to provide additional functionality to these two groups. Additionally, we are currently making further improvements to our unemployment insurance claimant system, specifically to enhance our reemployment capabilities.

One significant enhancement is a new function that automatically displays a list of suitable job openings each time claimants log in to the system. This proactive and more personalized service brings open positions to the attention of the unemployed that they might not otherwise consider. In addition, these frequent and immediate referrals also encourage the unemployed to find employment faster thereby benefiting North Dakota employers as well.

Although the percentage of claimants utilizing our Internet-based system has grown to approximately 55 percent, a portion of our claimant population still utilizes our telephone-based system to complete their unemployment insurance activities. To improve upon our service to these



individuals, we applied for and received federal funding to replace and enhance our current telephone-based system.

Replacement of our telephone system is critical, as the current system utilizes an aging and fragile technology, making it difficult to enhance the system and improve upon our customers' experiences with us. As part of the replacement project, we are also making significant improvements to provide for ease of use, additional self-service functionality, and enhanced information gathering capability. These changes, along with a new telephone port allocation methodology will provide callers with fewer busy signals and minimize the time spent waiting on hold. These projects simplify processes and create efficiencies for our agency and our customer base.

### **Reemployment Efforts**

While the unemployment insurance area's primary focus is administration of the unemployment insurance program, we also recognize the importance of helping claimants rejoin the workforce. At Job Service, we place an ever-increasing focus on innovative approaches to enhance our reemployment services.

For example, Job Service applied for and received a Reemployment Eligibility Assessment Initiative (REA) grant which provides federal funding for a reemployment unit within the unemployment insurance area. The REA initiative outlines an innovative reemployment approach that combines technology and case management.

Via the REA initiative program, we begin working with claimants within 10 days from the date they file a claim for unemployment benefits, often before benefit payments are ever made. Job Service case managers meet with claimants by phone, assess claimant skills, offer resume assistance, and provide job referrals. In addition, claimants can complete a variety of online activities to improve their reemployment opportunities. This rapid reemployment approach has been found to cut benefit exhaustion rates and get people back to work more quickly.

### **Program Modernization**

With all our efforts to effectively administer the unemployment insurance program, a common barrier continues to limit our ability to provide further efficiencies and enhancements. This barrier is our unemployment insurance mainframe-based technology system which is more than 30 years old.

Our mainframe-based technology has served us well over the years but it is becoming increasingly difficult to maintain the system in a cost effective manner. Our limited staff resources and the pool of individuals with the knowledge and desire to work in a mainframe environment are dwindling. Educational institutions simply are not training students on this aging technology. As a result, Job Service must resort to the use of expensive contractors, specialists, and even retirees to troubleshoot problems and perform system maintenance.

In addition, our current mainframe environment greatly inhibits our ability to implement efficiencies that would streamline processes and procedures for our customers and staff. When new programs and developments such as Federal Extended Unemployment Compensation, and trade and disaster programs arise, significant system changes are required by federal law. Our current system does not have the flexibility to make these changes in a timely and efficient way.

Replacement of our mainframe system with a server-based, modernized system has been a Job Service goal for several years, but it is not an easy task and is fraught with risk. Many states



have made individual attempts to replace their mainframe systems, only to fail, wasting time and money in the process.

## **AWIN**

Job Service has been researching system modernization strategies and closely following the activities of states that have attempted to develop a modernized unemployment insurance tax and benefit system. The information we gathered has been disheartening, with many states seeing their project fail and incurring large financial losses. Many states that failed are large states with very large budgets and staffing levels. We have come to the conclusion that North Dakota simply does not have the money or staff resources to embark on a complete tax and benefit modernization project on our own.

The U.S. Department of Labor estimates that if all states were to build systems on their own, the American taxpayer would bear a cost of \$5 billion. Even though all states have state-specific unemployment insurance laws and rules, all states must program the same basic functionality into their systems. For example, North Dakota's system has to have the same functionality as California's or New York's systems, with the primary difference being the volume of transactions processed. It's for this reason that less populated states like North Dakota would spend up to ten times more per capita than more populated states.

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Based partly on North Dakota's strong performance history, the U.S. Department of Labor approached Job Service to gauge our interest in joining other states in a project to determine the feasibility of a joint modernization effort. After careful consideration, North Dakota joined the AWIN team and the Department of Labor provided funding to move forward with the project.

Four states – Arizona, Wyoming, Idaho and North Dakota – make up the group of states participating in this federally-funded project. The make-up of the states participating in this project has proven to be a good fit, with representation from small, medium, and large population states. We are happy that with both Wyoming and North Dakota participating, a strong small state presence exists. Additionally, Wyoming and North Dakota have successfully participated in joint projects recently, most notably in the realm of electronic payments to unemployment insurance claimants.

Four states make up the  
AWIN feasibility project:

Arizona  
Wyoming  
Idaho  
North Dakota

The primary AWIN project goal is to determine whether or not a core unemployment insurance tax and benefit system could be created and used by many states. A core system would give states, including North Dakota, a thoroughly-researched, well-defined starting point from which to customize a system based on our specific unemployment laws.

AWIN is a unique opportunity for North Dakota to help gather and develop crucial system requirements that will be necessary for future system replacement. By participating in AWIN, we are taking advantage of economies of scale. Not only do we benefit financially since the USDOL funds AWIN, we gain specialized knowledge from other states' experiences and best practices and will benefit with decreased project costs should we decide to move forward with system modernization at the conclusion of the AWIN project.



Some of the more immediate benefits of our participation include:

- Federal funds cover the cost of gathering system requirements
- Multiple-state staff contributions allow for more in-depth and timely analysis
- A recognized industry leader oversees the requirements gathering
- All consortium member states share best practices
- Access to unemployment insurance expertise from federal resources and AWIN states
- Development of detailed system requirements
- Significant cost savings to North Dakota

The AWIN project will also provide long-term benefits including increased efficiencies, lower technology costs, increased customer satisfaction, unemployment insurance trust fund protection, and the ability to meet federal compliance requirements in a more timely and cost effective manner. All these benefits lead to the development of a blueprint to successfully modernize our tax and benefit system.

I cannot stress enough the importance of AWIN to the North Dakota unemployment insurance program. In fact, without our participation in the AWIN project, it would be almost impossible for us to move forward with the effective replacement of our tax and benefit system.

Our unemployment insurance program in North Dakota is a very efficient operation, and we are staffed at a level that would not allow us to dedicate people to a replacement project and process our normal workload concurrently. By participating in the AWIN project, we have received funding that allows us to backfill our project staff with temporary staff members so that we can continue to effectively operate our program while participating in the project.

As a member of the AWIN project steering committee, I am pleased to report that we have already seen great successes and made great progress within this project. The requirements and use cases that have been developed have exceeded our expectations. In addition, the way states have been able to come to consensus on issues of differences in process and state law has been nothing short of impressive. Each state has come into the project intent on succeeding, and understanding that a project of this magnitude requires cooperation. We have had disagreements and in-depth debates, but we have not run into a situation for which a solution did not exist.

Job Service staff members are respected AWIN team leaders and I would not have expected less, but this respect has put North Dakota in a unique position of having great influence in the future development of a modernized technology system. This influence will reap North Dakota great rewards in multiple ways. USDOL leadership has indicated that investments they make in the future will be weighted toward those states that collaborate. By collaborating now, North Dakota benefits through early funding and major influence into what could become a model tax and benefit system for all states to utilize. Undoubtedly, in another environment, large states could quickly overwhelm the influence of small states simply due to their size.

Understanding that the AWIN project is not a project to physically build a new unemployment insurance system, Job Service has included in our appropriation request the remaining REED Act dollars provided to us by the USDOL. The intent with this request is to utilize these appropriated funds in the future development of a modernized unemployment insurance technology system, further leveraging the federal investment in an overall system replacement.



After completion of the AWIN project, plans will need to be laid as to the development of a resulting technology system. A variety of options will be made available to us, from building the system with North Dakota state staff to remaining in a multi-state environment for a build phase. The need will exist to be prepared to move forward in the most appropriate format, with the potential to move forward within the next biennium. Importantly, any resulting development project will fall under the North Dakota large project oversight reporting process, ensuring that the legislature, the state Information Technology Department and other policy makers remain informed and engaged in this critical endeavor.

The AWIN project is a win-win for North Dakota. At the end of the project, Job Service will have played a primary role in the gathering of highly-detailed system requirements and a high-level and more user-friendly design that will provide us with great flexibility and many development options going forward.

### **III. Workforce Program Initiatives**

Mr. Chairman, members of the Committee, my name is Susan Gunsch and I am the Customer Service Area Director with Job Service North Dakota. Thank you for this opportunity to speak to you about the workforce program initiatives at Job Service.

#### **Workforce Program Initiatives**

Workforce Investment Act  
ARRA Funding  
Online Services  
Trade Adjustment Assistance  
Veterans' Services  
PRIDE (See Appendix B)  
JOBS Program (See Appendix B)

#### **Workforce Investment Act (WIA)**

The Workforce Investment Act, or WIA, is a workforce preparations and employment system designed to meet the needs of businesses and develop job seekers' skills. WIA resources are used to get more job seekers qualified to enter the employment market, and we are achieving our performance goals.

The Workforce Investment Act enables Job Service to assess job seekers' skills, assist with funding for training and fulfill employers' needs in high-wage, high-

demand occupations. The Workforce Investment Act provides funding whereas Job Service collaborates with training providers such as TrainND to conduct the actual training.

From July 2009 through November 2010, Job Service funded training for 861 individuals through the Workforce Investment Act program. Many of these training enrollments were in target industries, including 54 enrollments for technology-based business, 113 for energy, and 64 for manufacturing. WIA also provided funding to the high-wage, high-demand industries of transportation (117 individuals trained) and healthcare (385 individuals trained).

Title I of the Workforce Investment Act authorizes three separate funding streams for activities focused on adults, dislocated workers, and youth. A formula determines the fund distribution to each of these streams.



As you can see in the box to the right, North Dakota's federal funding for WIA programs decreased over the last several years, even though the overall cost per participant in WIA programs increased.

<b>North Dakota WIA Funding Levels by Program</b>			
	<b>PY 2002</b>	<b>PY 2010</b>	<b>% Change</b>
Adult	\$2,369,063	\$2,148,462	- 9.31
Dislocated Worker	\$1,198,337	\$ 690,086	-42.41
Youth	\$3,430,651	\$2,269,742	-33.84

Despite increasing performance expectations and changes in the labor market and local economies, Job Service continues to meet the federal performance indicators. These indicators include evaluating whether a customer gets a job, keeps the job, and their average earnings. Job Service met the U.S. Department of Labor-negotiated performance measures for PY08 and PY09. Meeting these measures is a continual challenge since we serve a greater number of "hard-to-serve" clients whose barriers keep them from entering employment. Low unemployment and high labor force participation indicate that relatively few North Dakotans are available to seek work, and those that are seeking work are most likely facing barriers to finding or maintaining employment in the state's robust economy.

### **ARRA Funding**

Job Service used one-time federal stimulus funding from the American Recovery and Reinvestment Act (ARRA) to help meet long-term infrastructure needs and to help carry our services forward.

North Dakota received \$8,053,496 in ARRA funds for the Workforce Investment Act and Wagner-Peyser programs. Job Service used these funds for 30 temporary staff, skill training, and service enhancements. The temporary staff positions were filled to meet the demand from increased job seeker traffic, claimants needing reemployment services and individuals requesting training.

<b>Workforce Programs ARRA Funding 09-11</b>	
Wagner-Peyser:	\$2,984,613
WIA:	<u>\$5,068,883</u>
Total:	\$8,053,496

Wagner-Peyser (Employment Services) ARRA funds were used to:

- Purchase TORQ (2-yr. license) – TORQ (Transferable Occupation Relationship Quotient) is an analytical tool that our Labor Market Information Center uses to link occupations based on transferable abilities, skills, and knowledge required for different occupations. TORQ data and data from other sources are also used to create Skills Transferability Reports (STARS) for occupations involved with layoff events. There is the possibility that Job Service will be challenged to continue TORQ even after stimulus funds are depleted. In anticipation of that possibility, we are searching for ways to pay for this tool.
- Serve more than 1,000 additional individuals and provide additional one-on-one reemployment services to 827 unemployment insurance claimants. Eleven of 30 total temporary staff positions were added in customer service offices to address increased customer traffic. All ARRA-funded staff positions were temporary and none were retained as regular employees.



- **Train Staff** – Customer service staff received important training in the art of job seeking in today's ever-changing environment. Staff learned what employers expect of job seekers and ways job seekers can use social media to gain an edge in the job market.
- **Conduct Reemployment Workshops** – Job Service used ARRA funds to develop intensive reemployment workshops for unemployment insurance claimants. We coordinated with our partner, TrainND, to develop a curriculum of the most current job search methods and techniques to help job seekers stand out as they compete for job openings against a vast sea of applicants.
- **Make technology improvements** – A total of \$433,000 in ARRA funds has been used for technology improvements. We replaced outdated computer equipment (\$143,000) in our local office resource rooms which greatly enhances our ability to provide services to claimants and job seekers alike.
- **Rewrite jobsnd.com** – We are in the process of rewriting the jobsnd.com website (\$290,000) to provide a more user-friendly site with improved navigation. Our current website uses old technologies that do not provide the ability to easily change content, quickly modify site topics, or modernize the visual design. This makes it increasingly difficult to support business processes and thus increasingly difficult to meet customers' changing needs.

Job Service received \$5,068,883 in ARRA funds for the Workforce Investment Act program. A significant percentage of ARRA WIA funds – seventy-eight percent (\$3,961,226) – was expended to cover the costs of job seeker occupational skill training and youth work experience.

**Workforce Investment Act  
Use of ARRA Funds**

Classroom Training  
On-the-Job Training  
Summer Youth Program  
Temporary Staff

78% of WIA ARRA funds  
were expended to cover  
the costs of training and  
work experience.

- **Training** – A total of 375 individuals attended training. Of this total, 305 were classroom training enrollments and ARRA funding covered the costs of tuition, books and fees. The remaining 70 individuals learned skills directly from an employer through the On-the-Job training program. Out of the total individuals trained, 142 received training in healthcare, 51 in truck driving, 25 in information technology, 53 in the energy industry and 37 in manufacturing.
- **Summer Youth Program** – ARRA WIA funds enabled Job Service to implement a summer youth employment program in 2009. Various businesses employed 502 youth through the Work Experience program exclusively using ARRA WIA Youth Funds. Work Experience occupations focused on youth interests and included civil and mechanical engineering technicians, computer support specialists, tour guides, physical therapy aides, medical lab technicians, and research and teaching assistants. Younger youth often need to develop work readiness skills, and entry level work sites included grounds-keepers, cleaners and recreation workers. ARRA youth funds also provided additional statewide career exploration activities and leadership development opportunities.



### **Online Services**

Jobsnd.com is Job Service North Dakota's website which in itself provides valuable information to our customers, but it also links to the Virtual One Stop, our labor exchange system. In 2010, 96,804 job seekers and 6,965 employers visited our Virtual One Stop, findjobsnd.com.

Individuals from all 50 states and from countries around the world visit jobsnd.com each year for access to a variety of career resources. Job seekers have access to the greatest number of job postings in North Dakota. Our Virtual One Stop has an automated job notification feature, known as the virtual recruiter. The virtual recruiter automatically notifies job seekers of new job openings and likewise employers are notified of new applicants. Our online services give job seekers a convenient way to find out which occupations they are most suited for and where certain jobs are located in the state. They can also find out what different occupations pay, the level of experience required, and a whole host of valuable job search-related information.

Our job bank currently contains more than 12,600 job listings and is populated in part by a tool known as job spidering which Maren will explain in greater detail later in our testimony. It is also populated by employers who post job openings and take advantage of the largest number of registered job seekers and resumes in our state. Employers also have access to a wealth of business resources including information on workforce training and tax credits.

Access to unemployment insurance services makes up a large part of our online activity. Unemployment insurance claimants have the ability to file for benefits from anywhere they have an Internet connection. Our online unemployment insurance services also benefit employers who can file quarterly reports, make electronic payments, and update account information. It's a quick, easy and cost-effective way to conduct unemployment insurance business.

### **Trade Adjustment Assistance (TAA)**

The Trade Act of 1974 established the Trade Adjustment Assistance program to assist workers impacted by foreign competition. Following a petition process and certification, affected workers may receive reemployment services including career planning, training and employment assistance.

North Dakota currently has four active certified TAA petitions, most notably the certified petition by Bobcat workers. To date, sixty-four former Bobcat employees received training services in the following occupations: energy, advanced manufacturing, technology, healthcare, transportation, support occupations and others. New skills gained through TAA training make the reemployment transition easier and provide needed skill sets to North Dakota employers.

Another TAA program is the Reemployment Trade Adjustment Assistance (RTAA) program. RTAA is a wage subsidy for individuals 50 years of age and older and is intended to bridge the gap between a worker's previous wage and their new wage. As of November 2010, 104 workers received a total of \$237,055 in wage subsidies.

### **Veterans' Services**

Job Service North Dakota offers priority of service to veterans and spouses of eligible veterans. Our dedicated Veterans' Employment Team serves veterans and eligible spouses exclusively. Being veterans themselves, our team can relate first-hand to the experiences and special circumstances our veteran customers face.

#### **Veterans' Served by Job Service Jan. 2009 to Present**

Total Served (Online and In-Person)	6,000 <sup>+</sup>
Yellow Ribbon Reintegration	1,100 <sup>+</sup>
Veterans' Stand Down Events	600 <sup>+</sup>
TAP Employment Workshop	800 <sup>+</sup>



During the past two years, Job Service served more than 6,000 veterans and eligible spouses of veterans. By working with the ND National Guard, ND Department of Veterans' Affairs, Department of Labor and the U.S. Air Force, Job Service had many opportunities to serve veterans.

We also network with community organizations, county and tribal veterans' service officers, veteran service organizations and the Employer Support of the Guard and Reserve organization to help assure that our veterans' employment and training services are well known throughout the state.

### **Job Fairs**

Job fairs are a great way for employers and job seekers to meet and determine whether each is a good fit for the other. In addition to having the assistance of Job Service staff, employers have the opportunity to meet and often interview a large number of potential candidates in a short period of time. Job fairs offer an excellent opportunity for job seekers to get the benefit of a face-to-face networking opportunity.

Feedback from employers involved in recent Job Service-assisted job fairs has been extremely positive. Reports indicate that employers are finding more qualified candidates and are able to meet their hiring needs, sometimes on the spot, saving employers time and money. I credit our staff in part for this success since they have made a concerted effort to prepare candidates in advance of job fairs. Resume writing workshops, interview workshops, and simply informing them to "dress for success" may be the one thing that sets one candidate apart from another and lands an individual a new job.

Job Service job fairs can be regional (attracting up to 80 employers from a wide variety of industries), to single-employer job fairs showcased at local job service offices, to a large convention center event. Our job fair activity has increased in recent months in response to employers' prior job fair successes and their continuing workforce demands. We often partner with local Chambers of Commerce and the University System to help publicize these events, and target job fair efforts based on the workforce needs at hand – whether the need be occupation-specific, as a result of an announced layoff or aimed to help veterans or ex-offenders.

## **IV. Strategic Plan and LMI Review**

Mr. Chairman, members of the committee, my name is Kevin Marchus, and I am the Planning and Support Area Director for Job Service North Dakota. As Planning and Support Director, part of my responsibility is to help develop our agency's strategic plan.

The Job Service North Dakota strategic plan supports the North Dakota Consolidated Biennial Statewide Strategic Plan.

Every year, Job Service develops an agency-wide strategic plan – an overview of which can be found in Appendix C. When we develop our strategic plan, we realize the importance it has for our agency planning. We also recognize the importance of developing a plan that complements the Workforce Development Council's Consolidated Biennial Statewide Strategic Plan for Workforce Development, Workforce Training and Talent Attraction (Statewide Plan).

Throughout 2010, Job Service collaborated in the development of the Statewide Plan. Job Service is committed to working with the Workforce Development Council as a partner to implement statewide strategic initiatives designed to address workforce needs.



The overarching goal of the Statewide Plan is "to enhance workforce decision making through effective use of coordinated workforce data." Participation in this goal is a natural fit for the Job Service Labor Market Information Center.

### **Labor Market Information**

Job Service North Dakota is fortunate to have a Labor Market Information (LMI) Center that is ranked first in the nation in five of the 12 Bureau of Labor Statistics covered employment and wage program performance measures. The Bureau of Labor Statistics tracks these measures to help ensure the Labor Market Information Center program is being run effectively and provides accurate, timely, and relevant data to all stakeholders. Our Labor Market Information Center is also ranked in the top ten in six of the remaining performance measures, and eleventh in one measure.

The LMI Center develops many publications to meet our customers' needs and support the efforts of our workforce partners. LMI staff train and provide outreach to customer service staff to help them convey the benefits of labor market information to job seekers and employers.

In addition to the LMI Center's collaboration on the Statewide Plan, they are significantly engaged with the Workforce Intelligence Steering Committee, and support the state's Workforce Development Council by performing analysis of the labor availability studies, providing labor market information on a variety of topics, and providing statistical and survey expertise on various workforce information projects.

Our LMI Center also conducts specialized research to develop information on North Dakota's economy and other workforce topics such as employment and unemployment, employment projections, wages and fringe benefits, labor availability and career information – and a whole host of valuable information.

That concludes my portion of the testimony. Maren Daley will now review the Job Service Report Card and our appropriations request.

## **V. Job Service Report Card**

Mr. Chairman, I would like to draw the committee's attention to Appendix D which contains what we call the Job Service North Dakota Report Card. The Report Card represents Job Service's continuing attention to performance review and evaluation. We are committed to monitoring the services we provide the citizens of North Dakota and are always looking for ways to improve them too.

The Report Card monitors six primary service delivery areas in the agency and talking points for each measure:

1. Unemployment Insurance
2. Workforce Investment Act
3. Workforce 20/20
4. Wagner-Peyser (Employment Services)
5. Employment Statistics
6. JOBS Program Work Participation Rate



Please turn with me to Appendix D as I briefly review the Report Card and demonstrate how Job Service is doing its part to help improve North Dakota's economy. Our agency believes that workforce development *is* economic development and we are proud of the role we play in that process.

## **VI. General Fund Requests**

At this time, I would like to address Job Service's specific funding requests from the state's general fund:

### **Workforce 20/20**

Our Workforce 20/20 request is for funding of \$1,531,160, which I ask you to appropriate from the state's general fund. We have provided documentation on the performance of the Workforce 20/20 program, a summary of which can be found in Section C of the Job Service Report Card (Appendix D). The entire Workforce 20/20 annual report is in Appendix E.

The Workforce 20/20 program supports talent expansion and retention through skill development which is an integral component of North Dakota's talent strategy efforts. The Workforce 20/20 program provides funds directly to employers to help employees maintain or improve their job skills – especially when new technologies are introduced into the workplace. With the Workforce 20/20 program, employers arrange employee training with colleges and universities, private vendors, MEP (Manufacturing Extension Partnership), local and vocational schools, as well as TrainND.

Workforce 20/20 gives priority to the manufacturing industry, and can assist other target industries as they upgrade equipment and processes to stay competitive in a global economy. Employers must offer high-wage, high-demand careers, and pay no less than 200 percent of the federal or state minimum wage in order to participate in the Workforce 20/20 program. During the 2007-09 biennium, Workforce 20/20 funded 160 training projects and, as of November 2010, funds had been obligated for 99 projects.

During the 2003 legislative session, North Dakota House Bill 1017 established a requirement that fifty percent of the Workforce 20/20 funds be allocated to projects for new and expanding businesses in North Dakota. Historically, we have had a strong distribution of new and expanding businesses applying for Workforce 20/20 funding. During this biennium, however, we have seen a decline in requests from new and expanding businesses, likely due to current economic conditions. During the recession, fewer businesses were expanding, but existing businesses were making every effort to stay competitive and efficient.

On April 7, 2010, existing businesses' requests for Workforce 20/20 funding exceeded the fifty percent level. These existing business requests were curtailed until the requests from new and expanding businesses reached the fifty percent level. During that wait time, Job Service had to decline eight requests from existing businesses in order to not exceed the 50 percent level. I shared this information and other Workforce 20/20 funding concerns at the May 2010 Interim Workforce Committee meeting.

More than six months later, in November 2010, new and expanding business requests surpassed the fifty percent threshold allowing Job Service to process all requests for Workforce 20/20 funds. Of the eight requests previously declined, two were resubmitted and approved.



As you can see, the 50 percent threshold created interruptions in training for many North Dakota businesses during this biennium. It is for this reason that Job Service North Dakota requests the removal of the 50 percent threshold language contained in last session's SB 2016 which reads as follows:

**SECTION 5. WORKFORCE 20/20 FUNDING.** Fifty percent of the workforce 20/20 funding in section 1 of this Act must be used for projects for new or expanding businesses in North Dakota.

To accommodate this request, we have removed this language in House Bill 1016.

During the past biennium, Job Service implemented tighter rules for the matching funds employers are asked to commit to training projects. These rules will help our agency meet training requests from more employers.

The value of the Workforce 20/20 program to North Dakota can be measured by increased wages and employee retention. Information provided by the employers for the 2007-09 biennium shows that employees who received training increased their wages an average of \$2.64 per hour and employers retained 73.2 percent of the trainees one year after training. The average hourly wage rate one year after training is \$22.25 while the annualized estimated gross income is \$46,280.

North Dakota can potentially recover the Workforce 20/20 per employee investment in nine to twelve months.

In addition, North Dakota unemployment insurance wage data as of the first quarter of 2010 shows 87.8 percent of all employees who received training during the 2007-09 biennium were still employed in North Dakota. Based on the average hourly earnings reported by employers one year after training, the state can potentially recover the per employee Workforce 20/20 investment in nine to twelve months through state income taxes withheld from employees' wages.

Employees who receive training through the Workforce 20/20 program tend to

- Stay in North Dakota
- Earn increased incomes
- Improve and increase skills the state's employers need to stay competitive.

### **Job Spidering**

Job Service uses enhanced online labor exchange services including job spidering. Job spidering is a powerful online employment search tool that provides convenient access to a database of thousands of North Dakota jobs – all within a single website.

A portion of the cost of this online services enhancement was funded with general funds, beginning with the 2007 budget. In 2009, ARRA funds covered the \$300,000 cost of job spidering for two years. That funding is no longer available. We are requesting a \$300,000 general fund appropriation to continue providing this valuable job spidering service to employers and job seekers. A comparison of Conference Board indicators shows that North Dakota's jobs-listing rate is more than 90 percent as a result of job spidering.

Job spidering searches job listings from a variety of sources, including national and local job boards, websites for educational institutions, hospitals, government agencies, newspapers, and



websites of businesses with 25 or more employees. From these job listings, job spidering copies the pertinent information and publishes it on findjobsnd.com. Findjobsnd.com provides one-site access to the majority of online North Dakota job listings. When a job seeker clicks on a spidered job listing on findjobsnd.com, the link directs him or her back to the website where the job was originally posted, thus preserving the promotional opportunities for local employers and community job boards.

Since its implementation on January 7, 2008, job spidering has increased the total number of job listings on findjobsnd.com by as much as 50 percent. Averages range from 45,000 listings per year to almost 95,000 listings per year. The number of monthly listings ranged from 7,862 to 16,446.

Your assistance in funding the spidering feature has helped make findjobsnd.com the premier labor exchange website in North Dakota. It helps attract more job seekers to the site and provides employers with a larger talent pool from which to hire. As of November 2010, more than 14,477 active resumes were available on the website for employers to search.

By spidering all the jobs across the state into a single repository, findjobsnd.com has become a valuable source of workforce intelligence, providing a more accurate picture of the state's job market. Resumes and job openings can be compared in number and by occupation, giving the state a real-time picture of occupational shortages, occupational growth and current hiring needs.

#### **New Jobs Training Program**

The New Jobs Training program assists with talent expansion under the Talent Initiative by allowing employers to use tax withholdings to help offset the cost of employee training. Primary sector businesses, including target industries, may qualify for the program if they are creating new, high-wage jobs by relocating to North Dakota or expanding current operations in the state. Funds are captured from the state income tax withholding generated from the new job positions that are created.

New Jobs Training depends on cooperative oversight by several state agencies, including Job Service North Dakota and the Tax Department, which administers collection of the new income tax withholdings that can then be applied to loans, repayable grants, or self-financing options employers may use to pay for training.

The results of the New Jobs Training program are summarized in Appendix F.

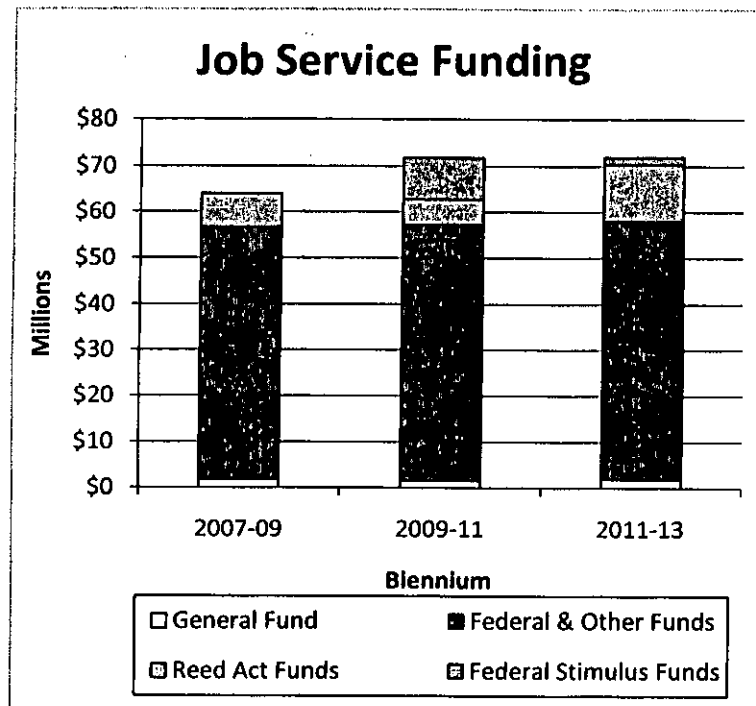
#### **Closing**

Mr. Chairman, members of the committee, this concludes our testimony. Thank you again for this opportunity to tell you about the exciting ways Job Service North Dakota is working to propel the state's economy to a more successful future. We are honored to work with you and all our partners to create an exciting future for North Dakota's businesses and workers.





# **Job Service North Dakota** **Budget Recommendation Details**



	2007-09 Legislative Appropriation	2009-11 Legislative Appropriation	2011-13 Appropriation Request	Increase (Decrease)
Gen. Funds	\$ 1,746,960	\$ 1,567,532	\$ 1,879,892	\$ 312,360
Other Funds	\$ 62,243,126	\$ 70,291,931	\$ 70,116,806	(\$ 175,125)
Total	\$ 63,990,086	\$ 71,859,463	\$ 71,996,698	\$ 137,235



## Job Service North Dakota Highlights

Biennial Appropriation Request Comparative by Line Item	2009-11	2011-13	Increase (Decrease)
1. Salaries and Wages Reduction due to attrition and the inability to fill positions due to flat or declining federal funding	\$ 35,968,336	\$ 35,270,584	(\$ 697,752)
2. Operating Expenses  2011-13 Increase due to the following:  2a. Workforce Data Quality Initiative Grant \$1,000,000 competitive grant awarded to Job Service  2b. Job Spidering Restore \$300,000 in general funds  2c. Remaining balance due to VOS and UI mainframe system hosting, maintenance and contract charges; IT processing for Oracle, Connect ND and UI ICE hosting; postage (UI mailings), facilities maintenance; retiree health credit costs.	\$ 11,224,804	\$ 13,698,670	\$ 2,473,866
3. Grants WIA – \$5,802,000 TAA/TRA/ATAA – \$1,774,000  JOBS reduction <\$664,169> WIA reduction <\$151,450> TAA reduction <\$46,317>	\$ 8,438,220	\$ 7,576,284	(\$ 861,936)
4. Workforce 20/20	\$ 1,512,491	\$ 1,531,160	\$ 18,669
5. Reed Act UI System Modernization	\$ 5,515,586	\$12,400,000	\$ 6,884,414
6. Federal ARRA Funds Carryover of UI Spec. Transfer – \$775,000 UI Above Base ARRA funds – \$725,000	\$ 9,180,026	\$ 1,500,000	(\$ 7,680,026)
7. Capital Assets	\$ 20,000	\$ 20,000	--
<b>Total Appropriation</b>	<b>\$ 71,859,463</b>	<b>\$ 71,996,698</b>	<b>\$ 137,235</b>



## **Parental Responsibility Initiative for the Development of Employment (PRIDE)**

Job Service North Dakota administers the nationally-recognized and award-winning Parental Responsibility Initiative for the Development of Employment (PRIDE) program.

The PRIDE program, implemented in April 2005, is a collaborative effort between Job Service, Child Support Enforcement, the district court system and the Temporary Assistance for Needy Families (TANF) program. PRIDE addresses the unemployment and underemployment of noncustodial parents to help increase child support collections.

Noncustodial parents receive one-on-one case management employment services including job-search assistance, financial support services, and instruction for job retention and skill development. The PRIDE program helps individuals become employed, resulting in more frequent and more substantial child support payments and improved parent/child relationships.

### **Job Opportunities and Basic Skills (JOBS) Program**

The Job Opportunities and Basic Skills (JOBS) program is designed to help Temporary Assistance for Needy Families (TANF) recipients get back to work and off assistance quickly and for the long-term.

## **Job Opportunities and Basic Skills Program (JOBS)**

The Job Opportunities and Basic Skills (JOBS) program is designed to help Temporary Assistance for Needy Families (TANF) recipients get back to work and off assistance quickly and for the long term.

Job Service administers and serves JOBS participants in Rolette and Cass counties and the rest of Region 5. The JOBS program serves individuals who are employed at a level below self-sufficiency at the time they began receiving TANF.

Our strong JOBS program performance results helped North Dakota and the Department of Human Services (DHS) meet federal TANF performance requirements. DHS reported that Job Service achieved work participation rates between 68 and 84 percent for the first nine months of 2010 – exceeding the federally-required work participation rate of 50 percent.



# Strategic Plan

## Program Year 2010 - Overview

### VISION

*Job Service North Dakota strengthens the economy of ND as a strategic partner in the delivery of workforce services.*

### MISSION

*Job Service North Dakota provides customer-focused services to meet the current and emerging workforce needs of the state.*

#### CRITICAL SUCCESS FACTORS

**1**  
Strengthening North Dakota's workforce

**2**  
UI and IT building the next generation of systems for the delivery of Unemployment Services

**3**  
Supporting our skilled and motivated staff

**4**  
Recognize and mitigate risk

#### OBJECTIVES

Be responsive to the needs of North Dakota's employees and workforce.

Continue to provide timely and accurate UI services while we plan and build the new system with improved customer service and risk management

Build upon a positive work environment that allows staff members to build their skills and excel.

Identify, quantify, and manage acceptable levels of risk. Implement checks and balances where needed.

#### TACTICS

**1.1**  
Intensify claimant reemployment and assess for best practices.

**2.1**  
Maintain current IT systems so we can plan for and build the next generation

**3.1**  
Develop staff skills, support effective hiring and integration of new staff

**4.1**  
Build a culture of awareness of security risks to the agency



# JSND Quarterly Report Card September 2010 with Updates as Noted

## A. Unemployment Insurance

### 1) Trust Fund Activity (10-01-2009 through 09-30-2010)

		Projected in	Numerical	Percentage
2009-4 to 2010-3	Actual	11-2009	Difference	Error
Trust Fund Balance - Beginning ①	100,011,936.76	100,011,936.76	0.00	0.00%
UI Benefits Paid	-83,034,757.01	-81,535,000.00	-1,499,757.01	1.84%
Tax Rated Income Received	67,807,021.70	61,944,550.00	5,862,471.70	9.46%
Reimbursable Net Change	-27,708.71	0.00	-27,708.71	0.00%
Extended Benefits Paid	0.00	0.00	0.00	0.00%
Interest	4,190,605.81	3,923,000.00	267,605.81	6.82%
Reed Act Cash Activity	-225,030.93	-2,062,549.00	1,837,518.07	-89.09%
Trust Fund Balance - Ending	88,722,067.62	82,281,937.76	6,440,129.86	7.83%

① Includes \$13,593,402.92 Reed Act Cash which includes 1,039,424.09 not available for benefits.

### 2) Claims Center Metrics

Standard	Sept 2010		Oct 2010		Nov 2010	
	Volume**	Time	Volume**	Time	Volume**	Time
Average Speed Of Answer	6349/7646	5:34	8254/10080	5:23	11477/19137	12:13
Average Talk Time		5:57		7:10		8:04
% Claims via UI ICE (Internet)*	34.8%		27.9%		29.0%	

Standard	Sept 2009		Oct 2009		Nov 2009	
	Volume	Time	Volume	Time	Volume	Time
Average Speed Of Answer	7460	2:06	10502/15484	1:54	12182/16651	8:43
Average Talk Time		5:45		5:24		5:41
% Claims via UI ICE (Internet)*	36.8%		30.3%		31.1%	

\*Extended benefits claims are done by phone and not online.

\*\*Number answered/number offered

### 3) Payment Accuracy – Weeks: 200940 – 201039 – Latest Available

Total Dollars Paid in Population	\$77,071,111	
Sample Size	360	
	Percentage Of Dollars	95% Confidence Interval (+ / -)
Proper Payments	93.1%	2.6%
Overpayments	6.9%	2.6%
Total	100.0%	
Underpayments	0.2%	0.1%

Over/Underpayment may be due to claimant errors, agency errors, employer errors or errors resulting from actions, or inactions, of the parties in combination

### 4) Electronic Reporting and Payment Statistics – Latest Available

UI EASY	2008-3	2008-4	2009-1	2009-2	2009-3	2009-4	2010-1	2010-2	2010-3
# EMPLOYERS	3,060	3,102	3,155	3,393	3,816	4,063	4,769	5,199	5,499
WAGE CREDITS	128,454	127,207	126,435	141,752	152,498	151,989	164,005	183,557	190,329
ACH DEBITS	2,100	1,939	2,127	2,292	2,494	2,524	3,142	3,475	3,642

OTHER ELECTRONIC *	2008-3	2008-4	2009-1	2009-2	2009-3	2009-4	2010-1	2010-2	2010-3
# EMPLOYERS	30,32	3,086	3,076	3,300	3,377	3,402	3,453	3,557	3,660
WAGE CREDITS	170,059	163,935	152,374	160,474	164,306	164,674	160,694	171,139	173,412

\* Secure FTP, Magnetic Tape, CD, Diskette



**B. Workforce Investment Act (WIA)****Economic Analysis of WIA Funds Spent in North Dakota during Program Year 2009**

**Background** - During Program Year 2009 (July 1, 2009 through June 30, 2010) JSND spent \$4,789,559 of federal funds on WIA programs. These new dollars to North Dakota's economy were used to help approximately 67,179 Adults, 494 Dislocated Workers, and 935 Youth for a total for 68,608 individuals with some sort of career advancement. This money is mainly used to pay for tuition, books, and fees, but is also used for items such as tools or work clothes, or for support services such as relocation or travel expense and job search activities. In order to qualify for WIA assistance, individuals must meet certain requirements.

**Economic Impact** - As previously mentioned \$4,789,559 in WIA funds were spent in the state during PY 2009. According to IMPLAN Pro, a software program that estimates the effects of money entering an area based on the economic dynamics of that area, this money had an additional economic impact of \$3,005,951 dollars for a total impact of \$7,795,510. IMPLAN Pro is widely used in North Dakota in performing economic impact analyses.

## WORKFORCE INVESTMENT ACT

### Negotiated Performance Measures Summary

#### Program Year 2010 For the Period Ending 09/30/2010

Performance Measure	Negotiated Performance Level	Actual Performance Level	Percent of Negotiated Level Achieved
---------------------	------------------------------	--------------------------	--------------------------------------

**Adult Common Measures Results At-A-Glance***Exit Period Covered by Measures: Jan 09 to Dec 09*

Entered Employment Rate	77.0%	$\frac{330}{460} = 71.7\%$	93.1%
Employment Retention Rate*	83.5%	$\frac{373}{471} = 79.2\%$	94.9%
Average Earnings*	\$9,400.00	$\frac{4,131,375}{371} = \$11,135.80$	118.5%
<b>Average</b>	<b>100.0%</b>		<b>102.2%</b>

**Dislocated Worker Common Measures Results At-A-Glance***Exit Period Covered by Measures: Jan 09 to Dec 09*

Entered Employment Rate	84.5%	$\frac{150}{177} = 84.7\%$	100.2%
Employment Retention Rate*	90.5%	$\frac{97}{113} = 85.8\%$	94.8%
Average Earnings*	\$11,400.00	$\frac{1,451,030}{96} = \$15,114.90$	132.6%
<b>Average</b>	<b>100.0%</b>		<b>109.2%</b>

**Youth Common Measures Results At-A-Glance***Exit Period Covered by Measures: Jan 09 to Dec 09*

Placement In Employment or Educ.	64.0%	$\frac{143}{211} = 67.8\%$	105.9%
Attainment of Degree or Certificate	43.5%	$\frac{128}{232} = 55.2\%$	126.9%
Literacy/Numeracy Gains**	20.0%	$\frac{75}{159} = 47.2\%$	236.0%
<b>Total Youth Average</b>	<b>100.0%</b>		<b>156.3%</b>

PY 10 Exit Period Covered – Jul 08 to Jun 09

\*\*PY 10 Participation Period Covered – Oct 09 to Sep 10



**C. Workforce 20/20 (As of December 31, 2010)**

Appropriations for the Biennium: \$1,512,491 (\$1,350,341 is budgeted for training projects)									
Target	New			Expanding			Existing		
				Obligated New & Expanding = 50.87%			Obligated Existing = 49.13%		
	Biennium 2009-2011 Actual expended = 85.74%								
	Amount	# of Contracts	# of Individuals/ Average Cost	Amount	# of Contracts	# of Individuals/ Average Cost	Amount	# of Contracts	# of Individuals/ Average Cost
Obligated (includes expended)	\$24,616.00	1	17/\$1,448.00	\$564,305.40	61	924/\$610.72	\$568,826.05	44	1204/\$472.45
Expended	\$0.00	0	0/\$0	\$325,976.42	51	495/\$658.54	\$388,779.81	34	605/\$642.61
Unobligated Balance	86% of the biennium funds obligated. Remaining funds: \$192,593.55 (1 <sup>st</sup> two apps in January request \$63,000.00)								

**Return On Investment (ROI) for Workforce 20/20** – The value of the Workforce 20/20 program to North Dakota can be measured by increased wages and employee retention by both the employer and North Dakota. Generally, it has been shown that the state will recover its investment in Workforce 20/20 in 1.09 years (depending on tax brackets) through taxes paid on these higher wages.

Due to the economy; it has been obvious that Existing employers are training their current employees and using the Workforce 20/20 program to avoid having to lay-off employees by upgrading their processes. As of April 7, 2010; Workforce 20/20 was required to start rejecting all "existing" business training requests. This was to bring the required 50% of funding for 'new' or 'expanding' business funding into alignment as is required in North Dakota Senate Bill 2016, Section 5. All applications were denied from any business that was not expanding by verification of the UI records. Just over 6 months later; on October 15<sup>th</sup>, 2010, Workforce 20/20 was again able to fund some 'existing' business but at a lower funding to maintain the over 50% to 'new' and 'expanding' business. At the year end; Workforce 20/20 has funded 50.87% of New and Expanding business while funding 49.13% of Existing business. Unfortunately, the two January 2011 applications are for Existing business (\$63,000.00) and if the Workforce 2020 Committee agrees to fund part of them; Workforce 20/20 will again be in a "no funding for existing business" situation.

**D. WAGNER-PEYSER**

**WAGNER-PEYSER**

**Negotiated Performance Measures Summary  
Program Year 2010 For the Period Ending 09/30/2010**

Performance Measure	Negotiated Performance Level	Actual Performance Level	Percent of Negotiated Level Achieved
---------------------	------------------------------	--------------------------	--------------------------------------

Exit Period Covered by Measures: Jan 09 to Dec 09

Entered Employment Rate	72.5%	$\frac{22,251}{34,669} = 64.2\%$	88.6%
Employment Retention Rate*	85.0%	$\frac{33,240}{40,154} = 82.8\%$	97.4%
Average Earnings*	\$9,600.00	\$13,123	136.7%



# WAGNER-PEYSER SERVICES TO VETERANS

## Negotiated Performance Measures Summary Program Year 2010 For the Period Ending 09/30/2010

Performance Measure	Negotiated Performance Level	Actual Performance Level	Percent of Negotiated Level Achieved
---------------------	------------------------------	--------------------------	--------------------------------------

### All Veterans

Exit Period Covered by Measures: Jan 09 to Dec 09

Entered Employment Rate (EER)	69.0%	$\frac{1504}{2444} = 61.5\%$	89.1%
Employment Retention Rate* (ERR)	87.0%	$\frac{2481}{3015} = 82.3\%$	94.6%
Average Earnings (AR)	\$15,300	\$15,705	102.6%
Disabled Veterans (EER)	56.0%	$\frac{352}{617} = 57.1\%$	102.0%
Disabled Veterans (ERR)	84.0%	$\frac{638}{764} = 83.5\%$	99.4%
Disabled Veterans (AE)	\$15,500	\$15,762	101.7%

### DVOP – Disabled Veterans

Exit Period Covered by Measures: Jan 09 to Dec 09

Disabled Veterans (EER)	52.0%	$\frac{79}{141} = 56.0\%$	107.7%
Disabled Veterans (ERR)	80.0%	$\frac{125}{151} = 82.8\%$	103.5%

### LVER- Recently Separated Vets

Exit Period Covered by Measures: Jan 09 to Dec 09

Entered Employment Rate (EER)	62.0%	$\frac{66}{103} = 64.1\%$	103.4%
Employment Retention Rate* (ERR)	80.0%	$\frac{146}{183} = 79.8\%$	99.8%

### DVOP/LVER Consolidated - Total Vets & Eligible Persons

Exit Period Covered by Measures: Jan 09 to Dec 09

Entered Employment Rate (EER)	68.0%	$\frac{486}{809} = 66.1\%^{**}$	97.2%
Employment Retention Rate* (ERR)	85.0%	$\frac{680}{847} = 80.3\%$	94.5%
Average Earnings (AE)	\$14,500	\$12,974	89.5%

\* PY 10 Exit Period Covered – Jul 08 to Jun 09

\*\*Weighted result



## E. Employment Statistics in North Dakota

### LABOR FORCE, incl. Unemployment Rate

- North Dakota's not seasonally adjusted rate for the month of November 2010 was 3.3% and lowest in the nation, the US was 9.3%
  - South Dakota 4.4%, Nebraska 4.0%; next lowest states
  - Nevada 14.0%, California 12.4%; highest two states
- Historic low was 2.0% in 1997 & high was 6.0% in 1982
  - North Dakota has maintained the top state position since April 2009 when Nebraska edged it out by 0.1 %
- The state's labor force has risen about 4,408 year-over-year
- The state's labor force participation rate is 72.0% in current month, about 1.1 percent points above prior month (70.9%), and 0.6 percentage points above November 2009 (71.4%)
  - ND's labor force participation rate still exceeds the nation in November (64.4%)
- There were about 939 fewer total UI claims in November 2010 compared to prior year (4,473 vs. 5,412)
- About 21.6% of unemployment insurance claimants had earnings, similar to November of the prior year (21.3%)
- A greater percentage of claimants were labeled as "return to employer" in November 2010 (63.7%), as compared to the prior year (55.0%)
- Average duration of unemployment benefits fell slightly November-over-November at approximately 11.4 weeks, down from 12.0 weeks
- About 39.4% of claimants were exhausting benefits in current period, compared to 32.1% in prior year

### NORTH DAKOTA LABOR FORCE DATA - not adjusted

	November 2010	October 2010	November 2009
Unemployment Rate	3.3%	2.8%	3.7%
Unemployed	12,113	10,255	13,427
Employed	351,364	356,460	345,642
Labor Force	363,477	366,715	359,069
<b>Plains States – not adjusted</b>			
Iowa	6.2%	6.1%	6.1%
Kansas	6.7%	6.4%	6.3%
Minnesota	6.6%	6.4%	7.0%
Missouri	9.2%	8.9%	9.2%
Nebraska	4.0%	4.2%	4.2%
South Dakota	4.4%	4.0%	4.4%
<b>N.D. Seasonally Adjusted Rate</b>	<b>3.8%</b>	<b>3.8%</b>	<b>4.3%</b>
<b>U.S. Seasonally Adjusted Rate</b>	<b>9.8%</b>	<b>9.6%</b>	<b>10.0%</b>

*The employed and unemployed above are persons by place of residence. The unemployment rate is the ratio of people actively seeking work compared to those in the labor force (employed plus unemployed).*

*\*The U.S. rate is seasonally adjusted; all others are not seasonally adjusted, except as noted.*



# NOVEMBER 2010 NONFARM EMPLOYMENT (estimates)

NOT SEASONALLY ADJUSTED

Statewide	CURRENT MONTH NOVEMBER 2010	PREVIOUS MONTH OCTOBER 2010	OVER MONTH CHANGE		YEAR AGO NOVEMBER 2009	OVER YEAR CHANGE	
			Number	Percent		Number	Percent
Total Nonfarm	377,800	378,800	-1,000	-0.3%	372,300	5,500	1.5%
Mining & Logging	9,200	9,100	100	1.1%	6,900	2,300	33.3%
Construction	21,600	23,600	-2,000	-8.5%	22,200	-600	-2.7%
Manufacturing	23,700	23,400	300	1.3%	23,500	200	0.9%
Wholesale Trade	20,800	20,400	400	2.0%	19,800	1,000	5.1%
Retail Trade	42,600	42,000	600	1.4%	43,400	-800	-1.8%
Transportation, Warehouse & Utilities	15,600	15,300	300	2.0%	15,100	500	3.3%
Information	7,400	7,400	0	0.0%	7,400	0	0.0%
Financial Activities	20,300	20,200	100	0.5%	20,100	200	1.0%
Professional and Business Services	29,900	30,200	-300	-1.0%	29,200	700	2.4%
Education and Health Services	55,000	55,200	-200	-0.4%	54,000	1,000	1.9%
Leisure and Hospitality	34,200	34,700	-500	-1.4%	34,300	-100	-0.3%
Other Services	15,900	15,700	200	1.3%	15,800	100	0.6%
Government	81,600	81,600	0	0.0%	80,600	1,000	1.2%

Total Nonfarm employment decreased by 1,000 jobs or 0.3% from the previous month. This -0.3% over-the-month change from October to November was about 0.1% above the 10-year average of -0.4%. The annual growth rate for November was 1.5%, an increase of 5,500 jobs over last year.

In November, both Wholesale Trade and Transportation, Warehouse & Utilities posted the same largest over-the-month change of 2.0%. However, Retail Trade had the largest absolute increase with the addition of 600 jobs added over-the-month. This large over-the-month change was primarily due to the seasonal factor of Christmas holiday shopping.

Mining & Logging posted the largest over-the-year increase of 33.3% and added the most jobs, 2,300.

Nine of the thirteen major industries in North Dakota showed over-the-year increases while three industries reported over-the-year decreases and one industry had no change.

During the same 12-month period the not seasonally adjusted U.S. Total Nonfarm employment increased by 0.6%, the addition of approximately 842,000 jobs, compared to North Dakota's Total Nonfarm employment which grew by 1.5%.

GREEN -- Percentage gain greater than 5%

RED -- Percentage drop any amount



**F. Work Participation Rate for only the State JOBS portion of the total available clients  
From Verified Data on JOBS Program Participation**

June 2010	74%
May 2010	74%
April 2010	78%
March 2010	85%
February 2010	75%
January 2010	80%
December 2009	80%
November 2009	78%
October 2009	76%
September 2009	67%
August 2009	73%
July 2009	72%
June 2009	68%
May 2009	68%
April 2009	69%
February 2009	60%
January 2009	60%
December 2008	56%
November 2008	56%
September 2008	55%
August 2008	53%
July 2008	57%
June 2008	61%



## **Talking Points for September 2010 Quarterly Report Card**

### **A. Unemployment Insurance (UI)**

#### **Trust Fund Activity**

- The trust fund balance excluding Reed Act Cash as of 9-30-2010 was \$75.4M, \$4.6M (7%) more than the \$70.8M projected.
- Benefits for 2010-3 were \$1.9M (18%) more than projected. Benefits for FY2010 were \$1.5M (2%) more than projected.
- Income for 2010-3 was \$3M (16%) more than projected.
- Interest for 2010-3 was \$7,000 (1%) more than projected.
- Reed Act usage for 2010-3 was \$468,000 (91%) less than projected.

**Claims Center Metrics** – Variance in speed of answer is likely attributable to volume, call arrival patterns, and Extended Benefit questions.

### **B. Workforce Investment Act (WIA)**

Overall, WIA programs continue to demonstrate good progress toward meeting their goals in employing people, keeping them employed and increasing or replacing earnings. The Literacy/Numeracy negotiated level is 20% for PY 09. For the fourth reporting quarter ending 06/30/10, ND's actual performance was 50.7%. For the first quarter ending 09/30/10, it has remained stable at 47.2%. The effects of the concentrated effort took some time to be reflected in the performance reports, but those results are now being included in our outcome. Literacy/numeracy is a measure that requires constant tracking to ensure testing is conducted on a timely basis as well as working towards participant improvement of literacy/numeracy scores from one test to another. Staff members are committed to capturing positive performance results for the Literacy and Numeracy Gains measure, including use of incentives to encourage participants to complete the program and post-test.

### **C. Workforce 20/20**

- We have obligated \$1,157,747.45 for training, and that amounts to 86% of the budget for the biennium. During this time, 50.87% of the obligated amount is for New or Expanding businesses, while 49.13% is for existing businesses.
- Due to the recent economic trends, we are finding that most manufacturing and production companies are not expanding nor are we seeing new ones opening up. Most recently we are seeing existing companies beginning to consider training current staff in new processes and machines. This is a good sign when compared to months previous where manufacturing and production companies were not investing in training at all—they were just trying to survive. Now they are beginning to train current staff. It will take some additional confidence and expansion in purchasing of their products before they begin expanding their workforce again.
- From April 7, 2010 through October 15, 2010; Workforce 20/20 was rejecting all "existing" business training requests. This was to bring the required 50% of funding for "new" or "expanding" business funding into alignment as is required in North Dakota Senate Bill 2016, Section 5. The 1<sup>st</sup> quarter report showed we were at 63% funding going to existing business, the 2<sup>nd</sup> quarter was at just under 57% and at the end of the 3<sup>rd</sup> Quarter we were at just below 53%. The focus continues to keep the correct allocation of over 50% of the funding going to New or Expanding Business.

### **D. Labor Exchange**

- Overall, the Wagner-Peyser program continues to demonstrate good progress toward meeting the goals in employing people, keeping them employed and increasing or replacing earnings.
- Customer traffic has increased in our customer service offices and we continue to make every effort to serve North Dakota's Workforce.

### **E. Employment Statistics in North Dakota – No additional talking points.**

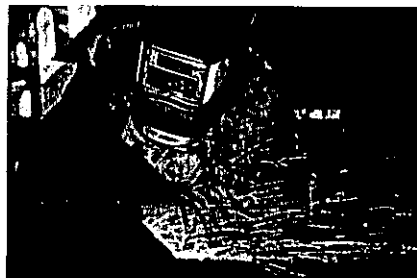
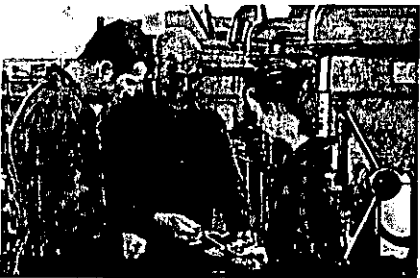


# Workforce 20/20

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*Helping Businesses  
Stay Competitive Through  
Employee Training*



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## 2007-09 Biennium Report

**JOB  
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**North Dakota**  
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## **Workforce 20/20 Training Program Background**

In 1991, the North Dakota Legislative Assembly enacted the Workforce 2000 Training Program (renamed Workforce 20/20 in 2005) to help North Dakota employers train and upgrade their 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.

Over the past 20 years, rapid advances in technology, global competition, and the introduction of new work methods have placed an ever-increasing burden on North Dakota's employers to employ more highly-skilled workers. Workforce 20/20 grants give employers access to training programs that can help keep their businesses competitive in today's technologically advanced and global economy.

Workforce 20/20 funding assistance is available to help upgrade current workers' skills when new technologies and new production work methods are introduced. Companies that are expanding or locating to our state can receive new employee training assistance. The objective of Workforce 20/20 is to help communities attract and retain businesses and make North Dakota a better place to work, live, and do business.

### **The 2007-09 Biennium in Review**

During the 2007-09 biennium, the North Dakota economy was influenced by several economic factors:

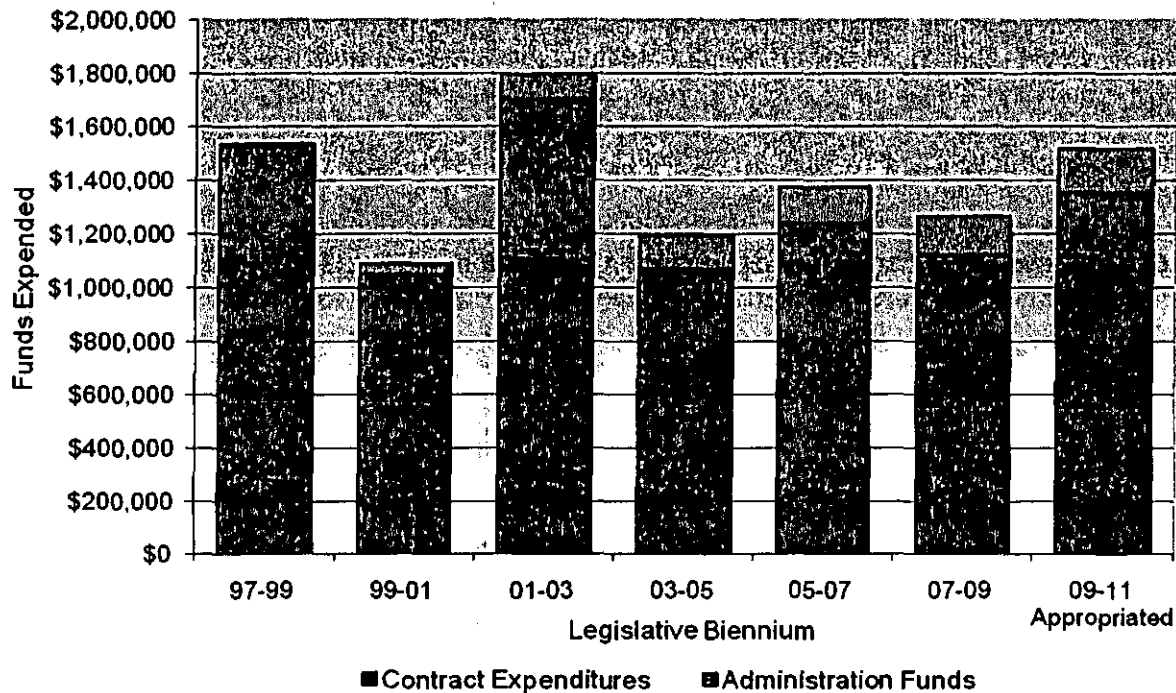
- The number of business establishments increased by 426 to 27,395
- Total annual North Dakota wages increased by 11.2 percent from \$11.3 to \$12.6 billion
- The average annual wage increased by 8.7 percent from \$33,086 to \$35,970
- The annual unemployment rate ranged from 3.1 percent in 2007 to 4.3 percent in 2009. Despite the state's unemployment rate increase over the biennium, North Dakota still had the lowest unemployment rate in the nation (4.3 percent). Nationally, the annual unemployment rate ranged from 4.6 percent in 2007 to 9.3 percent in 2009.

North Dakota's economy remained relatively stable with the contributions made by the energy, manufacturing, value-added agriculture, wholesale trade, and professional and technical service sectors. Today, North Dakota's challenge is finding people to fill positions in these industry sectors when the unemployment rate is relatively low and the labor force participation rate is high. In order to support the increased demand for a skilled workforce and the growing number of businesses in these sectors, the Workforce 20/20 program gives North Dakota a valuable tool to attract and retain employers and employees.

The North Dakota legislature appropriated \$1,499,906 for the Workforce 20/20 program in the 2007-09 biennium. This funding enabled Job Service to award \$1,118,688 in Workforce 20/20 funds to employers for 160 training projects. Due the economic downturn and uncertainty created by the national economy North Dakota employers submitted 55 fewer applications than in the 05-07 biennium and only 39.7 percent of all funds awarded went to expanding or new business entities.



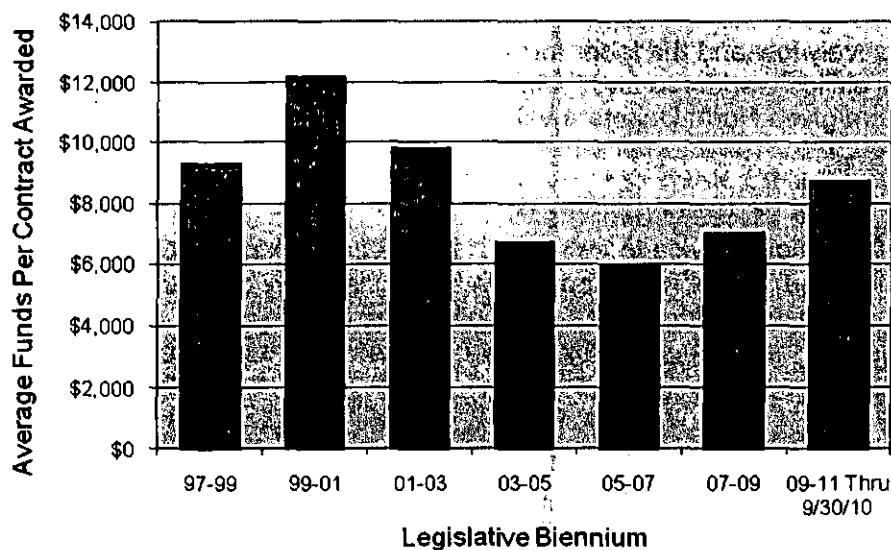
## Workforce 20/20, Funds Expended – Historical Overview, 1997–2011



### Comment

The North Dakota Legislative Assembly appropriates Workforce 20/20 program funds and returns unspent funds to the General Fund at the end of each biennium. The 2009-11 biennium column in the chart above represents the total 2009-11 appropriation. A total of \$1,100,288 had been obligated to 105 contracts as of December 14, 2010. The remaining Workforce 20/20 balance of \$250,052 must be obligated and spent by June 30, 2011.

## Workforce 20/20, Average Contract Grant Awarded – Historical Overview, 1997–2011



### Comment

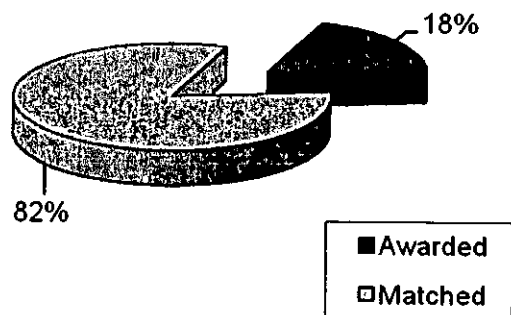
Technology and training costs associated with new equipment implementation and changing work methods continue to increase each year for ND employers. Funding for the 2007-09 biennium allowed the program to invest in 160 training contracts with an average investment of \$6,992 per contract.

During the 2007-09 biennium, the Workforce 20/20 program helped defray employee training costs by awarding employers with training grants. Grants ranged from \$350 to \$265,500 at an average cost of \$6,992 per contract.



## Workforce 20/20, Value of Employers' Matching Contributions, 2007–2009

Source	Funds
Workforce 20/20 Funds	\$1,118,688
Employer In-kind Match	\$5,144,839
<b>Total Training Funds</b>	<b>\$6,263,527</b>

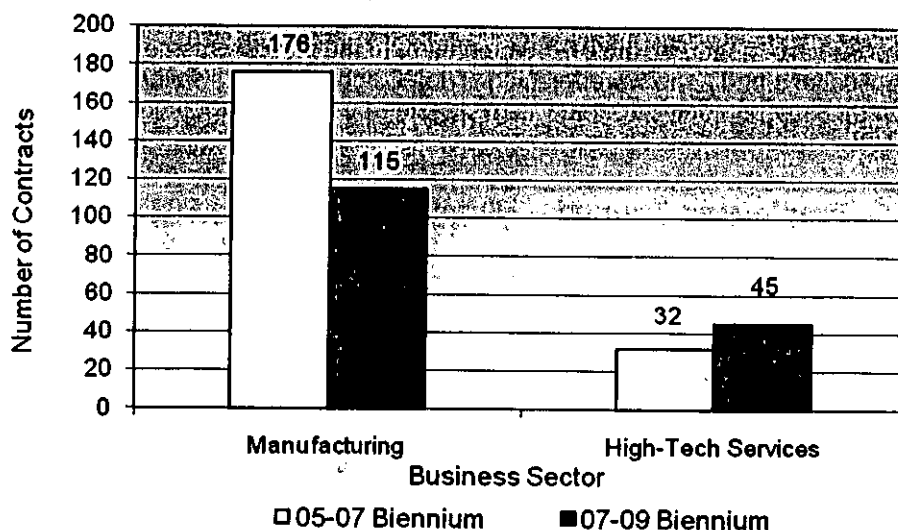


### Comment

North Dakota Century Code Section 52-08.1-03 requires encouragement of companies to participate with in-kind contributions.

Employers matched at a level of \$4.59 for every grant dollar received from Workforce 20/20 during the 2007-09 biennium. 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 20/20 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 20/20, Contracts Awarded by Industry, 2007–2009



### Comment

By statute, Job Service North Dakota gives Workforce 20/20 funding priority to applicants/employers who (1) Are compatible with statewide economic development strategies, (2) Demonstrate business and community financial support and participation, (3) Coordinate activities and resources with other training programs, (4) Provide program follow-up and evaluation, (5) Provide training in occupations that pay not less than 200 percent of the federal and state minimum wage, and (6) Provide training for unemployed and employed North Dakota residents for new and expanding businesses. As shown here, the business sectors with the most potential for promoting statewide economic development and growth during the last two bienniums have been the manufacturing and high-tech service sectors.



## Workforce 20/20, Expenditures on New and Expanding Industry, 2007–2009

### Comment

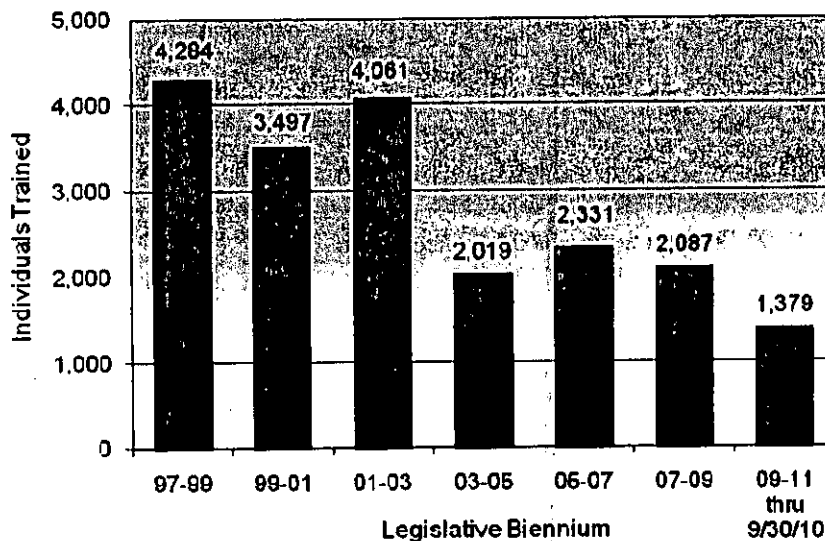
In an effort to enhance the growth potential of existing companies and to expand the overall economic growth and development in North Dakota, the Workforce 20/20 program targeted at least 50 percent of the available funds to new and expanding businesses. During the 2007-09 biennium, 39.69 percent\* of the funding went to new and expanding businesses to train 802 of the 2,087 total workers trained during the biennium.

Type of Business	Contracts Awarded	Workers <sup>†</sup> Trained	Expenditures	Percent of Total Expenditure
Expanding	77	776	\$ 431,857	38.60
New	5	26	\$ 12,206	1.09
Subtotal	82	802	\$ 444,063	39.69*
Existing	78	1,285	\$ 674,626	60.31
Total	160	2,087	\$1,118,689	100.00

<sup>†</sup> "Workers Trained" may include instances of the same employee receiving more than one training.

\*With 55 fewer Workforce 20/20 funding applications received during the 2007-09 biennium (269 applications in 05-07 and 214 applications in 2007-09), the Workforce 20/20 budget had approximately \$529,000 available for applicants during the last two months of the 07-09 biennium. In the last two months of the biennium, the program received only 12 applications and none were rejected. The 12 approved applications requested and received a total of \$298,047. Of this amount, only \$15,930 was requested by new or expanding businesses.

## Workforce 20/20, Employees Trained – Historical Overview, 1997–2011



### Comment

The number of employees trained with Workforce 20/20 funds each biennium is dependent on the funding available and the economic viability of the employers' proposals.

With a 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.

Since inception of the program through September 30, 2010, employers used Workforce 20/20 funding to train 24,821 employees. During the 2007-09 biennium, 1,634 individual employees received a total of 2,087 trainings.

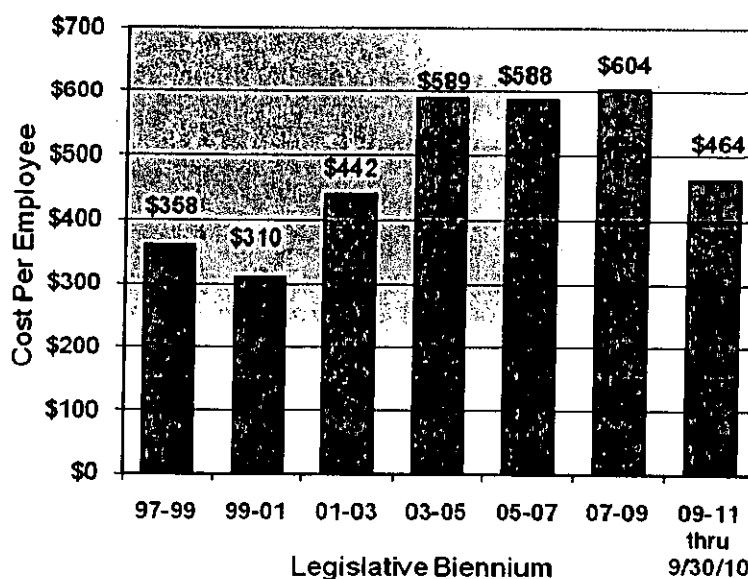


## Workforce 20/20, Cost per Employee – Historical Overview, 1997–2011

### Comment

Workforce 20/20 cost per employee varies from year to year based on the amount of funds expended, the number of employees trained, and the cost of education.

Compared to other states with similar new employee and incumbent worker training programs, North Dakota's spending falls within the range (\$95 to \$1,281) as shown in Appendix A.

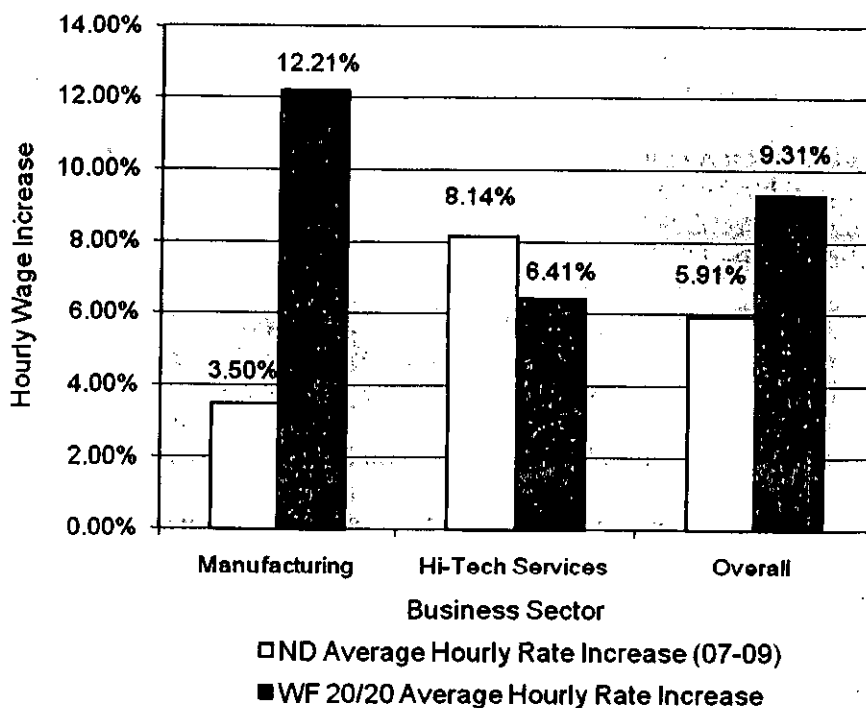


## Workforce 20/20, Average Hourly Wage Rate Increases by Industry, 2007–2009

### Comment

Hourly wage rates are collected prior to training and then again at 90-day, 180-day, and 1-year intervals after training has ended. The chart at the right shows that employees who received training in the manufacturing and high-tech services industries had 1-year average hourly wage rate increases at levels exceeding or near North Dakota's industry averages in both industry sectors.

Under the Workforce 20/20 program, North Dakota Century Code Section 52-08.1-02 gives priority to customized training, retraining, and upgrade training in occupations that pay not less than 200 percent of the federal and state minimum wage. During the 2007-09 biennium, 200 percent of the federal and state minimum wage was \$11.70 (2007-2008) and \$13.10 (2008-2009) per hour.



The average hourly wage increase for Workforce 20/20-funded employees retained one year after training was 9.31 percent. During the same time period, the average hourly wage rate increases for the manufacturing and service sectors statewide was only 5.91 percent.

Source: North Dakota Workforce 20/20 program follow-up monitoring reports and the following Job Service North Dakota's Labor Market Information publications; *North Dakota Employment & Wages; 2007 Annual Averages*, and *North Dakota Employment & Wages; 2009 Annual Averages*



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## **North Dakota's Workforce 20/20 Return on Investment, 2007–2009**

### **Wage Increases and Employee Retention**

North Dakota can measure the value of the Workforce 20/20 program through increased wages and employee retention. Information provided by employers for the 2007-09 biennium shows employees' wages increased an average of \$2.64 per hour (\$2.97 in 05-07) and employers retained 73.2 percent of the trainees one year after training (69.1 percent in 05-07).

Of those individuals trained during the 2007-09 biennium, 96.6 percent of all trainees were still employed in North Dakota one year after receiving Workforce 20/20-funded training. The bottom line for North Dakota is that out of 1,634 employees who received Workforce 20/20-funded training, only 56 (3.4 percent) did not have North Dakota wages one year after receiving training.

Despite an overall smaller average hourly wage increase for the 2007-09 biennium, Workforce 20/20 program trainees in the manufacturing and high-tech service industry sectors received hourly wage increases averaging 9.31 percent after training. During the 2007-09 biennium, the overall statewide average hourly wage increase for the manufacturing and high-tech service industry sectors was 5.91 percent.

### **Financial Impact for North Dakota**

The Workforce 20/20 training program is funded with state dollars, but requires an in-kind funding match from employers. During the 2007-09 biennium, the Workforce 20/20 program invested an average of \$604.17 per trainee (see Appendix A) and the employer's monetary and in-kind contribution averaged \$2,465 per trainee.

Using a North Dakota income tax withholding calculator and the average hourly wage rate of \$22.25 earned by the trainees one year after training, it takes North Dakota 1.09 years, or 13 to 14 months, to recover the \$604 Workforce 20/20 investment through state income tax withholdings from employees who received training.

On average, it is expected that an employee earning \$22.25 per hour will pay \$707 in state income taxes per year. However, due to overtime pay, commissions, and bonuses, the recovery period through state income taxes can be much shorter. Also, the return on investment calculation does not consider increased collections of state sales taxes, motor vehicle excise taxes, fuel taxes, property taxes, or other excise taxes trainees may pay as a result of earning higher wages.

The Workforce 20/20 training program is an excellent asset to North Dakota. Employees who receive training through the program stay in North Dakota, earn increased incomes, and gain skills our state's employers need to remain competitive.



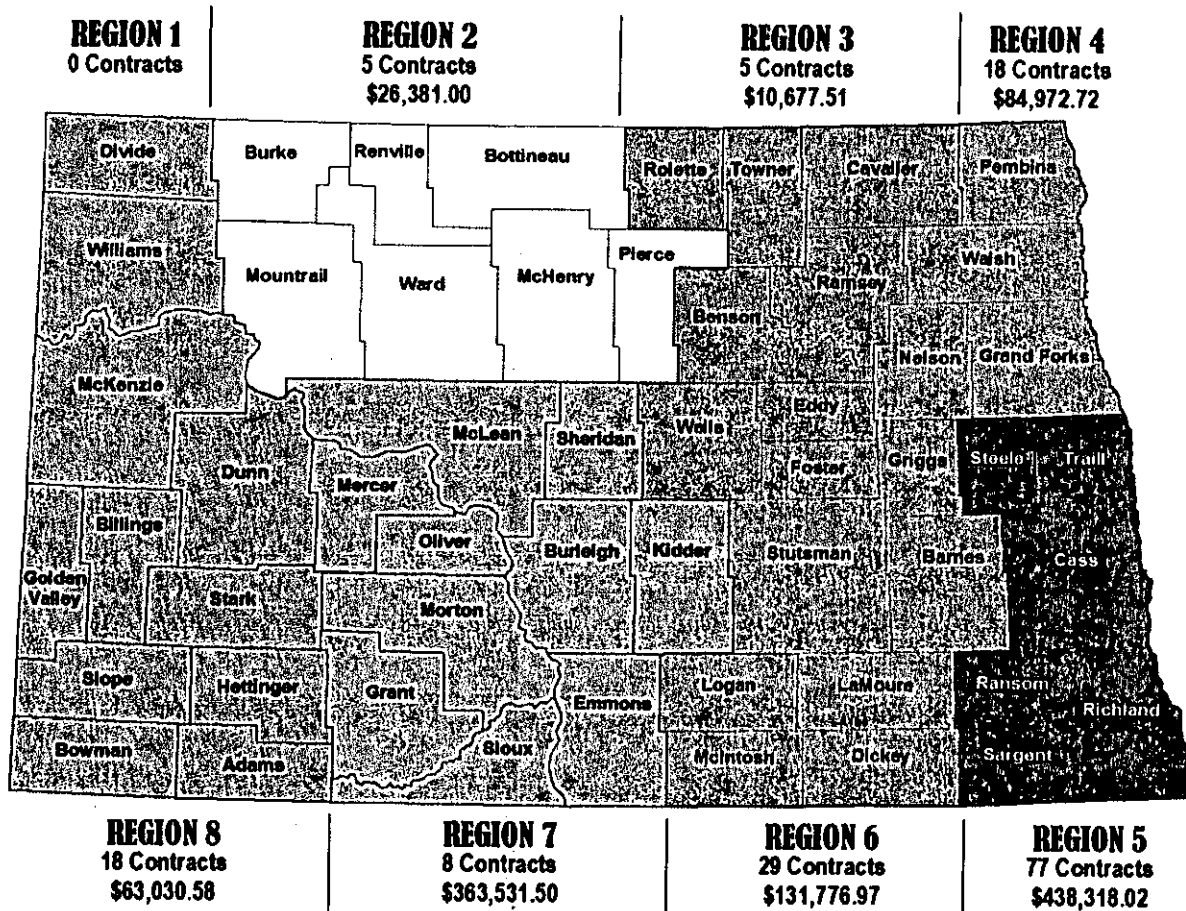
## Workforce 20/20 Geographical Grant Distribution, 2007-2009

### Comment

The 2007-09 biennium is the most recent biennium for which all contracts are closed and future fund adjustments are not required.

## WORKFORCE 20/20 PROGRAM

Funds Spent by Service Region During the '07 - '09 Biennium



Source: Job Service North Dakota, Workforce Programs



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## Other Indicators Relating to the Effectiveness of the Workforce 20/20 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 20/20 Program during the 07-09 biennium.

Contract WF-07-039

*"Increased production, additional trainees allowed us to pursue oil tank production."*

Contract WF-07-043

*"We are now using the JobBoss system to run the shop from the quoting process through shipping. It allows us to be more efficient and more accurate."*

Contract WF-07-063

*"Through the knowledge gained, we are able to identify many inefficiencies in our system (plugged evaporators, scale build up on condensers, replaced nozzles, changed water cooling cycle) and repair them. Estimate that we have already increased efficiencies by approximately \$200,000/yr."*

Contract WF-07-066

*"We are currently working on a potential \$1 M\* contract that would have been unlikely had this training not been attended."*

Contract WF-07-067

*"We are currently transitioning into new real-time products for much broader markets as a direct result of this training. WF 2020 has been very valuable to our growing organization."*

Contract WF-07-102

*"We're very appreciative of this program. Without it we would not be able to do some of our training. Please keep funding the program!"*

Contract WF-07-118

*"With the new welding machines and plasma arcs our apprentices have been able to go from cutting and stick welding carbon steel pipe to tigging and migging carbon to stainless steel pipe and tube. Keep up the good work. This is a wonderful program!"*

Contract WF-07-172

*"Elevated the skill level of production technicians, enabling better performance on more technical work activity. Continue the program, very beneficial for us in bringing new technology to our employers."*



# Appendix A

## Workforce 20/20 – How North Dakota's Training Spending Compares to Other States

State	Program Name	Program Year	Expenditures	Trainees	Cost Per Trainee*
<b>North Dakota</b>	<b>Workforce 20/20</b>	<b>2007-09</b>	<b>\$ 1,260,901</b>	<b>2,087</b>	<b>\$ 604</b>
<sup>1</sup> Nebraska	Worker Training Program	07-08	\$ 1,730,715	18,233	\$ 95
<sup>2</sup> Tennessee	Incumbent Worker Training Program	08-09	\$ 2,847,679	8,641	\$ 330
<sup>3</sup> Kentucky	Grant-in-Aid	08-09	\$ 7,901,707	32,896	\$ 240
<sup>4</sup> Montana	Incumbent Worker Training Pilot Program	07-08	\$ 248,894	351	\$ 709
<sup>5</sup> Connecticut	Workforce Training Fund	08-09	\$ 764,368	2,500	\$ 306
<sup>6</sup> Arkansas	Incumbent Worker Training Program	09-10	\$ 3,404,854	7,166	\$ 475
<sup>7</sup> Wyoming	Workforce Development Training Fund	07-08	\$ 2,143,437	2,499	\$ 858
<sup>8</sup> Indiana	Training Acceleration Grant Program	07-08	\$21,000,000	18,242	\$1,151
<sup>9</sup> California	Employment Training Panel Program	08-09	\$95,700,000	81,960	\$1,168
<sup>10</sup> Hawaii	Employment and Training Fund Program	07-08	\$ 752,282	1,331	\$ 565
<sup>11</sup> Texas	Skills Development Fund	08-09	\$25,000,000	19,516	\$1,281
<sup>12</sup> Alabama	Incumbent Worker Training Program	08-09	\$ 1,393,735	1,300	\$1,072

\* Rounded to the nearest dollar.

<sup>1</sup>Nebraska Workforce Development, Department of Labor; Worker Training Program Annual Report July 2007 - June 2008

<sup>2</sup>Tennessee Department of Labor and Workforce Development; Annual Narrative Report – Program Year 2008

<sup>3</sup>Annual Report 2008-2009; Bluegrass Skills Corporation, Kentucky Cabinet for Economic Development

<sup>4</sup>Montana Legislative Fiscal Division; Performance Management Report – September 24, 2008

<sup>5</sup>State of Connecticut Workforce Investment Act Annual Report 2008 - 2009

<sup>6</sup>Arkansas Incumbent Worker Training Program PY2009 Awards – July 5, 2010

<sup>7</sup>Workforce Development Training Fund, Annual Report FY 2008

<sup>8</sup>Indiana Workforce Development; Annual Report 2007 - 2008

<sup>9</sup>Employment Training Panel; Annual Report 2008-2009

<sup>10</sup>Employment and Training Fund Program; 2008-2009 Annual Report

<sup>11</sup>Texas Workforce Commission Skills Development Fund; Annual Report Fiscal Year 2009

<sup>12</sup>State of Alabama Workforce Investment Act, Title IB, Program Year 2008 Annual Report





## **ND New Jobs Training Program Reported Through October 1, 2010**

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### **North Dakota New Jobs Training Program Overview**

The North Dakota New Jobs Training Program was enacted in 1993 by the North Dakota Legislative Assembly to provide income tax credits for up to ten-years to businesses that create new jobs in North Dakota. This program gives primary-sector businesses and industries a way to secure funding to help offset the cost of creating new employment opportunities through business expansion or relocation to North Dakota.

Under the New Jobs Training Program, businesses obtain funds in the form of a loan, grant, or self-financing option. A commercial lender, local development corporation, the Bank of North Dakota, or other qualified lender may provide a loan whereas a state, city, or local economic development corporation may provide a grant.

New Jobs Training Program funds are made available to businesses by crediting the employer with the income tax withholding on wages paid to each new, permanent, and full-time employee participating in training arranged under the guidelines of the program. Reimbursements to repay a loan (plus interest) are made directly to the lender. Reimbursements to repay a grant are made directly to the granting community or local economic development corporation. Under the self-financing option, 60 percent of the allowable state income tax withholding can be reimbursed directly to the participating business. State income tax withholding can be captured for up to a ten-year period or until the loan is repaid, or the self-financing or grant obligations have been met, whichever comes first.

A business must be in a primary-sector industry, either locating to North Dakota or expanding employment in the state in order to qualify for the New Jobs Training Program. A "primary sector business" is an individual, corporation, limited liability company, partnership, or association which, through the employment of knowledge or labor, adds value to a product, process, or service that results in the creation of new wealth. "Primary sector business" includes tourism, but does not include production agriculture.

Other qualifying criteria include (1) A new employer locating in North Dakota must create a minimum of five new jobs, (2) An existing business must increase its base employment level by a minimum of one new job, (3) A business must not be closing or reducing its operation in one area of the state and relocating substantially the same operation to another area of the state, and (4) Employees in the eligible new positions must be paid a minimum of \$10 per hour by the end of the first year of employment in the newly-created position.

If a business creates the program-required number of new jobs at the wage rates projected, most loans, grants, or self-financing options will be reimbursed in less than the ten-year program period. Early reimbursement takes place when:

- Average tax liabilities are used to calculate the amount of state income tax withholding credit available, but the actual withholding reported is used to credit reimbursements.
- Most individuals have more state income tax withheld than their actual tax liability.
- The agreement does not build in salary increases during the ten-year period, resulting in larger withholdings.



## North Dakota New Jobs Training Program Tax Credit Activity

Since the inception of the New Jobs Training Program, Job Service North Dakota has entered into 251 program agreements for approximately 17,171 new jobs. As of October 1, 2010, employers have earned \$22.3 million in New Jobs Training Program tax credits and at this time, North Dakota income tax credits totaling approximately \$21.2 million are available to 127 active agreements over the next ten years. Based on a review of completed and closed agreements, employers have claimed 62.18 percent of the projected credits available to them.

## North Dakota New Jobs Training Program Performance

Since the start of the New Jobs Training Program, 124 (49.4 percent) of the 251 agreements are no longer active and the files have been closed. These closed agreements were used as a sample to review the job creation performance and average investment per new job created as is outlined in the table below.

Job Creation Performance and Investment Summary					
Closed Agreements	Reported New Jobs	Projected New Jobs	Job Creation Rate	Tax Credits Claimed	Average Investment per New Job
124	11,252	12,440	90.45%	\$15.9 million	\$1,414

While tax credits will cause a reduction in state revenues, this reduction is offset by the positive economic impact of newly-created North Dakota jobs. (See table below.) Other states have job creation tax credit programs, but historical data from other states is limited for doing state to state comparisons. Many states cap the amount of tax credits that can be claimed for each new job position, some reimburse on a percentage of actual training expenditures, and other states use complex calculations based on the number of employees, employees' state income tax withholdings, and employees' longevity with the company. Tax credit caps range from \$1,500 in Maryland and \$5,000 in Rhode Island, to \$6,500 in North Carolina. Compared to other states with limits on available tax credits, North Dakota's average investment per new job is lower than the lowest tax credit cap set by any other state for which information is available.

The most recent biennium for which North Dakota Century Code Section 54-60-19 Accountability Measures are available is the 2007–2009 biennium. During the 07–09 biennium, employers filled 1,507 proposed new job positions. The following is a wage and employment summary for the 1,507 new job positions.

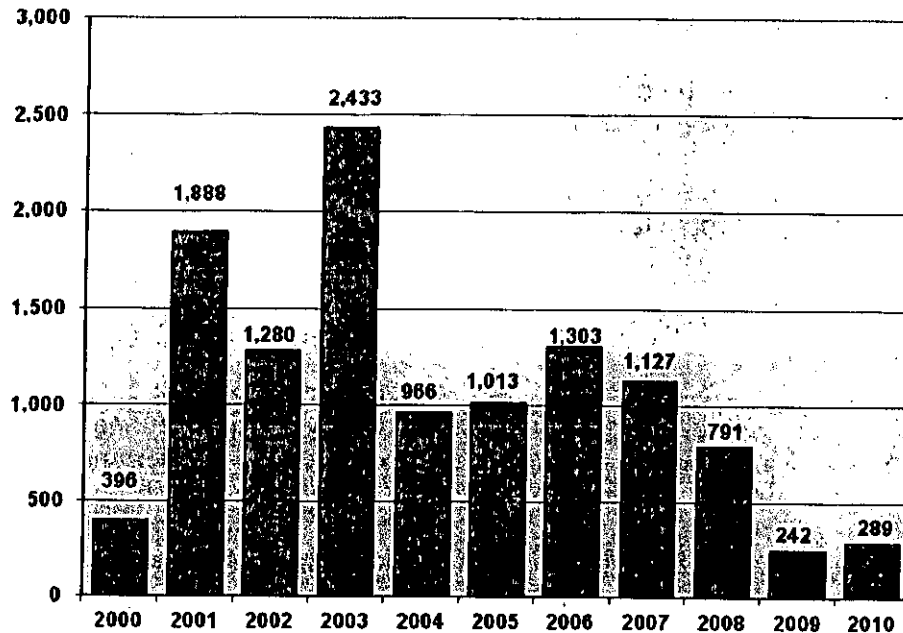
ND New Jobs Training Program Accountability Measures (07-09 Biennium)								
Program Activity		Pre-Training		1 Year After Training				
New Positions Filled	Actual Participants*	Participants Employed	Average Annual Salary	Participants Employed	Average Annual Salary	Average Annual ND Income Tax Paid Per Participant	Projected Average Annual Tax Credit Investment Per Individual	Average Annual ND Salary (2009)
1,507	1,432	1,398	\$27,063	1,411	\$32,293	\$380	\$417	\$35,970

\*Cumulative number of participants. Eliminates duplicate records and records with invalid or missing SSNs.

Job Service North Dakota unemployment wage records showed 1,411 individuals (98.5 percent) were still employed in North Dakota one year after training. These employees generated an aggregate annual payroll of \$45.6 million.



## New Jobs Training Program, Projected New Positions by Calendar Year; 2000-2010



### Comment

Projected new positions include positions from open agreements and actual new positions created from closed agreements. Until an agreement has ended, the projected number of new positions may fluctuate if employers amend the New Jobs Training Program agreements.

Employers report the number of new positions filled each quarter when they claim their North Dakota income tax withholding credit from the North Dakota State Tax Department.

The actual number of new positions created is not fully known until the employer files the final quarterly *New Jobs Credit Withholding Statement* and the New Jobs Training Program agreement is closed.

Since North Dakota state income tax is not withheld from the payroll of out-of-state residents, employers are not allowed to claim a credit for positions filled by out-of-state residents.

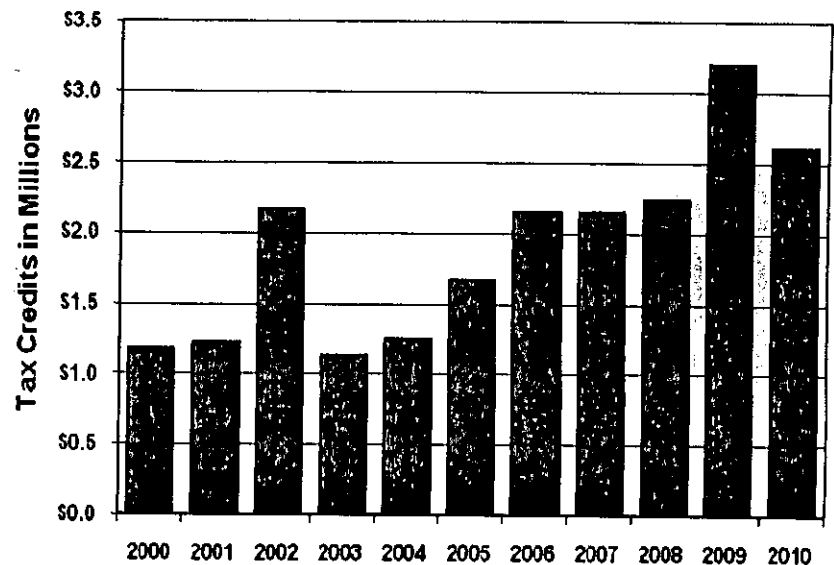
## New Jobs Training Program, Tax Credits Claimed By Fiscal Year; 2000-2010

### Comment

The amount of state income tax withholding credit available to an employer is based on the following criteria:

- The number of permanent, full-time new positions created
- The wage rate paid to individuals filling the new positions
- An income tax withholding formula provided by the North Dakota State Tax Department that is applied to the annual salaries of the new jobs being created

Under a New Jobs Training Program agreement, an employer has up to 10 years from the effective date of the agreement to claim the North Dakota income tax withholding credit.



Employers claim their income tax withholding credits through filing quarterly reports with the North Dakota State Tax Department. Through October 1, 2010, the tax department issued employers a total of \$22.3 million in tax credits. As of October 1, 2010 approximately \$21.2 million in tax credits remained available to employers participating in the New Jobs Training Program.



## **New Jobs Training Program Highlights:**

- Closed agreements (49.4 percent of total agreements since program inception) have achieved a job creation rate of 90.45 percent (Actual New Positions – 11,252/Projected New Positions – 12,440).
- For the 11,252 new jobs created by the closed New Jobs Training Program agreements, North Dakota's average investment through income tax credits was \$1,414 per new job. In other states, tax credits are allowed in amounts ranging from \$1,500 to \$6,500 per new job created.
- During the 07-09 biennium, 98.5 percent of all individuals hired for new positions were still employed in North Dakota one year after the initial training period.
- One year after training, the average annual salary of those hired for new positions during the 07–09 biennium was \$32,293, a 19.3 percent increase over the pre-training average annual salary of \$27,063.
- Annually, based on an average salary of \$32,293, each new position created during the 07–09 biennium on average generates \$380 of income tax revenue for the state.

Job Service North Dakota  
Workforce Programs  
1000 E. Divide Avenue  
PO Box 5507  
Bismarck, ND 58506-5507  
Telephone: (701) 328-3358  
Fax: (701) 328-4894  
TTY: (800) 366-6888

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# Bismarck/Mandan

## NORTH DAKOTA AREA PROFILES



### COUNTY COMMUNITY CENSUS STATISTICS\*

	Bismarck	Mandan		Bismarck	Mandan
<b>Population</b> (2009 U.S. Census Bureau Estimates)	61,217	18,274	<b>Employment Status (Age 16+)</b>		
<b>Median Age</b>	36.5	35.8	Employed	68.1%	68.6%
<b>Total Housing Units</b>	24,217	6,958	Unemployed	2.3%	2.7%
Occupied Housing Units	95.7%	95.5%	Armed Forces	0.2%	0.3%
<b>Education (Age 25+)</b>			Work at Home	3.3%	3.2%
No High School Diploma	12.5%	17.5%	Commuting Time	13.9 min.	18.0 min.
High School Diploma or Equivalency	23.2%	30.4%	<b>Occupation</b>		
Some College, No Degree	23.5%	21.4%	Management, Professional, & Related	36.2%	28.4%
Associate's Degree	11.3%	11.6%	Service	16.5%	17.2%
Bachelor's Degree	21.7%	15.2%	Sales & Office	29.6%	29.4%
Graduate/Professional Degree	7.7%	3.9%	Farming, Fishing, & Forestry	0.3%	0.8%
<b>Income</b>			Construction, Extraction, & Maintenance	7.8%	12.3%
Median Household	\$39,422	\$38,182	Production, Transportation,		
Per Capita	\$20,789	\$17,509	& Material Moving	9.6%	11.9%
Individuals Below Poverty Level	8.4%	10.0%			

\*2000 U.S. Census Bureau, except as noted.

<b>Bismarck Taxable In-State Sales</b>	\$1,219,755,097	<b>Mandan Taxable In-State Sales</b>	\$159,898,780
Change in Taxable In-State Sales from 2008	-0.15%	Change in Taxable In-State Sales from 2008	-2.73%

2009 North Dakota Tax Department

### AVERAGE WAGES

1	Beulah/Hazen	\$51,368
2	Williston	\$47,260
3	Fargo/West Fargo	\$38,633
4	Bismarck/Mandan	\$36,323
	<b>Statewide</b>	\$35,970
5	Dickinson	\$34,983
6	Grand Forks/GFAFB	\$34,669
7	Wahpeton	\$33,338
8	Minot/Minot AFB	\$32,532
9	Jamestown	\$31,402
10	Valley City	\$29,753
	Grafton	\$29,717
12	Devils Lake	\$29,568
13	Rolla	\$24,081

### LARGEST EMPLOYERS

1	Medcenter One	Medical and Surgical Hospitals
2	St. Alexius Medical Center	Medical and Surgical Hospitals
3	Bismarck Public Schools	Elementary and Secondary Schools
4	Wal-Mart	Warehouse Clubs and Supercenters
5	City of Bismarck	Executive and Legislative Offices, Combined
6	Clark Equipment Company	Construction Machinery Manufacturing
7	Aetna	Direct Health and Medical Insurance Carriers
8	N.D. Dept. of Human Services	Other Individual and Family Services
9	Mandan Public Schools	Elementary and Secondary Schools
10	Dan's Super Market	Supermarkets and Grocery Stores
11	Montana-Dakota Utilities	Fossil Fuel Electric Power Generation
12	N.D. Dept. of Transportation	Highway, Street, and Bridge Construction
13	N.D. Dept. of Corrections	Correctional Institutions
14	Basin Electric Power Co-op.	Electric Bulk Power Transmission and Control
15	Missouri Slope Lutheran Care Center	Nursing Care Facilities

North Dakota Quarterly Census of Employment and Wages program (QCEW), 2009 Annual Averages



Find additional Labor Market Information publications at: [ndworkforceintelligence.com](http://ndworkforceintelligence.com)



## EMPLOYMENT & WORKSITES

### TOP EMPLOYING INDUSTRIES

- ▶ Health Care & Social Assistance 17.0%
- ▶ Retail Trade 13.3%
- ▶ State Government 9.4%
- ▶ Accommodation & Food Services 9.0%
- ▶ Remaining Industries 51.3%

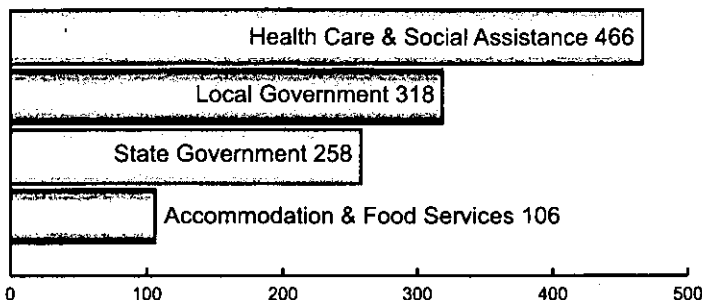


### TOTAL WORKSITES

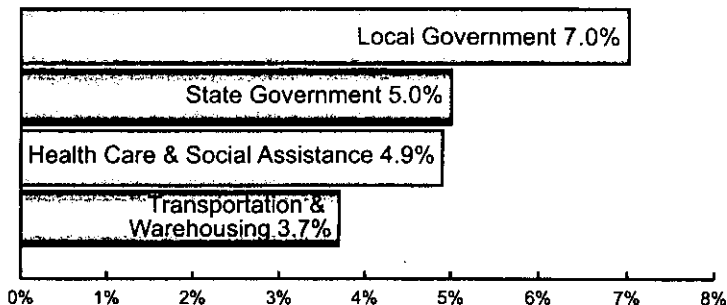
- ▶ Construction 13.1%
- ▶ Retail Trade 12.1%
- ▶ Professional, Scientific, & Technical Services 11.3%
- ▶ Other Services (Except Public Administration) 9.2%
- ▶ Remaining Industries 54.3%



### LARGEST EMPLOYMENT GROWTH



### FASTEST EMPLOYMENT GROWTH



## HIGHLIGHTS

- Health Care and Social Assistance continued to be the top employing industry with 9,885 employees, accounting for 17.0% of total jobs in the area. This industry also showed the largest employment growth with the addition of 466 new positions and was the leader in total wages, accounting for 19.8% of the area's wages.
- Construction had the largest share of total worksites in the Bismarck-Mandan area with 13.1%.
- Local Government led all industries in fastest employment growth with an increase of 7.0%.
- Utilities was the highest paying industry with \$85,602 for an average annual wage.
- Agriculture, Forestry, Fishing and Hunting topped the charts with the largest average annual wage growth with an increase of \$4,125. It also had the fastest average annual wage growth with a 19.5% increase.

### INDUSTRY

*\*\*Indicates data have been suppressed due to confidentiality restrictions.*

#### Private

Agriculture, Forestry, Fishing, & Hunting  
 Mining  
 Utilities  
 Construction  
 Manufacturing  
 Wholesale Trade  
 Retail Trade  
 Transportation & Warehousing  
 Information  
 Finance & Insurance  
 Real Estate & Rental & Leasing  
 Professional, Scientific, & Technical Services  
 Management of Companies & Enterprises  
 Administrative & Support & Waste Management & Remediation Services  
 Educational Services (Private)  
 Health Care & Social Assistance  
 Arts, Entertainment, & Recreation  
 Accommodation & Food Services  
 Other Services (Except Public Administration)

#### Government

Federal Government  
 State Government  
 Local Government

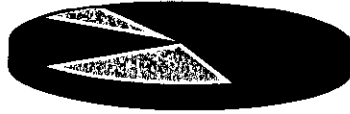
**Total** (Totals do not add up due to suppression of confidential data.)



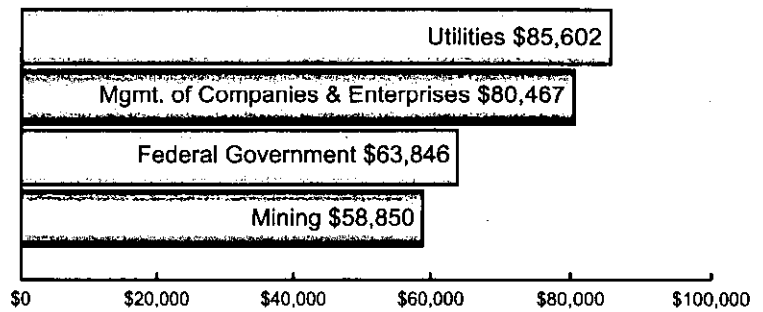
## TOTAL WAGES & ANNUAL AVERAGE WAGES

### TOTAL WAGES

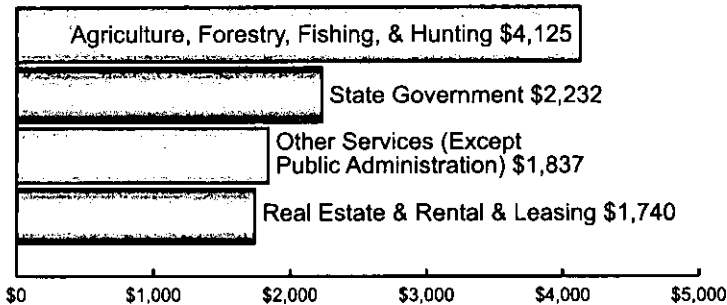
- ▶ Health Care & Social Assistance 19.8%
- ▶ State Government 10.8%
- ▶ Retail Trade 9.0%
- ▶ Local Government 7.4%
- ▶ Remaining Industries 53.0%



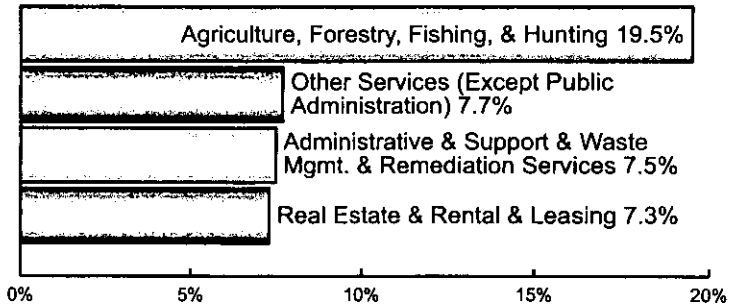
### HIGHEST AVERAGE WAGE



### LARGEST AVERAGE WAGE GROWTH



### FASTEST AVERAGE WAGE GROWTH



2009 ANNUAL %G. EMP.	2008 ANNUAL AVG. EMP.	% CHG.	2009 WORK SITES	2008 WORK SITES	% CHG.	2009 ANNUAL AVG. WAGE	2008 ANNUAL AVG. WAGE	% CHG.	2009 TOTAL WAGES
78	79	-1.3%	10	8	25.0%	\$25,250	\$21,125	19.5%	\$1,969,470
60	59	1.7%	10	10	0.0%	\$58,850	\$58,930	-0.1%	\$3,531,024
225	238	-5.5%	10	12	-16.7%	\$85,602	\$84,954	0.8%	\$19,260,514
3,392	3,492	-2.9%	514	523	-1.7%	\$40,578	\$39,028	4.0%	\$137,640,322
2,321	2,648	-12.3%	114	112	1.8%	\$46,069	\$46,905	-1.8%	\$106,927,015
2,305	2,272	1.5%	321	315	1.9%	\$49,139	\$48,390	1.5%	\$113,265,100
7,745	7,830	-1.1%	473	490	-3.5%	\$24,560	\$24,090	2.0%	\$190,214,971
1,447	1,395	3.7%	147	145	1.4%	\$33,897	\$35,262	-3.9%	\$49,048,741
963	1,044	-7.8%	60	64	-6.3%	\$39,173	\$38,992	0.5%	\$37,724,025
2,666	2,633	1.3%	293	284	3.2%	\$44,383	\$44,493	-0.2%	\$118,324,594
463	463	0.0%	147	139	5.8%	\$25,610	\$23,870	7.3%	\$11,857,336
2,948	2,900	1.7%	441	435	1.4%	\$43,700	\$43,090	1.4%	\$128,826,349
1,319	1,350	-2.3%	29	31	-6.5%	\$80,467	\$82,700	-2.7%	\$106,136,611
2,021	2,069	-2.3%	220	227	-3.1%	\$23,860	\$22,201	7.5%	\$48,220,812
645	639	0.9%	24	25	-4.0%	\$29,970	\$29,137	2.9%	\$19,330,553
9,885	9,419	4.9%	301	288	4.5%	\$42,247	\$41,383	2.1%	\$417,612,461
514	518	-0.8%	50	45	11.1%	\$15,194	\$14,704	3.3%	\$7,809,901
5,219	5,113	2.1%	224	229	-2.2%	\$13,382	\$13,003	2.9%	\$69,840,085
2,324	2,446	-5.0%	358	365	-1.9%	\$25,625	\$23,788	7.7%	\$59,552,938
1,200	1,179	1.8%	50	52	-3.8%	\$63,846	\$63,256	0.9%	\$76,615,290
5,457	5,199	5.0%	86	86	0.0%	\$41,924	\$39,692	5.6%	\$228,780,016
4,884	4,566	7.0%	29	28	3.6%	\$32,180	\$31,636	1.7%	\$157,166,003
58,081	57,551	0.9%	3,911	3,913	-0.1%	\$36,323	\$35,640	1.9%	\$2,109,654,131

North Dakota Quarterly Census of Employment and Wages program (QCEW)



## **NORTH DAKOTA AREA PROFILES**

**Bismarck/Mandan**

**September 2010**

*Publication prepared by the North  
Dakota Labor Market Information Center*

### **Telephone**

LOCAL: 701-328-2868

TOLL FREE: 800-732-9787

TTY: 800-366-6888

### **Fax**

LOCAL: 701-328-4193

### **E-mail**

ndwin@nd.gov

### **Internet**

jobsnd.com or ndworkforceintelligence.com

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Beth Zander

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Duane Broschat

### **Product Development &**

### **Outreach Supervisor**

Marcia Slag

### **BLS Program Supervisor**

Michael Ziesch

### **Research Analysts**

Mark Backman, Virginia Frank, Sharon Jans

### **Publication Coordinator &**

### **Graphic/Web Designer**

Susan Simonson



### **LABOR MARKET INFORMATION CENTER**

1000 EAST DIVIDE AVENUE

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### **North Dakota Employment and Wages**

*North Dakota Employment and Wages* is updated annually and is the most accurate source for detailed industrial employment and wage information for the state, its regions, and counties.

### **North Dakota Employment Projections**

*North Dakota Employment Projections* is a long-term look at future employment trends by industry and occupation updated every two years. These ten-year projections should be considered a starting point and used in conjunction with other sources of occupational information.

### **Wages for North Dakota Jobs**

*Wages for North Dakota Jobs* is an annual reference guide providing hourly and annual wage and employment data for most occupations in the state, its metro areas, and balance-of-state regions.



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# Statewide

## NORTH DAKOTA AREA PROFILES



### COUNTY COMMUNITY CENSUS STATISTICS\*

	Statewide		Statewide
<b>Population</b> (2009 U.S. Census Bureau Estimates)	646,844	<b>Employment Status (Age 16+)</b>	
<b>Median Age</b>	37	Employed	67.5%
<b>Total Housing Units</b>	313,018	Unemployed	2.2%
Occupied Housing Units	87.8%	Armed Forces	1.3%
<b>Education (Age 25+)</b>		Work at Home	6.1%
No High School Diploma	10.3%	Commuting Time	16.0 min.
High School Diploma or Equivalency	27.1%	<b>Occupation</b>	
Some College, No Degree	23.5%	Management, Professional, & Related	34.5%
Associate's Degree	12.2%	Service	17.1%
Bachelor's Degree	20.3%	Sales & Office	24.3%
Graduate/Professional Degree	6.6%	Farming, Fishing, & Forestry	1.7%
<b>Income</b>		Construction, Extraction, & Maintenance	10.3%
Median Household	\$45,685	Production, Transportation, & Material Moving	12.1%
Per Capita	\$26,364		
Individuals Below Poverty Level	12.0%		

\*2000 U.S. Census Bureau, except as noted.

<b>Statewide Taxable In-State Sales</b>	\$8,021,328,053	Change in Taxable In-State Sales from 2008	-1.69%
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2009 North Dakota Tax Department

### AVERAGE WAGES

1	Beulah/Hazen	\$51,368
2	Williston	\$47,260
3	Fargo/West Fargo	\$38,633
4	Bismarck/Mandan	\$36,323
	<b>Statewide</b>	\$35,970
5	Dickinson	\$34,983
6	Grand Forks/GFAFB	\$34,669
7	Wahpeton	\$33,338
8	Minot/Minot AFB	\$32,532
9	Jamestown	\$31,402
10	Valley City	\$29,753
	Grafton	\$29,717
12	Devils Lake	\$29,568
13	Rolla	\$24,081

### LARGEST EMPLOYERS

1	Nondisclosable	
2	Altru Health System	Medical and Surgical Hospitals
3	Meritcare Hospital	Medical and Surgical Hospitals
4	Trinity Health	Medical and Surgical Hospitals
5	Medcenter One	Medical and Surgical Hospitals
6	St. Alexius Medical Center	Medical and Surgical Hospitals
7	Meritcare	Offices of Physicians
8	Clark Equipment Company	Construction Machinery Manufacturing
9	Innovis Health	Medical and Surgical Hospitals
10	Meritcare Health System	Managing Offices
11	Supervalu	Supermarkets and Grocery Stores
12	Microsoft	Software Publishers
13	US Bank	Financial Transaction Processing and Clearing
14	Noridian Mutual Insurance	Direct Health and Medical Insurance Carriers
15	Basin Electric Power Cooperative	Fossil Fuel Electric Power Generation

North Dakota Quarterly Census of Employment and Wages program (QCEW), 2009 Annual Averages



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## EMPLOYMENT & WORKSITES

### EMPLOYING INDUSTRIES

- ▶ Health Care & Social Assistance 14.1%
- ▶ Retail Trade 12.2%
- ▶ Local Government 10.7%
- ▶ Accommodation & Food Services 8.7%
- ▶ Remaining Industries 54.3%

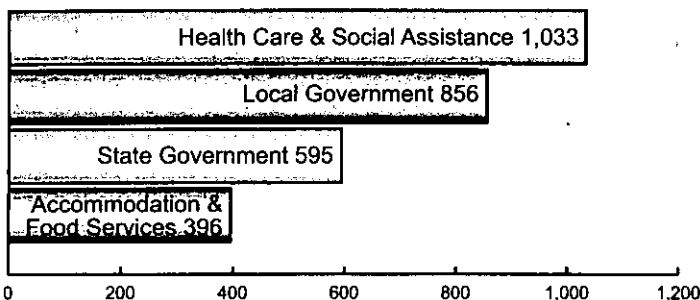


### TOTAL WORKSITES

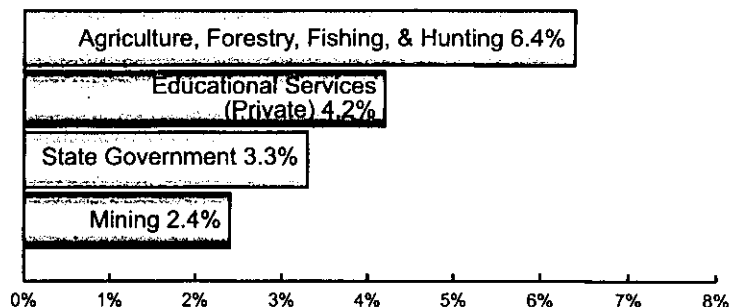
- ▶ Construction 11.8%
- ▶ Retail Trade 11.7%
- ▶ Wholesale Trade 8.8%
- ▶ Professional, Scientific, & Technical Services 8.2%
- ▶ Remaining Industries 59.5%



### LARGEST EMPLOYMENT GROWTH



### FASTEST EMPLOYMENT GROWTH



## HIGHLIGHTS

Health Care and Social Assistance was the top employing industry with 14.1%, or 49,460 employees working in this field. The industry's nearly \$1.9 billion in wages made it North Dakota's leader in total wages with a 15.0% share.

- Construction led the state in total number of worksites with 3,228, or 11.8%, closely followed by Retail Trade with 3,218 sites or 11.7%.
- Additionally, Health Care and Social Assistance had the largest employment growth with 1,033 new positions in 2009.
- Agriculture, Forestry, Fishing and Hunting posted the fastest employment growth with an increase of 6.4%. It also experienced the fastest average wage growth with a 9.1% increase in wages.
- Utilities topped all industries for the highest annual average wage at \$6,898, and it posted the largest over-the-year numeric wage increase of \$3,736.

## INDUSTRY

*\*\*Indicates data have been suppressed due to confidentiality restrictions.*

### Private

Agriculture, Forestry, Fishing, & Hunting  
 Mining  
 Utilities  
 Construction  
 Manufacturing  
 Wholesale Trade  
 Retail Trade  
 Transportation & Warehousing  
 Information  
 Finance & Insurance  
 Real Estate & Rental & Leasing  
 Professional, Scientific, & Technical Services  
 Management of Companies & Enterprises  
 Administrative & Support & Waste Management & Remediation Services  
 Educational Services (Private)  
 Health Care & Social Assistance  
 Arts, Entertainment, & Recreation  
 Accommodation & Food Services  
 Other Services (Except Public Administration)

### Government

Federal Government  
 State Government  
 Local Government

**Total** (Totals do not add up due to suppression of confidential data.)



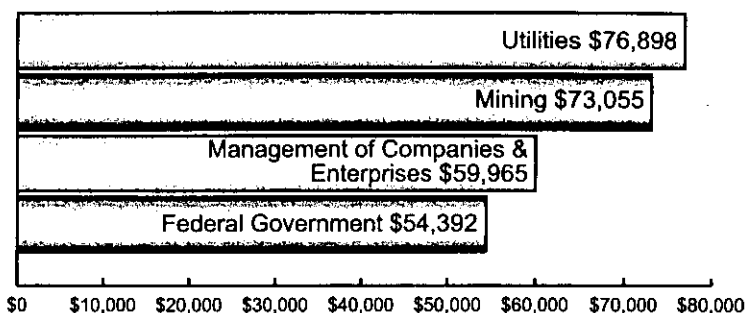
## TOTAL WAGES & ANNUAL AVERAGE WAGES

### TOTAL WAGES

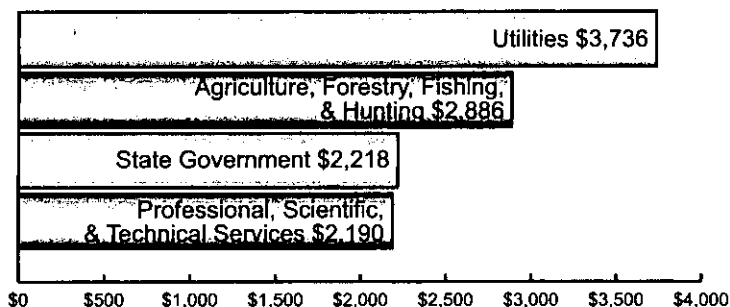
- ▶ Health Care & Social Assistance 15.0%
- ▶ Local Government 9.2%
- ▶ Retail Trade 7.9%
- ▶ Wholesale Trade 7.8%
- ▶ Remaining Industries 60.1%



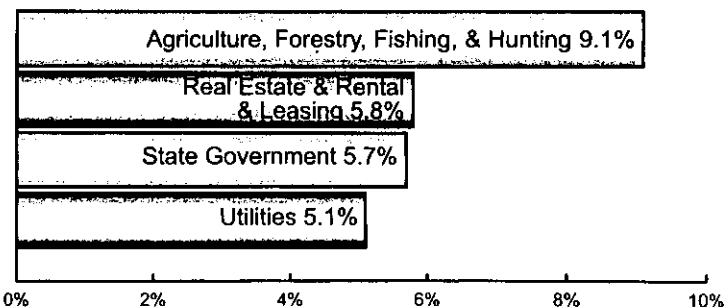
### HIGHEST AVERAGE WAGE



### LARGEST AVERAGE WAGE GROWTH



### FASTEST AVERAGE WAGE GROWTH



2009 ANNUAL 'G. EMP.	2008 ANNUAL AVG. EMP.	% CHG.	2009 WORK SITES	2008 WORK SITES	% CHG.	2009 ANNUAL AVG. WAGE	2008 ANNUAL AVG. WAGE	% CHG.	2009 TOTAL WAGES
3,416	3,211	6.4%	624	578	8.0%	\$34,579	\$31,693	9.1%	\$118,122,489
6,955	6,793	2.4%	312	297	5.1%	\$73,055	\$74,949	-2.5%	\$508,097,838
3,384	3,416	-0.9%	136	135	0.7%	\$76,898	\$73,162	5.1%	\$260,223,200
20,558	20,582	-0.1%	3,228	3,170	1.8%	\$45,406	\$44,099	3.0%	\$933,451,109
23,550	26,363	-10.7%	853	861	-0.9%	\$41,577	\$41,720	-0.3%	\$979,139,244
20,175	19,866	1.6%	2,404	2,471	-2.7%	\$48,772	\$48,163	1.3%	\$983,981,667
42,775	43,138	-0.8%	3,218	3,300	-2.5%	\$23,233	\$22,863	1.6%	\$993,772,751
10,185	9,990	2.0%	1,315	1,261	4.3%	\$40,322	\$39,496	2.1%	\$410,680,049
7,487	7,430	0.8%	409	432	-5.3%	\$47,633	\$46,716	2.0%	\$356,625,339
16,286	16,352	-0.4%	1,834	1,843	-0.5%	\$45,275	\$44,274	2.3%	\$737,353,250
3,433	3,463	-0.9%	822	825	-0.4%	\$31,089	\$29,398	5.8%	\$106,729,484
12,456	12,935	-3.7%	2,243	2,199	2.0%	\$46,608	\$44,418	4.9%	\$580,544,143
4,299	4,287	0.3%	110	107	2.8%	\$59,965	\$58,824	1.9%	\$257,789,036
12,260	13,058	-6.1%	1,270	1,261	0.7%	\$23,050	\$22,119	4.2%	\$282,593,902
1,800	1,727	4.2%	149	143	4.2%	\$27,626	\$26,799	3.1%	\$49,727,293
49,460	48,427	2.1%	1,805	1,796	0.5%	\$38,112	\$36,982	3.1%	\$1,885,011,727
3,689	3,706	-0.5%	429	436	-1.6%	\$13,545	\$13,077	3.6%	\$49,966,488
30,254	29,858	1.3%	1,951	1,995	-2.2%	\$12,061	\$11,682	3.2%	\$364,882,041
11,296	11,494	-1.7%	1,962	2,017	-2.7%	\$23,046	\$22,065	4.4%	\$260,325,490
9,686	9,638	0.5%	768	772	-0.5%	\$54,392	\$53,943	0.8%	\$526,840,235
18,702	18,107	3.3%	532	526	1.1%	\$41,117	\$38,899	5.7%	\$768,967,535
37,456	36,600	2.3%	1,021	995	2.6%	\$30,942	\$29,642	4.4%	\$1,158,972,434
349,561	350,442	-0.3%	27,395	27,420	-0.1%	\$35,970	\$35,075	2.6%	\$12,573,796,744

North Dakota Quarterly Census of Employment and Wages program (QCEW)



Find additional Labor Market Information publications at: [ndworkforceintelligence.com](http://ndworkforceintelligence.com)



## **NORTH DAKOTA AREA PROFILES**

### **Statewide**

**September 2010**

*Publication prepared by the North  
Dakota Labor Market Information Center*

#### **Telephone**

LOCAL: 701-328-2868  
TOLL FREE: 800-732-9787  
TTY: 800-366-6888

#### **Fax**

LOCAL: 701-328-4193

#### **E-mail**

ndwin@nd.gov

#### **Internet**

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#### **OFFICIAL BUSINESS**

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John Hoeven

#### **Executive Director**

Maren L. Daley

#### **Labor Market Information Center**

#### **Customer Service Area Director**

Beth Zander

#### **Labor Market Information Manager**

Duane Broschat

#### **Product Development & Outreach Supervisor**

Marcia Slag

#### **BLS Program Supervisor**

Michael Ziesch

#### **Research Analysts**

Mark Backman, Virginia Frank, Sharon Jans

#### **Publication Coordinator & Graphic/Web Designer**

Susan Simonson



#### **LABOR MARKET INFORMATION CENTER**

1000 EAST DIVIDE AVENUE  
PO BOX 5507  
BISMARCK, ND 58506-5507

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##### **North Dakota Employment and Wages**

*North Dakota Employment and Wages* is updated annually and is the most accurate source for detailed industrial employment and wage information for the state, its regions, and counties.

##### **North Dakota Employment Projections**

*North Dakota Employment Projections* is a long-term look at future employment trends by industry and occupation updated every two years. These ten-year projections should be considered a starting point and used in conjunction with other sources of occupational information.

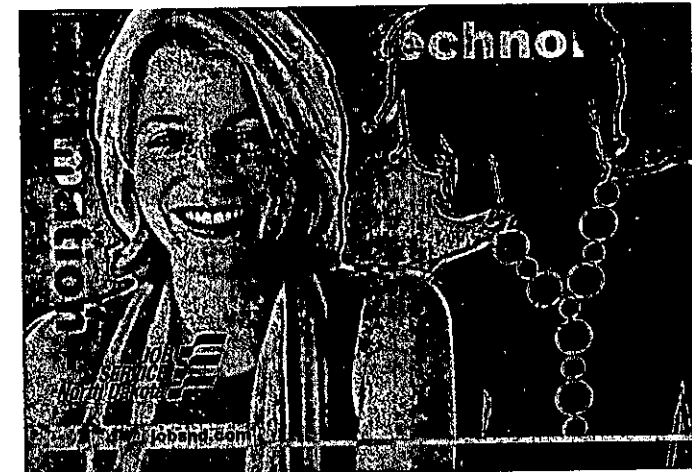
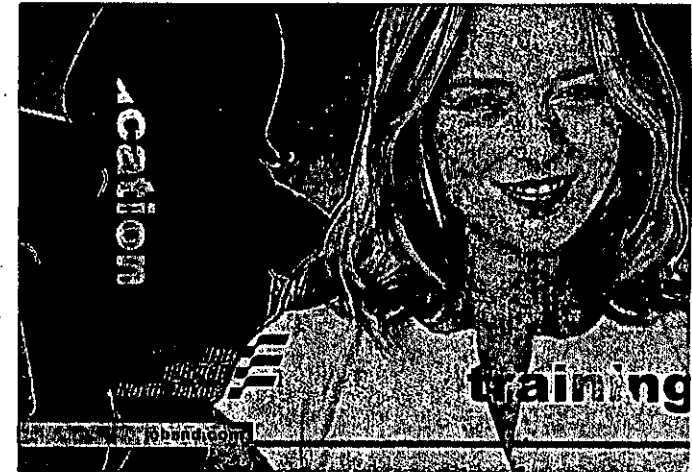
##### **Wages for North Dakota Jobs**

*Wages for North Dakota Jobs* is an annual reference guide providing hourly and annual wage and employment data for most occupations in the state, its metro areas, and balance-of-state regions.



Find additional Labor Market Information publications at: [ndworkforceintelligence.com](http://ndworkforceintelligence.com)







## ARCHITECTURE & CONSTRUCTION

Job Title	Entry to Typical Annual Salary	Training Requirements	2008-2018 Openings	2008 Employment
Construction Laborers	\$23-\$28K		751	3,049
Surveyors	\$21-\$48K		120	256
Construction Managers	\$47-\$69K		213	1,016
Carpenters	\$24-\$32K		845	3,406
Heating, Air Conditioning, Refrigeration Mech.	\$33-\$45K		321	699
Operating Engineers & Other Const. Equip. Oprs.	\$30-\$43K		642	2,876
Plumbers, Pipefitters, and Steamfitters	\$30-\$44K		401	1,035
Electricians	\$31-\$43K		823	2,082

Professional Degree: 7-8 years of college  
 Doctorate Degree: 7-8 years of college  
 Master's Degree: 5-6 years of college  
 Bachelor's Degree: 4-5 years of college  
 Associate's Degree: 2 years of college  
 Vocational Training: 2 weeks to 1 year of college  
 On-the-Job Training: 1-60 months of informal training  
 Work Experience: Experience in a related position

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ND CAREER PROFILES

## ARTS, A/V TECHNOLOGY & COMMUNICATIONS

Job Title	Entry to Typical Annual Salary	Training Requirements	2008-2018 Openings	2008 Employment
Technical Writers	\$30-\$42K		15	52
Graphic Designers	\$26-\$32K		248	624
Telecommunication Equip. Installers & Repairers	\$42-\$58K		148	676
Art Directors	\$35-\$46K		20	69
Interior Designers	\$30-\$38K		39	105
Public Relations Specialists	\$33-\$42K		215	482
Photographers	\$19-\$27K		102	346
Editors	\$22-\$37K		54	205

Professional Degree: 7-8 years of college  
 Doctorate Degree: 7-8 years of college  
 Master's Degree: 5-6 years of college  
 Bachelor's Degree: 4-5 years of college  
 Associate's Degree: 2 years of college  
 Vocational Training: 2 weeks to 1 year of college  
 On-the-Job Training: 1-60 months of informal training  
 Work Experience: Experience in a related position

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## BUSINESS MANAGEMENT ADMINISTRATION & FINANCE

Job Title	Entry to Typical Annual Salary	Training Requirements	2008-2018 Openings	2008 Employment
Bookkeeping, Accounting, and Auditing Clerks	\$23-\$30K		1,664	7,241
Market Research Analysts	\$37-\$50K		104	178
Financial Managers	\$53-\$78K		374	1,293
General and Operations Managers	\$54-\$81K		1,230	3,907
Executive Secretaries & Administrative Assistants	\$26-\$34K		1,056	4,027
Personal Financial Advisors	\$32-\$48K		139	309
Loan Officers	\$37-\$53K		357	1,237
Accountants and Auditors	\$34-\$47K		1,090	2,889

Professional Degree: 7-8 years of college  
 Doctorate Degree: 7-8 years of college  
 Master's Degree: 5-6 years of college  
 Bachelor's Degree: 4-5 years of college  
 Associate's Degree: 2 years of college  
 Vocational Training: 2 weeks to 1 year of college  
 On-the-Job Training: 1-60 months of informal training  
 Work Experience: Experience in a related position

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ND CAREER PROFILES

## EDUCATION & TRAINING

Job Title	Entry to Typical Annual Salary	Training Requirements	2008-2018 Openings	2008 Employment
Education Administrators, Elementary/Secondary	\$53-\$69K		170	539
Nursing Instructors and Teachers, Postsecondary	\$41-\$51K		85	246
Engineering Teachers, Postsecondary	\$56-\$90K		42	112
Business Teachers, Postsecondary	\$38-\$56K		95	256
Instructional Coordinators	\$30-\$49K		109	248
Preschool Teachers, Except Special Education	\$19-\$25K		185	526
Elementary School Teachers, Exc. Special Edu.	\$32-\$42K		1,727	5,480
Education Teachers, Postsecondary	\$39-\$61K		79	209

Professional Degree: 7-8 years of college  
 Doctorate Degree: 7-8 years of college  
 Master's Degree: 5-6 years of college  
 Bachelor's Degree: 4-5 years of college  
 Associate's Degree: 2 years of college  
 Vocational Training: 2 weeks to 1 year of college  
 On-the-Job Training: 1-60 months of informal training  
 Work Experience: Experience in a related position

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ND CAREER PROFILES

## HEALTHCARE & HUMAN SERVICES

Job Title	Entry to Typical Annual Salary	Training Requirements	2008-2018 Openings	2008 Employment
Child Care Workers	\$15-\$16K		1,416	4,283
Family and General Practitioners	\$118K-NA		144	443
Licensed Practical Nurses	\$29-\$34K		1,519	3,268
Social and Human Service Assistants	\$19-\$24K		549	1,370
Medical and Health Services Managers	\$47-\$64K		204	647
Home Health Aides	\$18-\$22K		878	2,077
Physical Therapists	\$51-\$65K		134	431
Registered Nurses	\$42-\$53K		2,486	6,363

Professional Degree: 7-8 years of college  
 Doctorate Degree: 7-8 years of college  
 Master's Degree: 5-6 years of college  
 Bachelor's Degree: 4-5 years of college  
 Associate's Degree: 2 years of college  
 Vocational Training: 2 weeks to 1 year of college  
 On-the-Job Training: 1-60 months of informal training  
 Work Experience: Experience in a related position

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ND CAREER PROFILES

## INFORMATION TECHNOLOGY

Job Title	Entry to Typical Annual Salary	Training Requirements	2008-2018 Openings	2008 Employment
Network Systems and Data Comm. Analysts	\$40-\$55K		210	311
Network and Computer Systems Administrators	\$39-\$49K		174	471
Computer Software Engineers, Applications	\$45-\$60K		256	675
Computer Systems Analysts	\$43-\$60 K		382	883
Computer Programmers	\$34-\$48K		102	540
Computer and Information Systems Managers	\$54-\$75K		173	487
Computer, Automated Teller/Office Mach. Repairer	\$21-\$35K		80	464
Computer Support Specialists	\$24-\$33K		685	1,515

Professional Degree: 7-8 years of college  
 Doctorate Degree: 7-8 years of college  
 Master's Degree: 5-6 years of college  
 Bachelor's Degree: 4-5 years of college  
 Associate's Degree: 2 years of college  
 Vocational Training: 2 weeks to 1 year of college  
 On-the-Job Training: 1-60 months of informal training  
 Work Experience: Experience in a related position

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ND CAREER PROFILES

## LAW, PUBLIC SAFETY, CORRECTIONS & SECURITY

Job Title	Entry to Typical Annual Salary	Training Requirements	2008-2018 Openings	2008 Employment
Security Guards	\$18-\$23K		404	1,383
Correctional Officers and Jailers	\$25-\$32K		191	623
Police and Sheriff's Patrol Officers	\$31-\$42K		372	1,053
Police, Fire, and Ambulance Dispatchers	\$26-\$32K		76	229
Fire Fighters	\$31-\$42K		244	500
Emergency Management Specialists	\$29-\$44K		37	91
Detectives and Criminal Investigators	\$39-\$57K		85	252
Lawyers	\$50-\$72K		292	1,237

Professional Degree: 7-8 years of college  
 Doctorate Degree: 7-8 years of college  
 Master's Degree: 5-6 years of college  
 Bachelor's Degree: 4-5 years of college  
 Associate's Degree: 2 years of college  
 Vocational Training: 2 weeks to 1 year of college  
 On-the-Job Training: 1-60 months of informal training  
 Work Experience: Experience in a related position

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## MANUFACTURING

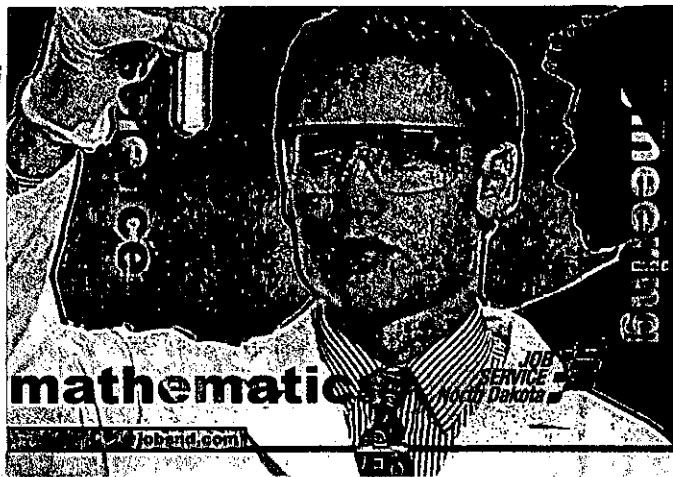
Job Title	Entry to Typical Annual Salary	Training Requirements	2008-2018 Openings	2008 Employment
Petroleum Pump System & Refinery Operators	\$45-\$56K		67	120
Team Assemblers	\$21-\$27K		864	2,956
Maintenance Workers, Machinery	\$34-\$43K		32	100
Civil Engineering Technicians	\$30-\$40K		171	399
Maintenance and Repair Workers, General	\$25-\$34K		720	2,662
Machinists	\$29-\$38K		105	549
Welders, Cutters, Solderers, and Brazers	\$27-\$35K		801	2,550
Electrical and Electronic Engineering Technicians	\$36-\$51K		50	242

Professional Degree: 7-8 years of college  
 Doctorate Degree: 7-8 years of college  
 Master's Degree: 5-6 years of college  
 Bachelor's Degree: 4-5 years of college  
 Associate's Degree: 2 years of college  
 Vocational Training: 2 weeks to 1 year of college  
 On-the-Job Training: 1-60 months of informal training  
 Work Experience: Experience in a related position

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ND CAREER PROFILES







## MARKETING, SALES SERVICE & TOURISM

Job Title	Entry to Typical Annual Salary	Training Requirements	2008-2018 Openings	2009 Employment
Sales Managers	\$48-\$76K		346	831
Retail Salespersons	\$16-\$20K		4,560	12,078
Securities & Financial Services Sales Agents	\$32-\$48K		215	465
Waiters and Waitresses	\$15-\$16K		4,726	7,036
Insurance Sales Agents	\$29-\$42K		792	1,955
Sales Rep., Wholesale & Mfg. Exc. Tech. Products	\$28-\$43K		1,377	3,980
Cashiers	\$15-\$17K		5,256	10,478
Parts Salespersons	\$20-\$28K		555	1,332

Professional Degree: 7-8 years of college  
 Doctorate Degree: 7-8 years of college  
 Master's Degree: 5-6 years of college  
 Bachelor's Degree: 4-5 years of college  
 Associate's Degree: 2 years of college  
 Vocational Training: 2 weeks to 1 year of college  
 On-the-Job Training: 1-60 months of informal training  
 Work Experience: Experience in a related position

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ND CAREER PROFILES

## NATURAL RESOURCES & MINING

Job Title	Entry to Typical Annual Salary	Training Requirements	2008-2018 Openings	2009 Employment
Wellhead Pumps	\$27-\$42K		170	230
Water/Liquid Waste Treatment Plant Operators	\$27-\$38K		213	471
Farmworker/Laborer, Crop, Greenhouse	\$17-\$19K		916	2,497
Landscaping and Groundskeeping Workers	\$17-\$24K		668	2,492
Service Unit Operators, Oil, Gas, and Mining	\$34-\$50K		515	764
Derrick Operators, Oil and Gas	\$50-\$58K		340	623
Roustabouts, Oil and Gas	\$34-\$43K		792	1,162
Mining & Geological Engineers	\$62-\$81K		14	30

Professional Degree: 7-8 years of college  
 Doctorate Degree: 7-8 years of college  
 Master's Degree: 5-6 years of college  
 Bachelor's Degree: 4-5 years of college  
 Associate's Degree: 2 years of college  
 Vocational Training: 2 weeks to 1 year of college  
 On-the-Job Training: 1-60 months of informal training  
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ND CAREER PROFILES

## SCIENCE, ENGINEERING & MATHEMATICS

Job Title	Entry to Typical Annual Salary	Training Requirements	2008-2018 Openings	2009 Employment
Electrical Engineers	\$55-\$73K		88	239
Industrial Engineers	\$52-\$66K		174	404
Surveying and Mapping Technicians	\$25-\$33K		82	204
Petroleum Engineers	\$77-\$155K		81	75
Civil Engineers	\$48-\$63K		293	644
Chemical Technicians	\$18-\$21K		87	245
Medical Scientists, Except Epidemiologists	\$42-\$77K		43	63
Mechanical Engineers	\$48-\$66K		172	473

Professional Degree: 7-8 years of college  
 Doctorate Degree: 7-8 years of college  
 Master's Degree: 5-6 years of college  
 Bachelor's Degree: 4-5 years of college  
 Associate's Degree: 2 years of college  
 Vocational Training: 2 weeks to 1 year of college  
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ND CAREER PROFILES

## TRANSPORTATION DISTRIBUTION & LOGISTICS

Job Title	Entry to Typical Annual Salary	Training Requirements	2008-2018 Openings	2009 Employment
Truck Drivers, Heavy and Tractor-Trailer	\$26-\$37K		3,107	8,835
Truck Mechanics & Diesel Engine Specialists	\$28-\$37K		417	1,227
Mobile Heavy Equipment Mech., Except Engines	\$31-\$43K		247	748
Electrical & Electronics Repairers, Substation	\$59-\$73K		66	141
Laborers & Freight/Stock/Material Hand Movers	\$18-\$24K		1,884	5,637
Refuse and Recyclable Material Collectors	\$17-\$26K		285	701
Automotive Service Technicians and Mechanics	\$19-\$30K		530	2,339
Commercial Pilots	\$40-\$53K		100	205

Professional Degree: 7-8 years of college  
 Doctorate Degree: 7-8 years of college  
 Master's Degree: 5-6 years of college  
 Bachelor's Degree: 4-5 years of college  
 Associate's Degree: 2 years of college  
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## SUMMARY OF WORKFORCE DEVELOPMENT AND WORKFORCE TRAINING FUNDS

Workforce development is the education and training of individuals provided by school districts, higher education institutions, and state and federal government agencies. Major state agencies partnering to provide workforce development and workforce training throughout the state include the North Dakota University System, Department for Career and Technical Education, Department of

Human Services, Job Service North Dakota, and Department of Commerce. The following is a summary of the funding included in the 2011-13 executive budget for workforce development and workforce training, excluding any educational training provided as general coursework by the University System and any educational training by school districts:

Agency	General Fund	Special Funds	Federal Funds	Total
<b>HB 1016 - Job Service North Dakota</b>				
Workforce 20/20 - This is a state-funded job training program designed to assist North Dakota business and industry in retraining and upgrading workers' skills to meet demands brought about by the introduction of new technologies and work methods into the workplace. Funding assists primarily with tuition and travel costs.	\$1,531,160			\$1,531,160
Trade adjustment assistance - This program provides special job training, job search assistance, relocation, and related services to workers who become unemployed as a result of foreign competition. The program provides for reemployment services and funds to assist workers in returning to suitable employment.			\$800,000	800,000
Job opportunities and basic skills (JOBS) training program - This program is designed to assist individuals receiving temporary assistance for needy families (TANF) to transition from welfare to work and self-sufficiency. This program is provided under contract with the Department of Human Services. The funding reflected is also included in the amount reported for the JOBS training program under the Department of Human Services.			1,627,821	1,627,821
Workforce Investment Act - The Workforce Investment Act is designed to increase occupational skills attainment, employment, retention, and earnings of participants through program activities resulting in improved quality of the workforce, reduced welfare dependency, and enhanced productivity and competitiveness of the nation.			13,347,498	13,347,498
New jobs training program - This program is designed to provide incentives to businesses and industries that are expanding employment opportunities or locating employment opportunities within the state.		\$516,724		516,724
<b>Subtotal - Job Service North Dakota</b>	<b>\$1,531,160</b>	<b>\$516,724</b>	<b>\$15,775,319</b>	<b>\$17,823,203</b>
<b>HB 1018 - Department of Commerce</b>				
Division of Workforce Development - This is funding for support of the Department of Commerce Division of Workforce Development. The division is responsible for identifying current and emerging workforce issues in the state, developing a coordinated response to issues raised by North Dakota workforce delivery system partners, and identifying and recommending responses relating to gaps in the workforce delivery system.				
Salaries and wages	\$525,454		\$452,807	\$978,261
Operating expenses	613,643	\$175,000	333,093	1,121,736
Centers of workforce excellence	2,000,000			2,000,000
Grants	150,000 <sup>1</sup>		1,200,000	1,350,000
<b>Subtotal - Department of Commerce</b>	<b>\$3,289,097</b>	<b>\$175,000</b>	<b>\$1,985,900</b>	<b>\$5,449,997</b>



Agency	General Fund	Special Funds	Federal Funds	Total
HB 1019 - Department for Career and Technical Education Workforce training contracts - This is funding provided to the state's two-year higher education institutions assigned primary responsibility for workforce training in their respective quadrant to develop the delivery system for needed training.	\$3,000,000			\$3,000,000
SB 2012 - Department of Human Services JOBS training program - This program is designed to assist individuals receiving TANF to transition from welfare to work and self-sufficiency. This program is provided under contract with Job Service North Dakota, Community Options for Residential and Employment Services, Inc., and Turtle Mountain Employment and Training.			\$7,801,777	\$7,801,777
Basic employment skills training (BEST) program - This program is intended to provide individuals participating in the supplemental nutrition assistance program with job-seeking and retention skills. The program is operating in Cass and Burleigh Counties.	\$68,000		271,698	339,698
Subtotal - Department of Human Services	\$68,000		\$8,073,475	\$8,141,475
Total funding for workforce development and workforce training	\$7,888,257	\$691,724	\$25,834,694	\$34,414,675

<sup>1</sup>The grants line item in Section 1 of 2011 House Bill No. 1018 includes \$150,000 for the purpose of providing grants in the amount of \$1,200 to individuals seeking a child development associate credential for the 2011-13 biennium.





# **Job Service North Dakota Testimony**

## **House Bill 1016**

Prepared for  
Senate Appropriations Committee

March 2011



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**Maren Daley**  
Executive Director

**SENATE APPROPRIATIONS  
COMMITTEE**  
Sen. Ray Holmberg, Chairman

**Testimony**  
**House Bill 1016**

**March 3, 2011**

**Chairman Holmberg**, members of the Senate Appropriations Committee, thank you for allowing me to testify today in support of House Bill 1016. I am Maren Daley, Executive Director of Job Service North Dakota.

## **I. Appropriations Summary**

Job Service North Dakota is a unique state agency in that nearly all of our workforce programs are federally-funded, but state-administered and locally-delivered. As referenced in HB 1016, the total Job Service North Dakota 2011-13 executive budget recommendation is \$71,996,698, a \$137,235 increase when compared to the 09-11 biennium appropriation. The details of our budget recommendation are contained in Appendix A.

The total Full-Time Employees (FTEs) count of 261.76 reflects a reduction of 22.29 FTEs compared to a total of 284.05 FTEs during the same time frame last biennium. The FTE reduction was largely due to attrition, and the inability to fill positions due to our continued flat or declining federal funding.

The U.S. Department of Labor awarded a \$1 million Workforce Data Quality Initiative Grant to Job Service North Dakota to build a workforce database to improve the link between education and workforce data. This will be a key component to the state's longitudinal data system, connecting education and workforce. I am extremely pleased that Job Service was awarded this grant for the state of North Dakota – especially since this was a competitive grant with stiff competition from other states.

Job Service will use this funding to evaluate the outcomes of workforce programs, analyze the effectiveness of education and training programs used by unemployment insurance claimants and analyze job seekers' ability to find employment. This funding will go far to improve our educational and workforce training systems and improve the long-term success of our workforce.

At this time, our Unemployment Insurance Area Director, Darren Brostrom, will discuss our unemployment insurance services along with some of the major projects we will focus on in the upcoming biennium. Following his testimony, our Customer Service Area Director, Susan

### **Today's Testimony**

- I. Appropriations Summary
- II. Unemployment Insurance Services
- III. Workforce Program Initiatives
- IV. Strategic Plan and LMI Review
- V. Job Service "Report Card"
- VI. General Funding Requests



Gunsch, and Planning and Support Area Director, Kevin Marchus, will review major program initiatives to provide better workforce services to our customers, the strategic plan and Job Service North Dakota's major outcomes for the biennium.

Following their testimony, I will wrap up with the performance measures we have developed into an agency Report Card, which demonstrates how our agency monitors performance and the successes we have achieved. Then I will close with our specific general funding requests for the upcoming biennium.

## **II. Unemployment Insurance Services**

Mr. Chairman, members of the committee, I am Darren Brostrom, Unemployment Insurance Area Director for Job Service North Dakota. The unemployment insurance program is designed to provide a short-term financial safety net to workers who lose employment through no fault of their own. Additionally, the unemployment insurance program indirectly provides a level of economic stability to businesses and communities. Financial assistance paid through unemployment insurance benefits enables the unemployed to continue to patronize local businesses and maintain residence in their areas as they look for work.

### **High-Level Performance**

I am pleased to report that North Dakota's unemployment insurance program is a nationwide performance and quality leader. In 2009, the North Dakota unemployment insurance program received multiple national awards for overall performance. These awards included top performance among all fifty states in the following areas:

- Appeals – Awarded for timely and high-quality appeals decisions
- Benefits – Awarded for timely adjudication determinations, quality eligibility determinations, and accurate benefit payments
- Tax – Awarded for high-quality tax operations

Additionally, the North Dakota unemployment insurance program received the U.S. Department of Labor's prestigious Pinnacle Award for our rank as the highest-performing unemployment insurance program in the nation.

### **Unemployment Insurance Trust Fund Financial Stability**

I am also pleased to report that the North Dakota unemployment insurance program is financially sound. While many states struggle with performance and unemployment insurance trust fund solvency issues, the North Dakota unemployment insurance program is stable.

Because the North Dakota unemployment insurance trust fund is funded by employer taxes and interest and can only be used to pay unemployment insurance benefits, funding for it is not part of the appropriations request or process. However, it is important that as policy makers you are made aware of the status of the program.

### **IMPACT OF RECESSION**

Even with our financial stability and high performance ratings, we would be foolish to ignore the impact of the increased workloads and changing environment of the last two years. The national recession impacted our unemployment insurance program – perhaps not to the extent it affected other states, but the impact was significant.



### **More Benefits Paid**

Unemployment insurance benefits paid to claimants more than doubled during the last two years. Job Service typically pays claims totaling \$40 to \$50 million each year. In 2009, that number increased to approximately \$100 million.

What was designed to be a short-term program has stretched the confines and moved into the realm of a long-term program in many states with the passage of a nationwide extended benefit program called Emergency Unemployment Compensation, or EUC.

Since the inception of EUC in 2008, Congress has either extended the program or altered it in various ways to the point that the program currently is made up of four benefit tiers, with the potential for the receipt of up to 99 weeks of extended unemployment insurance benefits. In North Dakota, however, because tiers and available benefits are tied in part to the level of unemployment within a state, North Dakota claimants can receive a maximum of 60 weeks of benefits. To date, 13,299 North Dakotans have received EUC benefit payments – payments that would not be available to them under the regular unemployment insurance program.

At the same time EUC began, the federal government implemented the Federal Additional Compensation program, or FAC. This program increased the weekly benefit amount claimants received by \$25 per week and impacted all claimants, including those participating in the regular unemployment insurance program.

It should be noted that while the Emergency Unemployment Compensation and Federal Additional Compensation programs are expensive, the U.S. Department of Labor covers the administrative costs of these programs, as well as the increased benefit costs. As a result, neither the EUC nor the FAC payments have impacted the North Dakota unemployment insurance trust fund or the North Dakota employers' unemployment insurance tax rates.

Even with additional funding to administer these federal programs, keeping up with the resulting increased workload has proven difficult. It is a challenge to maintain appropriate staffing levels and train new staff to meet the increased needs. This places a severe strain on our ability to serve our customers in as timely a manner as we would like. With each new program and program change, many steps must be taken. Computer re-programming, staff training, and hiring and training temporary staff, for example, are just part of a broad range of activities that are necessary to successfully administer the unemployment insurance program. None of these activities are insignificant, and all place a heavy burden on our staff.

### **Increased Workload**

The sheer increase in the number of unemployment insurance claims impacted the unemployment insurance area's workload tremendously. Our staff typically processes approximately 18,000 new benefit claims each year. In 2009, that number jumped to approximately 30,000 new claims, a 67 percent increase. In addition, we experienced a 55 percent increase in phone call volume in our Claims Center. Another major factor in the increased workload came as the result of the federal government instituting benefit extensions which require computer programming with each extension.

### **KEY ACTIVITIES**

The unemployment insurance area has undertaken many key activities since last session, including efforts to improve efficiencies.



### **Improved Efficiencies**

Because of the program implementation challenges we face, automation and other efficiency gains are a major unemployment insurance area focus. While automation may not always be the best immediate answer, it is necessary for the continued timely administration of the unemployment insurance program.

To that end, Job Service has implemented and is in the process of implementing several automation projects to provide North Dakota employers and workers with improved communication channels. Both our employer and claimant Internet-based systems have recently been enhanced to provide additional functionality to these two groups. Additionally, we are currently making further improvements to our unemployment insurance claimant system, specifically to enhance our reemployment capabilities.

One significant enhancement is a new function that automatically displays a list of suitable job openings each time claimants log in to the system. This proactive and more personalized service brings open positions to the attention of the unemployed that they might not otherwise consider. In addition, these frequent and immediate referrals also encourage the unemployed to find employment faster thereby benefiting North Dakota employers as well.

Although the percentage of claimants utilizing our Internet-based system has grown to approximately 55 percent, a portion of our claimant population still utilizes our telephone-based system to complete their unemployment insurance activities. To improve upon our service to these individuals, we applied for and received federal funding to replace and enhance our current telephone-based system.

Replacement of our telephone system is critical, as the current system utilizes an aging and fragile technology, making it difficult to enhance the system and improve upon our customers' experiences with us. As part of the replacement project, we are also making significant improvements to provide for ease of use, additional self-service functionality, and enhanced information gathering capability. These changes, along with a new telephone port allocation methodology will provide callers with fewer busy signals and minimize the time spent waiting on hold. These projects simplify processes and create efficiencies for our agency and our customer base.

### **Reemployment Efforts**

While the unemployment insurance area's primary focus is administration of the unemployment insurance program, we also recognize the importance of helping claimants rejoin the workforce. At Job Service, we place an ever-increasing focus on innovative approaches to enhance our reemployment services.

For example, Job Service applied for and received a Reemployment Eligibility Assessment Initiative (REA) grant which provides federal funding for a reemployment unit within the unemployment insurance area. The REA initiative outlines an innovative reemployment approach that combines technology and case management.

Via the REA initiative program, we begin working with claimants within 10 days from the date they file a claim for unemployment benefits, often before benefit payments are ever made. Job Service case managers meet with claimants by phone, assess claimant skills, offer resume assistance, and provide job referrals. In addition, claimants can complete a variety of online activities to improve their reemployment opportunities. This rapid reemployment approach has been found to cut benefit exhaustion rates and get people back to work more quickly.



### **Program Modernization**

With all our efforts to effectively administer the unemployment insurance program, a common barrier continues to limit our ability to provide further efficiencies and enhancements. This barrier is our unemployment insurance mainframe-based technology system which is more than 30 years old.

Our mainframe-based technology has served us well over the years but it is becoming increasingly difficult to maintain the system in a cost effective manner. Our limited staff resources and the pool of individuals with the knowledge and desire to work in a mainframe environment are dwindling. Educational institutions simply are not training students on this aging technology. As a result, Job Service must resort to the use of expensive contractors, specialists, and even retirees to troubleshoot problems and perform system maintenance.

In addition, our current mainframe environment greatly inhibits our ability to implement efficiencies that would streamline processes and procedures for our customers and staff. When new programs and developments such as Federal Extended Unemployment Compensation, and trade and disaster programs arise, significant system changes are required by federal law. Our current system does not have the flexibility to make these changes in a timely and efficient way.

Replacement of our mainframe system with a server-based, modernized system has been a Job Service goal for several years, but it is not an easy task and is fraught with risk. Many states have made individual attempts to replace their mainframe systems, only to fail, wasting time and money in the process.

### **AWIN**

Job Service has been researching system modernization strategies and closely following the activities of states that have attempted to develop a modernized unemployment insurance tax and benefit system. The information we gathered has been disheartening, with many states seeing their project fail and incurring large financial losses. Many states that failed are large states with very large budgets and staffing levels. We have come to the conclusion that North Dakota simply does not have the money or staff resources to embark on a complete tax and benefit modernization project on our own.

The U.S. Department of Labor estimates that if all states were to build systems on their own, the American taxpayer would bear a cost of \$5 billion. Even though all states have state-specific unemployment insurance laws and rules, all states must program the same basic functionality into their systems. For example, North Dakota's system has to have the same functionality as California's or New York's systems, with the primary difference being the volume of transactions processed. It's for this reason that less populated states like North Dakota would spend up to ten times more per capita than more populated states.

<p>The U.S. Department of Labor estimates that if all states were to build systems on their own, the American taxpayer would bear a cost of \$5 billion.</p>
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Based partly on North Dakota's strong performance history, the U.S. Department of Labor approached Job Service to gauge our interest in joining other states in a project to determine the feasibility of a joint modernization effort. After careful consideration, North Dakota joined the AWIN team and the Department of Labor provided funding to move forward with the project.



Four states – Arizona, Wyoming, Idaho and North Dakota – make up the group of states participating in this federally-funded project. The make-up of the states participating in this project has proven to be a good fit, with representation from small, medium, and large population states. We are happy that with both Wyoming and North Dakota participating, a strong small state presence exists. Additionally, Wyoming and North Dakota have successfully participated in joint projects recently, most notably in the realm of electronic payments to unemployment insurance claimants.

Four states make up the  
AWIN feasibility project:

Arizona  
Wyoming  
Idaho  
North Dakota

The primary AWIN project goal is to determine whether or not a core unemployment insurance tax and benefit system could be created and used by many states. A core system would give states, including North Dakota, a thoroughly-researched, well-defined starting point from which to customize a system based on our specific unemployment laws.

AWIN is a unique opportunity for North Dakota to help gather and develop crucial system requirements that will be necessary for future system replacement. By participating in AWIN, we are taking advantage of economies of scale. Not only do we benefit financially since the USDOL funds AWIN, we gain specialized knowledge from other states' experiences and best practices and will benefit with decreased project costs should we decide to move forward with system modernization at the conclusion of the AWIN project.

Some of the more immediate benefits of our participation include:

- Federal funds cover the cost of gathering system requirements
- Multiple-state staff contributions allow for more in-depth and timely analysis
- A recognized industry leader oversees the requirements gathering
- All consortium member states share best practices
- Access to unemployment insurance expertise from federal resources and AWIN states
- Development of detailed system requirements
- Significant cost savings to North Dakota

The AWIN project will also provide long-term benefits including increased efficiencies, lower technology costs, increased customer satisfaction, unemployment insurance trust fund protection, and the ability to meet federal compliance requirements in a more timely and cost effective manner. All these benefits lead to the development of a blueprint to successfully modernize our tax and benefit system.

I cannot stress enough the importance of AWIN to the North Dakota unemployment insurance program. In fact, without our participation in the AWIN project, it would be almost impossible for us to move forward with the effective replacement of our tax and benefit system.

Our unemployment insurance program in North Dakota is a very efficient operation, and we are staffed at a level that would not allow us to dedicate people to a replacement project and process our normal workload concurrently. By participating in the AWIN project, we have received funding that allows us to backfill our project staff with temporary staff members so that we can continue to effectively operate our program while participating in the project.



As a member of the AWIN project steering committee, I am pleased to report that we have already seen great successes and made great progress within this project. The requirements and use cases that have been developed have exceeded our expectations. In addition, the way states have been able to come to consensus on issues of differences in process and state law has been nothing short of impressive. Each state has come into the project intent on succeeding, and understanding that a project of this magnitude requires cooperation. We have had disagreements and in-depth debates, but we have not run into a situation for which a solution did not exist.

Job Service staff members are respected AWIN team leaders and I would not have expected less, but this respect has put North Dakota in a unique position of having great influence in the future development of a modernized technology system. This influence will reap North Dakota great rewards in multiple ways. USDOL leadership has indicated that investments they make in the future will be weighted toward those states that collaborate. By collaborating now, North Dakota benefits through early funding and major influence into what could become a model tax and benefit system for all states to utilize. Undoubtedly, in another environment, large states could quickly overwhelm the influence of small states simply due to their size.

Understanding that the AWIN project is not a project to physically build a new unemployment insurance system, Job Service has included in our appropriation request the remaining REED Act dollars provided to us by the USDOL. The intent with this request is to utilize these appropriated funds in the future development of a modernized unemployment insurance technology system, further leveraging the federal investment in an overall system replacement.

After completion of the AWIN project, plans will need to be laid as to the development of a resulting technology system. A variety of options will be made available to us, from building the system with North Dakota state staff to remaining in a multi-state environment for a build phase. The need will exist to be prepared to move forward in the most appropriate format, with the potential to move forward within the next biennium. Importantly, any resulting development project will fall under the North Dakota large project oversight reporting process, ensuring that the legislature, the state Information Technology Department and other policy makers remain informed and engaged in this critical endeavor.

The AWIN project is a win-win for North Dakota. At the end of the project, Job Service will have played a primary role in the gathering of highly-detailed system requirements and a high-level and more user-friendly design that will provide us with great flexibility and many development options going forward.

### **III. Workforce Program Initiatives**

Mr. Chairman, members of the Committee, my name is Susan Gunsch and I am the Customer Service Area Director with Job Service North Dakota. Thank you for this opportunity to speak to you about the workforce program initiatives at Job Service.

#### **Workforce Investment Act (WIA)**

The Workforce Investment Act, or WIA, is a workforce preparation and employment system designed to meet the needs of businesses and develop job seekers' skills. WIA resources are used to get more job seekers qualified to enter the employment market, and we are achieving our performance goals.



WIA enables Job Service to assess job seekers' skills, assist with funding for training and fulfill employers' needs in high-wage, high-demand occupations. WIA provides funding directly to training providers such as TrainND to conduct the actual training.

From July 2009 through November 2010, Job Service funded training for 861 individuals through the Workforce Investment Act program. The majority of individuals were trained in target industries and high-wage, high-demand occupations including technology (54), energy (113), manufacturing (64), transportation (117), and healthcare (385).

#### Workforce Program Initiatives

Workforce Investment Act  
ARRA Funding  
Online Services  
Trade Adjustment Assistance  
Veterans' Services  
PRIDE (See Appendix B)  
JOBS Program (See Appendix B)

Title I of the Workforce Investment Act authorizes three separate funding streams for activities focused on adults, dislocated workers, and youth. As you can see in the box below, North Dakota's federal funding for WIA programs decreased over the last several years, even though the overall cost per participant in WIA programs increased.

#### North Dakota WIA Funding Levels by Program

	PY 2002	PY 2010	% Change
Adult	\$2,369,063	\$2,148,462	- 9.31
Dislocated Worker	\$1,198,337	\$ 690,086	-42.41
Youth	\$3,430,651	\$2,269,742	-33.84

Despite increasing performance expectations and changes in the labor market and local economies, Job Service continues to meet the federal performance indicators. These indicators include evaluating whether a customer gets a job, keeps the job, and their average earnings.

Job Service met the U.S. Department of Labor-negotiated performance measures for PY08 and PY09. Meeting these measures is a continual challenge since we serve a greater number of "hard-to-serve" clients whose barriers keep them from entering employment. Low unemployment and high labor force participation indicate that relatively few North Dakotans are available to seek work, and those that are seeking work are most likely facing barriers to finding or maintaining employment in the state's robust economy.

#### ARRA Funding

Job Service used one-time federal stimulus funding from the American Recovery and Reinvestment Act (ARRA) to help meet long-term infrastructure needs and to help carry our services forward.

North Dakota received \$8,053,496 in ARRA funds for the Workforce Investment Act and Wagner-Peyser programs. Job Service used these funds for 30 temporary staff, skill training, and service enhancements. The temporary staff positions were filled to meet the demand from increased job seeker traffic, claimants needing reemployment services and individuals requesting training.

#### Workforce Programs ARRA Funding 09-11

Wagner-Peyser: \$2,984,613  
WIA: \$5,068,883  
Total: \$8,053,496



Wagner-Peyser (Employment Services) ARRA funds were used to:

- **Purchase a 2-year license for TORQ** – TORQ (Transferable Occupation Relationship Quotient) is an analytical tool that our Labor Market Information Center uses to link occupations based on transferable abilities, skills, and knowledge required for different occupations. TORQ data and data from other sources are also used to create Skills Transferability Reports (STARS) for occupations involved with layoff events. There is the possibility that Job Service will be challenged to continue TORQ even after stimulus funds are depleted. In anticipation of that possibility, we are searching for ways to pay for this tool.
- **Serve more customers** – Job Service served more than 1,000 additional individuals and provide additional one-on-one reemployment services to 827 unemployment insurance claimants. Eleven of 30 total temporary staff positions were added in customer service offices to address increased customer traffic. All ARRA-funded staff positions were temporary and none were retained as regular employees.
- **Train Staff** – Customer service staff received important training in the art of job seeking in today's ever-changing environment. Staff learned what employers expect of job seekers and ways job seekers can use social media to gain an edge in the job market.
- **Conduct Reemployment Workshops** – Job Service used ARRA funds to develop intensive reemployment workshops for unemployment insurance claimants. We coordinated with our partner, TrainND, to develop a curriculum for basic computer skills and the most current job search methods and techniques to help job seekers stand out as they compete for job openings against a vast sea of applicants.
- **Make technology improvements** – A total of \$433,000 in ARRA funds has been used for technology improvements. We replaced outdated computer equipment (\$143,000) in our local office resource rooms which greatly enhances our ability to provide services to claimants and job seekers alike.
- **Rewrite jobsnd.com** – We are in the process of rewriting the jobsnd.com website (\$290,000) to provide a more user-friendly site with improved navigation. Our current website uses old technologies that do not provide the ability to easily change content, quickly modify site topics, or modernize the visual design. This makes it increasingly difficult to support business processes and thus increasingly difficult to meet customers' changing needs.

Job Service received \$5,068,883 in ARRA funds for the Workforce Investment Act program. A significant percentage of ARRA WIA funds – 83 percent (\$4,208,601) – was expended to cover the costs of job seeker occupational skill training and youth work experience and other program costs like support services.

- **Training** – Of the 962 total individuals enrolled in the Youth, Adult and Dislocated Worker ARRA programs, a total of 375 individuals attended

**Workforce Investment Act  
Use of ARRA Funds**

Classroom Training  
On-the-Job Training  
Summer Youth Program  
Temporary Staff

83% of WIA ARRA funds  
were expended to cover  
the costs of training and  
work experience.



training. Of this total, 305 were classroom training enrollments and ARRA funding covered the costs of tuition, books and fees. The remaining 70 individuals learned skills directly from an employer through the On-the-Job training program. Out of the total individuals trained, 142 received training in healthcare, 51 in truck driving, 25 in information technology, 53 in the energy industry and 37 in manufacturing. Training enrollments may last a couple of weeks or up to three years depending on the course.

- **Summer Youth Program** – ARRA WIA funds enabled Job Service to implement a summer youth employment program in 2009. Various businesses employed 502 youth through the Work Experience program exclusively using ARRA WIA Youth Funds. Work Experience occupations focused on youth interests and included civil and mechanical engineering technicians, computer support specialists, tour guides, physical therapy aides, medical lab technicians, and research and teaching assistants. Younger youth often need to develop work readiness skills, and entry level work sites included grounds-keepers, cleaners and recreation workers. ARRA youth funds also provided additional statewide career exploration activities and leadership development opportunities.

Actual performance results for ARRA are not yet available since ARRA enrollments continue to attend classes during the current spring semester.

#### **Online Services**

Jobsnd.com is our website which in itself provides valuable information to our customers and links to the Virtual One Stop, our labor exchange system. In 2010, nearly 97,000 job seekers and nearly 7,000 employers visited our Virtual One Stop, findjobsnd.com.

Individuals from all 50 states and from countries around the world visit jobsnd.com each year for access to a variety of career resources. Job seekers have access to the greatest number of job postings in North Dakota. Our Virtual One Stop has an automated job notification feature, known as the virtual recruiter. The virtual recruiter automatically notifies job seekers of new job openings and likewise employers are notified of new applicants. Our online services give job seekers a convenient way to find out which occupations they are most suited for and where certain jobs are located in the state. They can also find out what different occupations pay, the level of experience required, and a whole host of valuable job search-related information.

Our job bank currently contains more than 12,600 job listings and is populated in part by a tool known as job spidering which Maren will explain in greater detail later in our testimony. It is also populated by employers who post job openings and take advantage of the largest number of registered job seekers and resumes in our state. Employers also have access to a wealth of business resources including information on workforce training and tax credits.

Access to unemployment insurance services makes up a large part of our online activity. Unemployment insurance claimants have the ability to file for benefits from anywhere they have an Internet connection. Our online unemployment insurance services also benefit employers who can file quarterly reports, make electronic payments, and update account information. It's a quick, easy and cost-effective way to conduct unemployment insurance business.

#### **Trade Adjustment Assistance (TAA)**

The Trade Act of 1974 established the Trade Adjustment Assistance program to assist workers impacted by foreign competition. Following a petition process and certification, affected workers may receive reemployment services including career planning, training and employment assistance.



North Dakota currently has four active certified TAA petitions, most notably the certified petition by Bobcat workers. To date, sixty-four former Bobcat employees received training services in the following occupations: energy, advanced manufacturing, technology, healthcare, transportation, support occupations and others. New skills gained through TAA training make the reemployment transition easier and provide needed skill sets to North Dakota employers.

The Reemployment Trade Adjustment Assistance (RTAA) program is another TAA program which started in 2002. RTAA is a wage subsidy for individuals 50 years of age and older and is intended to bridge the gap between a worker's previous wage and their new wage. As of November 2010, 104 workers received a total of \$237,055 in wage subsidies.

### **Veterans' Services**

Job Service North Dakota offers priority of service to veterans and spouses of eligible veterans. Our dedicated Veterans' Employment Team serves veterans and eligible spouses exclusively. Being veterans themselves, our team can relate first-hand to the experiences and special circumstances our veteran customers face.

### **Veterans' Served by Job Service Jan. 2009 to Present**

Total Served (Online and In-Person)	6,000 <sup>+</sup>
Yellow Ribbon Reintegration	1,100 <sup>+</sup>
Veterans' Stand Down Events	600 <sup>+</sup>
TAP Employment Workshop	800 <sup>+</sup>

During the past two years, Job Service served more than 6,000 veterans and eligible spouses of veterans. By working with the ND National Guard, ND Department of Veterans' Affairs, Department of Labor and the U.S. Air Force, Job Service had many opportunities to serve veterans.

We also network with community organizations, county and tribal veterans' service officers, veteran service organizations and the Employer Support of the Guard and Reserve organization to help assure that our veterans' employment and training services are well known throughout the state.

### **Job Fairs**

Job fairs are a great way for employers and job seekers to meet and determine whether each is a good fit for the other. In addition to having the assistance of Job Service staff, employers have the opportunity to meet and often interview a large number of potential candidates in a short period of time. Job fairs offer an excellent opportunity for job seekers to get the benefit of a face-to-face networking opportunity.

Feedback from employers involved in recent Job Service-assisted job fairs has been extremely positive. Reports indicate that employers are finding more qualified candidates and are able to meet their hiring needs, sometimes on the spot, saving employers time and money. I credit our local office staff in part for this success since they have made a concerted effort to prepare candidates in advance of job fairs. Resume writing workshops, interview workshops, and simply informing them to "dress for success" may be the one thing that sets one candidate apart from another and lands an individual a new job.

Job Service job fairs can be regional (attracting up to 80 employers from a wide variety of industries), or a single-employer job fairs showcased at local job service offices, or a large convention center event. Our job fair activity has increased in recent months in response to employers' prior job fair successes and their continuing workforce demands. We often partner



with local Chambers of Commerce and the University System to help publicize these events. Job fair efforts may be occupation-specific, as a result of an announced layoff or aimed to help veterans or ex-offenders.

#### **IV. Strategic Plan and LMI Review**

Mr. Chairman, members of the committee, my name is Kevin Marchus, and I am the Planning and Support Area Director for Job Service North Dakota. As Planning and Support Director, part of my responsibility is to help develop our agency's strategic plan.

The Job Service North Dakota strategic plan supports the North Dakota Consolidated Biennial Statewide Strategic Plan.

Every year, Job Service develops an agency-wide strategic plan – an overview of which can be found in Appendix C. When we develop our strategic plan, we realize the importance it has for our agency planning. We also recognize the importance of developing a plan that complements the Workforce Development Council's Consolidated Biennial Statewide Strategic Plan for Workforce Development, Workforce Training and Talent Attraction (Statewide Plan).

Throughout 2010, Job Service collaborated in the development of the Statewide Plan. Job Service is committed to working with the Workforce Development Council as a partner to implement statewide strategic initiatives designed to address workforce needs.

The overarching goal of the Statewide Plan is "to enhance workforce decision making through effective use of coordinated workforce data." Participation in this goal is a natural fit for the Job Service Labor Market Information Center.

#### **Labor Market Information**

Job Service North Dakota is fortunate to have a Labor Market Information (LMI) Center that is ranked first in the nation in five of the 12 Bureau of Labor Statistics covered employment and wage program performance measures. The Bureau of Labor Statistics tracks these measures to help ensure the Labor Market Information Center program is being run effectively and provides accurate, timely, and relevant data to all stakeholders. Our Labor Market Information Center is also ranked in the top ten in six of the remaining performance measures, and eleventh in one measure.

The LMI Center develops many publications to meet our customers' needs and support the efforts of our workforce partners. LMI staff train and provide outreach to customer service staff to help them convey the benefits of labor market information to job seekers and employers.

In addition to the LMI Center's collaboration on the Statewide Plan, they are significantly engaged with the Workforce Intelligence Steering Committee, and support the state's Workforce Development Council by performing analysis of the labor availability studies, providing labor market information on a variety of topics, and providing statistical and survey expertise on various workforce information projects.

Our LMI Center also conducts specialized research to develop information on North Dakota's economy and other workforce topics such as employment and unemployment, employment projections, wages and fringe benefits, labor availability and career information – and a whole host of valuable information.



That concludes my portion of the testimony. Maren Daley will now review the Job Service Report Card and our appropriations request.

## **V. Job Service Report Card**

Mr. Chairman, I would like to draw the committee's attention to Appendix D which contains what we call the Job Service North Dakota Report Card. The Report Card represents Job Service's continuing attention to performance review and evaluation. We are committed to monitoring the services we provide the citizens of North Dakota and are always looking for ways to improve them too.

The Report Card monitors six primary service delivery areas in the agency and talking points for each measure:

1. Unemployment Insurance
2. Workforce Investment Act
3. Workforce 20/20
4. Wagner-Peyser (Employment Services)
5. Employment Statistics
6. JOBS Program Work Participation Rate

Please turn with me to Appendix D as I briefly review the Report Card and demonstrate how Job Service is doing its part to help improve North Dakota's economy. Our agency believes that workforce development *is* economic development and we are proud of the role we play in that process.

## **VI. General Fund Requests**

At this time, I would like to address Job Service's specific funding requests from the state's general fund:

### **Workforce 20/20**

Mr. Chairman and members of the Committee, Engrossed House Bill 1016 as it came to you from the House chamber reduces our Workforce 20/20 general fund request by \$131,160.

I respectfully ask this Committee to amend Engrossed House Bill 1016 to restore these funds and honor our original Workforce 20/20 general fund appropriation request of \$1,531,160.

The Workforce 20/20 program is an integral component of North Dakota's talent strategy efforts. Workforce 20/20 supports talent expansion and retention through skill development and provides funds directly to employers to help employees maintain or improve their job skills.

At a time when businesses are becoming more and more lean – whether by necessity due to the recession or in response to technological improvements – the assistance Workforce 20/20 provides to North Dakota employers and employees is invaluable – especially to our state's manufacturing industry.

Today's manufacturing industry is heavily reliant on technology which, as we know, is constantly changing. Technology improvements often help manufacturers become more productive by



automating routine tasks, often lead to the need for a more highly-skilled workforce, and help a business remain competitive.

With the Workforce 20/20 program, rather than letting an employee go who might need computer skills to run a new piece of equipment, for example, an employer has the opportunity to arrange employee training with colleges and universities, private vendors, MEP (Manufacturing Extension Partnership), local and vocational schools, as well as TrainND – and keep the employee on board.

Workforce 20/20 gives priority to the manufacturing industry, and can assist other target industries as they upgrade equipment and processes to stay competitive in a global economy. In order to participate in the Workforce 20/20 program, employers must offer high-wage, high-demand careers, and pay no less than 200 percent of the federal or state minimum wage. During the 2007-09 biennium, Workforce 20/20 funded 160 training projects and, as of November 2010, funds had been obligated for 99 projects.

During the 2003 legislative session, North Dakota House Bill 1017 established a requirement that fifty percent of the Workforce 20/20 funds be allocated to projects for new and expanding businesses in North Dakota. Historically, the distribution of new and expanding businesses applying for Workforce 20/20 funding has been strong. During this biennium, however, we have seen a decline in requests from new and expanding businesses, likely due to current economic conditions. During the recession, fewer businesses were expanding, but existing businesses were making every effort to stay competitive and efficient.

On April 7, 2010, existing businesses' requests for Workforce 20/20 funding exceeded the fifty percent level. These existing business requests were curtailed until the requests from new and expanding businesses reached the fifty percent level. During that wait time, Job Service had to decline eight requests from existing businesses in order to not exceed the 50 percent level. I shared this information and other Workforce 20/20 funding concerns at the May 2010 Interim Workforce Committee meeting.

More than six months later, in November 2010, new and expanding business requests surpassed the fifty percent threshold allowing Job Service to process all requests for Workforce 20/20 funds. Of the eight requests previously declined, two were resubmitted and approved.

As you can see, the 50 percent threshold created interruptions in training for many North Dakota businesses during this biennium. It is for this reason that Job Service North Dakota requests the removal of the 50 percent threshold language contained in last session's SB 2016 which reads as follows:

**SECTION 5. WORKFORCE 20/20 FUNDING.** Fifty percent of the workforce 20/20 funding in section 1 of this Act must be used for projects for new or expanding businesses in North Dakota.

To accommodate this request, we have removed this language in House Bill 1016.

During the past biennium, Job Service implemented tighter rules for the matching funds employers are asked to commit to training projects. These rules will help our agency meet training requests from more employers.



The value of the Workforce 20/20 program to North Dakota can be measured by increased wages and employee retention. Information provided by the employers for the 2007-09 biennium shows that employees who received training increased their wages an average of \$2.64 per hour and employers retained 73.2 percent of the trainees one year after training. The average hourly wage rate one year after training is \$22.25 while the annualized estimated gross income is \$46,280.

North Dakota can potentially recover the Workforce 20/20 per employee investment in nine to twelve months.

In addition, North Dakota unemployment insurance wage data as of the first quarter of 2010 shows 87.8 percent of all employees who received training during the 2007-09 biennium were still employed in North Dakota. Based on the average hourly earnings reported by employers one year after training, the state can potentially recover the per employee Workforce 20/20 investment in nine to twelve months through state income taxes withheld from employees' wages.

The Workforce 20/20 program is a valuable and effective tool for North Dakota employers and employees. Employees are able to retain workers and employees who receive training through the Workforce 20/20 program tend to

- Stay in North Dakota
- Earn increased incomes
- Improve and increase skills the state's employers need to stay competitive.

We have included documentation on the performance of the Workforce 20/20 program, a summary of which can be found in the Job Service Report Card (Appendix D). The entire Workforce 20/20 annual report is in Appendix E.

### **Job Spidering**

Job Service uses enhanced online labor exchange services including job spidering. Job spidering is a powerful online employment search tool that provides convenient access to a database of thousands of North Dakota jobs – all within a single website.

A portion of the cost of this online services enhancement was funded with general funds, beginning with the 2007 budget. In 2009, ARRA funds covered the \$300,000 cost of job spidering for two years. That funding is no longer available. We are requesting a \$300,000 general fund appropriation to continue providing this valuable job spidering service to employers and job seekers. A comparison of Conference Board indicators shows that North Dakota's jobs-listing rate is more than 90 percent as a result of job spidering.

Job spidering searches job listings from a variety of sources, including national and local job boards, websites for educational institutions, hospitals, government agencies, newspapers, and websites of businesses with 25 or more employees. From these job listings, job spidering copies the pertinent information and publishes it on findjobsnd.com. Findjobsnd.com provides one-site access to the majority of online North Dakota job listings. When a job seeker clicks on a spidered job listing on findjobsnd.com, the link directs him or her back to the website where the job was originally posted, thus preserving the promotional opportunities for local employers and community job boards.



Since its implementation on January 7, 2008, job spidering has increased the total number of job listings on findjobsnd.com by as much as 50 percent. Averages range from 45,000 listings per year to almost 95,000 listings per year. The number of monthly listings ranged from 7,862 to 16,446.

Your assistance in funding the spidering feature has helped make findjobsnd.com the premier labor exchange website in North Dakota. It helps attract more job seekers to the site and provides employers with a larger talent pool from which to hire. As of March 1, 2011, more than 15,297 active resumes were available on the website for employers to search.

By spidering all the jobs across the state into a single repository, findjobsnd.com has become a valuable source of workforce intelligence, providing a more accurate picture of the state's job market. Resumes and job openings can be compared in number and by occupation, giving the state a real-time picture of occupational shortages, occupational growth and current hiring needs.

#### **New Jobs Training Program**

The New Jobs Training program assists with talent expansion under the Talent Initiative by allowing employers to use tax withholdings to help offset the cost of employee training. Primary sector businesses, including target industries, may qualify for the program if they are creating new, high-wage jobs by relocating to North Dakota or expanding current operations in the state. Funds are captured from the state income tax withholding generated from the new job positions that are created.

New Jobs Training depends on cooperative oversight by several state agencies, including Job Service North Dakota and the Tax Department, which administers collection of the new income tax withholdings that can then be applied to loans, repayable grants, or self-financing options employers may use to pay for training.

The results of the New Jobs Training program are summarized in Appendix F.

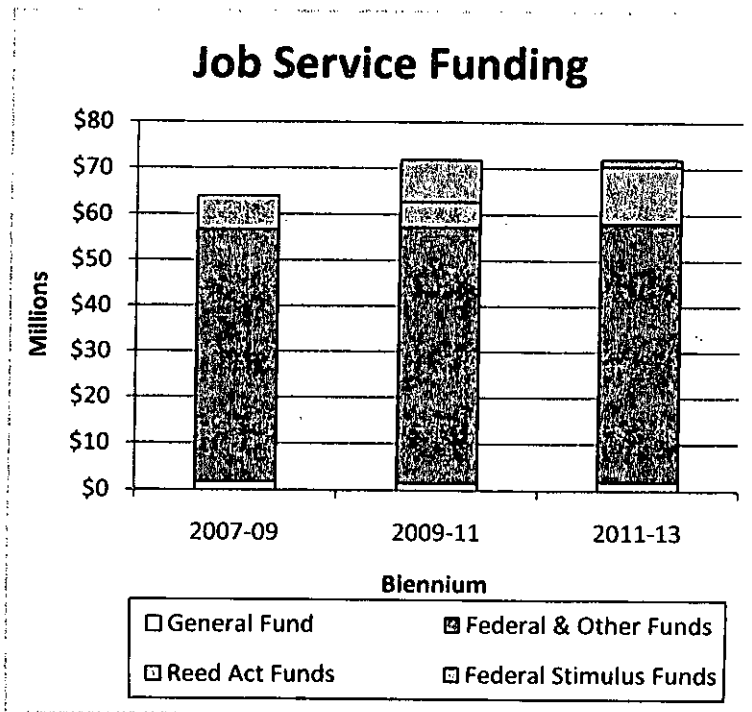
#### **Closing**

Mr. Chairman, members of the committee, this concludes our testimony. Thank you again for this opportunity to tell you about the exciting ways Job Service North Dakota is working to propel the state's economy to a more successful future. We are honored to work with you and all our partners to create an exciting future for North Dakota's businesses and workers.





# Job Service North Dakota Budget Recommendation Details



	2007-09 Legislative Appropriation	2009-11 Legislative Appropriation	2011-13 Appropriation Request	Increase (Decrease)
Gen. Funds	\$ 1,746,960	\$ 1,567,532	\$ 1,879,892	\$ 312,360
Other Funds	\$ 62,243,126	\$ 70,291,931	\$ 70,116,806	(\$ 175,125)
Total	\$ 63,990,086	\$ 71,859,463	\$ 71,996,698	\$ 137,235



## **Parental Responsibility Initiative for the Development of Employment (PRIDE)**

Job Service North Dakota administers the nationally-recognized and award-winning Parental Responsibility Initiative for the Development of Employment (PRIDE) program.

The PRIDE program, implemented in April 2005, is a collaborative effort between Job Service, Child Support Enforcement, the district court system and the Temporary Assistance for Needy Families (TANF) program. PRIDE addresses the unemployment and underemployment of noncustodial parents to help increase child support collections.

Noncustodial parents receive one-on-one case management employment services including job-search assistance, financial support services, and instruction for job retention and skill development. The PRIDE program helps individuals become employed, resulting in more frequent and more substantial child support payments and improved parent/child relationships.

### **Job Opportunities and Basic Skills (JOBS) Program**

The Job Opportunities and Basic Skills (JOBS) program is designed to help Temporary Assistance for Needy Families (TANF) recipients get back to work and off assistance quickly and for the long-term.

## **Job Opportunities and Basic Skills Program (JOBS)**

The Job Opportunities and Basic Skills (JOBS) program is designed to help Temporary Assistance for Needy Families (TANF) recipients get back to work and off assistance quickly and for the long term.

Job Service administers and serves JOBS participants in Rolette and Cass counties and the rest of Region 5. The JOBS program serves individuals who are employed at a level below self-sufficiency at the time they began receiving TANF.

Our strong JOBS program performance results helped North Dakota and the Department of Human Services (DHS) meet federal TANF performance requirements. DHS reported that Job Service achieved work participation rates between 68 and 84 percent for the first nine months of 2010 – exceeding the federally-required work participation rate of 50 percent,



# Strategic Plan

## Program Year 2010 - Overview

### VISION

*Job Service North Dakota strengthens the economy of ND as a strategic partner in the delivery of workforce services.*

### MISSION

*Job Service North Dakota provides customer-focused services to meet the current and emerging workforce needs of the state.*

#### CRITICAL SUCCESS FACTORS

**1**  
Strengthening North Dakota's workforce

**2** UI and IT building the next generation of systems for the delivery of Unemployment Services

**3**  
Supporting our skilled and motivated staff

**4**  
Recognize and mitigate risk

#### OBJECTIVES

Be responsive to the needs of North Dakota's employees and workforce.

Continue to provide timely and accurate UI services while we plan and build the new system with improved customer service and risk management

Build upon a positive work environment that allows staff members to build their skills and excel.

Identify, quantify, and manage acceptable levels of risk. Implement checks and balances where needed.

#### TACTICS

**1.1**  
Intensify claimant reemployment and assess for best practices.

**2.1**  
Maintain current IT systems so we can plan for and build the next generation

**3.1**  
Develop staff skills, support effective hiring and integration of new staff

**4.1**  
Build a culture of awareness of security risks to the agency



# JSND Quarterly Report Card September 2010 with Updates as Noted

## A. Unemployment Insurance

### 1) Trust Fund Activity (10-01-2009 through 09-30-2010)

	Actual	Projected in 11-2009	Numerical Difference	Percentage Error
2009-4 to 2010-3				
Trust Fund Balance - Beginning ①	100,011,936.76	100,011,936.76	0.00	0.00%
UI Benefits Paid	-83,034,757.01	-81,535,000.00	-1,499,757.01	1.84%
Tax Rated Income Received	67,807,021.70	61,944,550.00	5,862,471.70	9.46%
Reimbursable Net Change	-27,708.71	0.00	-27,708.71	0.00%
Extended Benefits Paid	0.00	0.00	0.00	0.00%
Interest	4,190,605.81	3,923,000.00	267,605.81	6.82%
Reed Act Cash Activity	-225,030.93	-2,062,549.00	1,837,518.07	-89.09%
Trust Fund Balance - Ending	88,722,067.62	82,281,937.76	6,440,129.86	7.83%

① Includes \$13,593,402.92 Reed Act Cash which includes 1,039,424.09 not available for benefits.

### 2) Claims Center Metrics

Standard	Sept 2010		Oct 2010		Nov 2010	
	Volume**	Time	Volume**	Time	Volume**	Time
Average Speed Of Answer	6349/7646	5:34	8254/10080	5:23	11477/19137	12:13
Average Talk Time		5:57		7:10		8:04
% Claims via UI ICE (Internet)*	34.8%		27.9%		29.0%	

Standard	Sept 2009		Oct 2009		Nov 2009	
	Volume	Time	Volume	Time	Volume	Time
Average Speed Of Answer	7460	2:06	10502/15484	1:54	12182/16651	8:43
Average Talk Time		5:45		5:24		5:41
% Claims via UI ICE (Internet)*	36.8%		30.3%		31.1%	

\*Extended benefits claims are done by phone and not online.

\*\*Number answered/number offered

### 3) Payment Accuracy – Weeks: 200940 – 201039 – Latest Available

Total Dollars Paid in Population	\$77,071,111	
Sample Size	360	
	Percentage Of Dollars	95% Confidence Interval (+ / -)
Proper Payments	93.1%	2.6%
Overpayments	6.9%	2.6%
Total	100.0%	
Underpayments	0.2%	0.1%

Over/Underpayment may be due to claimant errors, agency errors, employer errors or errors resulting from actions, or inactions, of the parties in combination

### 4) Electronic Reporting and Payment Statistics – Latest Available

UI EASY	2008-3	2008-4	2009-1	2009-2	2009-3	2009-4	2010-1	2010-2	2010-3
# EMPLOYERS	3,060	3,102	3,155	3,393	3,816	4,063	4,769	5,199	5,499
WAGE CREDITS	128,454	127,207	126,435	141,752	152,498	151,989	164,005	183,557	190,329
ACH DEBITS	2,100	1,939	2,127	2,292	2,494	2,524	3,142	3,475	3,642

OTHER ELECTRONIC *	2008-3	2008-4	2009-1	2009-2	2009-3	2009-4	2010-1	2010-2	2010-3
# EMPLOYERS	30,32	3,086	3,076	3,300	3,377	3,402	3,453	3,557	3,660
WAGE CREDITS	170,059	163,935	152,374	160,474	164,306	164,674	160,694	171,139	173,412

\* Secure FTP, Magnetic Tape, CD, Diskette



**B. Workforce Investment Act (WIA)****Economic Analysis of WIA Funds Spent in North Dakota during Program Year 2009**

**Background** - During Program Year 2009 (July 1, 2009 through June 30, 2010) JSND spent \$4,789,559 of federal funds on WIA programs. These new dollars to North Dakota's economy were used to help approximately 67,179 Adults, 494 Dislocated Workers, and 935 Youth for a total for 68,608 individuals with some sort of career advancement. This money is mainly used to pay for tuition, books, and fees, but is also used for items such as tools or work clothes, or for support services such as relocation or travel expense and job search activities. In order to qualify for WIA assistance, individuals must meet certain requirements.

**Economic Impact** - As previously mentioned \$4,789,559 in WIA funds were spent in the state during PY 2009. According to IMPLAN Pro, a software program that estimates the effects of money entering an area based on the economic dynamics of that area, this money had an additional economic impact of \$3,005,951 dollars for a total impact of \$7,795,510. IMPLAN Pro is widely used in North Dakota in performing economic impact analyses.

**WORKFORCE INVESTMENT ACT**  
**Negotiated Performance Measures Summary**  
**Program Year 2010 For the Period Ending 09/30/2010**

Performance Measure	Negotiated Performance Level	Actual Performance Level	Percent of Negotiated Level Achieved
---------------------	------------------------------	--------------------------	--------------------------------------

**Adult Common Measures Results At-A-Glance***Exit Period Covered by Measures: Jan 09 to Dec 09*

Entered Employment Rate	77.0%	$\frac{330}{460} = 71.7\%$	93.1%
Employment Retention Rate*	83.5%	$\frac{373}{471} = 79.2\%$	94.9%
Average Earnings*	\$9,400.00	$\frac{4,131,375}{371} = \$11,135.80$	118.5%
<b>Average</b>	<b>100.0%</b>		<b>102.2%</b>

**Dislocated Worker Common Measures Results At-A-Glance***Exit Period Covered by Measures: Jan 09 to Dec 09*

Entered Employment Rate	84.5%	$\frac{150}{177} = 84.7\%$	100.2%
Employment Retention Rate*	90.5%	$\frac{97}{113} = 85.8\%$	94.8%
Average Earnings*	\$11,400.00	$\frac{1,451,030}{96} = \$15,114.90$	132.6%
<b>Average</b>	<b>100.0%</b>		<b>109.2%</b>

**Youth Common Measures Results At-A-Glance***Exit Period Covered by Measures: Jan 09 to Dec 09*

Placement in Employment or Educ.	64.0%	$\frac{143}{211} = 67.8\%$	105.9%
Attainment of Degree or Certificate	43.5%	$\frac{128}{232} = 55.2\%$	126.9%
Literacy/Numeracy Gains**	20.0%	$\frac{75}{159} = 47.2\%$	236.0%
<b>Total Youth Average</b>	<b>100.0%</b>		<b>156.3%</b>

PY 10 Exit Period Covered – Jul 08 to Jun 09

\*\*PY 10 Participation Period Covered – Oct 09 to Sep 10



# WAGNER-PEYSER SERVICES TO VETERANS

## Negotiated Performance Measures Summary Program Year 2010 For the Period Ending 09/30/2010

Performance Measure	Negotiated Performance Level	Actual Performance Level	Percent of Negotiated Level Achieved
---------------------	------------------------------	--------------------------	--------------------------------------

### All Veterans

Exit Period Covered by Measures: Jan 09 to Dec 09

Entered Employment Rate (EER)	69.0%	$\frac{1504}{2444} = 61.5\%$	89.1%
Employment Retention Rate* (ERR)	87.0%	$\frac{2481}{3015} = 82.3\%$	94.6%
Average Earnings (AR)	\$15,300	\$15,705	102.6%
Disabled Veterans (EER)	56.0%	$\frac{352}{617} = 57.1\%$	102.0%
Disabled Veterans (ERR)	84.0%	$\frac{638}{764} = 83.5\%$	99.4%
Disabled Veterans (AE)	\$15,500	\$15,762	101.7%

### DVOP – Disabled Veterans

Exit Period Covered by Measures: Jan 09 to Dec 09

Disabled Veterans (EER)	52.0%	$\frac{79}{141} = 56.0\%$	107.7%
Disabled Veterans (ERR)	80.0%	$\frac{125}{151} = 82.8\%$	103.5%

### LVER- Recently Separated Vets

Exit Period Covered by Measures: Jan 09 to Dec 09

Entered Employment Rate (EER)	62.0%	$\frac{66}{103} = 64.1\%$	103.4%
Employment Retention Rate* (ERR)	80.0%	$\frac{146}{183} = 79.8\%$	99.8%

### DVOP/LVER Consolidated - Total Vets & Eligible Persons

Exit Period Covered by Measures: Jan 09 to Dec 09

Entered Employment Rate (EER)	68.0%	$\frac{486}{809} = 66.1\%^{**}$	97.2%
Employment Retention Rate* (ERR)	85.0%	$\frac{680}{847} = 80.3\%$	94.5%
Average Earnings (AE)	\$14,500	\$12,974	89.5%

\* PY 10 Exit Period Covered – Jul 08 to Jun 09

\*\*Weighted result



**C. Workforce 20/20 (As of December 31, 2010)**

Appropriations for the Biennium: \$1,512,491 (\$1,350,341 is budgeted for training projects)									
Target	New			Expanding			Existing		
				Obligated New & Expanding = 50.87%			Obligated Existing = 49.13%		
	Biennium 2009-2011 Actual expended = 85.74%								
	Amount	# of Contracts	# of Individuals/ Average Cost	Amount	# of Contracts	# of Individuals/ Average Cost	Amount	# of Contracts	# of Individuals/ Average Cost
Obligated (includes expended)	\$24,616.00	1	17/\$1,448.00	\$564,305.40	61	924/\$610.72	\$568,826.05	44	1204/\$472.45
Expended	\$0.00	0	0/\$0	\$325,976.42	51	495/\$658.54	\$388,779.81	34	605/\$642.61
Unobligated Balance	86% of the biennium funds obligated. Remaining funds: \$192,593.55 (1 <sup>st</sup> two apps in January request \$63,000.00)								

**Return On Investment (ROI) for Workforce 20/20** – The value of the Workforce 20/20 program to North Dakota can be measured by increased wages and employee retention by both the employer and North Dakota. Generally, it has been shown that the state will recover its investment in Workforce 20/20 in 1.09 years (depending on tax brackets) through taxes paid on these higher wages.

Due to the economy; it has been obvious that Existing employers are training their current employees and using the Workforce 20/20 program to avoid having to lay-off employees by upgrading their processes. As of April 7, 2010; Workforce 20/20 was required to start rejecting all "existing" business training requests. This was to bring the required 50% of funding for 'new' or 'expanding' business funding into alignment as is required in North Dakota Senate Bill 2016, Section 5. All applications were denied from any business that was not expanding by verification of the UI records. Just over 6 months later; on October 15<sup>th</sup>, 2010, Workforce 20/20 was again able to fund some 'existing' business but at a lower funding to maintain the over 50% to 'new' and 'expanding' business. At the year end; Workforce 20/20 has funded 50.87% of New and Expanding business while funding 49.13% of Existing business. Unfortunately, the two January 2011 applications are for Existing business (\$63,000.00) and if the Workforce 2020 Committee agrees to fund part of them; Workforce 20/20 will again be in a "no funding for existing business" situation.

**D. WAGNER-PEYSER**

**WAGNER-PEYSER**  
Negotiated Performance Measures Summary  
Program Year 2010 For the Period Ending 09/30/2010

Performance Measure	Negotiated Performance Level	Actual Performance Level	Percent of Negotiated Level Achieved
---------------------	------------------------------	--------------------------	--------------------------------------

*Exit Period Covered by Measures: Jan 09 to Dec 09*

Entered Employment Rate	72.5%	$\frac{22,251}{34,669} = 64.2\%$	88.6%
Employment Retention Rate*	85.0%	$\frac{33,240}{40,154} = 82.8\%$	97.4%
Average Earnings*	\$9,600.00	\$13,123	136.7%



## E. Employment Statistics in North Dakota

### LABOR FORCE, incl. Unemployment Rate

- North Dakota's not seasonally adjusted rate for the month of November 2010 was 3.3% and lowest in the nation, the US was 9.3%
  - South Dakota 4.4%, Nebraska 4.0%; next lowest states
  - Nevada 14.0%, California 12.4%; highest two states
- Historic low was 2.0% in 1997 & high was 6.0% in 1982
  - North Dakota has maintained the top state position since April 2009 when Nebraska edged it out by 0.1 %
- The state's labor force has risen about 4,408 year-over-year
- The state's labor force participation rate is 72.0% in current month, about 1.1 percent points above prior month (70.9%), and 0.6 percentage points above November 2009 (71.4%)
  - ND's labor force participation rate still exceeds the nation in November (64.4%)
- There were about 939 fewer total UI claims in November 2010 compared to prior year (4,473 vs. 5,412)
- About 21.6% of unemployment insurance claimants had earnings, similar to November of the prior year (21.3%)
- A greater percentage of claimants were labeled as "return to employer" in November 2010 (63.7%), as compared to the prior year (55.0%)
- Average duration of unemployment benefits fell slightly November-over-November at approximately 11.4 weeks, down from 12.0 weeks
- About 39.4% of claimants were exhausting benefits in current period, compared to 32.1% in prior year

### NORTH DAKOTA LABOR FORCE DATA - not adjusted

	November 2010	October 2010	November 2009
Unemployment Rate	3.3%	2.8%	3.7%
Unemployed	12,113	10,255	13,427
Employed	351,364	356,460	345,642
Labor Force	363,477	366,715	359,069
<b>Plains States -- not adjusted</b>			
Iowa	6.2%	6.1%	6.1%
Kansas	6.7%	6.4%	6.3%
Minnesota	6.6%	6.4%	7.0%
Missouri	9.2%	8.9%	9.2%
Nebraska	4.0%	4.2%	4.2%
South Dakota	4.4%	4.0%	4.4%
<b>N.D. Seasonally Adjusted Rate</b>	3.8%	3.8%	4.3%
<b>U.S. Seasonally Adjusted Rate</b>	9.8%	9.6%	10.0%

*The employed and unemployed above are persons by place of residence. The unemployment rate is the ratio of people actively seeking work compared to those in the labor force (employed plus unemployed).*

*\*The U.S. rate is seasonally adjusted; all others are not seasonally adjusted, except as noted.*



# NOVEMBER 2010 NONFARM EMPLOYMENT (estimates)

NOT SEASONALLY ADJUSTED

Statewide	CURRENT MONTH NOVEMBER 2010	PREVIOUS MONTH OCTOBER 2010	OVER MONTH CHANGE		YEAR AGO NOVEMBER 2009	OVER YEAR CHANGE	
			Number	Percent		Number	Percent
Total Nonfarm	377,800	378,800	-1,000	-0.3%	372,300	5,500	1.5%
Mining & Logging	9,200	9,100	100	1.1%	6,900	2,300	33.3%
Construction	21,600	23,600	-2,000	-8.5%	22,200	-600	-2.7%
Manufacturing	23,700	23,400	300	1.3%	23,500	200	0.9%
Wholesale Trade	20,800	20,400	400	2.0%	19,800	1,000	5.1%
Retail Trade	42,600	42,000	600	1.4%	43,400	-800	-1.8%
Transportation, Warehouse & Utilities	15,600	15,300	300	2.0%	15,100	500	3.3%
Information	7,400	7,400	0	0.0%	7,400	0	0.0%
Financial Activities	20,300	20,200	100	0.5%	20,100	200	1.0%
Professional and Business Services	29,900	30,200	-300	-1.0%	29,200	700	2.4%
Education and Health Services	55,000	55,200	-200	-0.4%	54,000	1,000	1.9%
Leisure and Hospitality	34,200	34,700	-500	-1.4%	34,300	-100	-0.3%
Other Services	15,900	15,700	200	1.3%	15,800	100	0.6%
Government	81,600	81,600	0	0.0%	80,600	1,000	1.2%

Total Nonfarm employment decreased by 1,000 jobs or 0.3% from the previous month. This -0.3% over-the-month change from October to November was about 0.1% above the 10-year average of -0.4%. The annual growth rate for November was 1.5%, an increase of 5,500 jobs over last year.

In November, both Wholesale Trade and Transportation, Warehouse & Utilities posted the same largest over-the-month change of 2.0%. However, Retail Trade had the largest absolute increase with the addition of 600 jobs added over-the-month. This large over-the-month change was primarily due to the seasonal factor of Christmas holiday shopping.

Mining & Logging posted the largest over-the-year increase of 33.3% and added the most jobs, 2,300.

Nine of the thirteen major industries in North Dakota showed over-the-year increases while three industries reported over-the-year decreases and one industry had no change.

During the same 12-month period the not seasonally adjusted U.S. Total Nonfarm employment increased by 0.6%, the addition of approximately 842,000 jobs, compared to North Dakota's Total Nonfarm employment which grew by 1.5%.

GREEN -- Percentage gain greater than 5%

RED -- Percentage drop any amount



**F. Work Participation Rate for only the State JOBS portion of the total available clients  
From Verified Data on JOBS Program Participation**

June 2010	74%
May 2010	74%
April 2010	78%
March 2010	85%
February 2010	75%
January 2010	80%
December 2009	80%
November 2009	78%
October 2009	76%
September 2009	67%
August 2009	73%
July 2009	72%
June 2009	68%
May 2009	68%
April 2009	69%
February 2009	60%
January 2009	60%
December 2008	56%
November 2008	56%
September 2008	55%
August 2008	53%
July 2008	57%
June 2008	61%



## **Talking Points for September 2010 Quarterly Report Card**

### **A. Unemployment Insurance (UI)**

#### **Trust Fund Activity**

- The trust fund balance excluding Reed Act Cash as of 9-30-2010 was \$75.4M, \$4.6M (7%) more than the \$70.8M projected.
- Benefits for 2010-3 were \$1.9M (18%) more than projected. Benefits for FY2010 were \$1.5M (2%) more than projected.
- Income for 2010-3 was \$3M (16%) more than projected.
- Interest for 2010-3 was \$7,000 (1%) more than projected.
- Reed Act usage for 2010-3 was \$468,000 (91%) less than projected.

**Claims Center Metrics** – Variance in speed of answer is likely attributable to volume, call arrival patterns, and Extended Benefit questions.

### **B. Workforce Investment Act (WIA)**

Overall, WIA programs continue to demonstrate good progress toward meeting their goals in employing people, keeping them employed and increasing or replacing earnings. The Literacy/Numeracy negotiated level is 20% for PY 09. For the fourth reporting quarter ending 06/30/10, ND's actual performance was 50.7%. For the first quarter ending 09/30/10, it has remained stable at 47.2%. The effects of the concentrated effort took some time to be reflected in the performance reports, but those results are now being included in our outcome. Literacy/numeracy is a measure that requires constant tracking to ensure testing is conducted on a timely basis as well as working towards participant improvement of literacy/numeracy scores from one test to another. Staff members are committed to capturing positive performance results for the Literacy and Numeracy Gains measure, including use of incentives to encourage participants to complete the program and post-test.

### **C. Workforce 20/20**

- We have obligated \$1,157,747.45 for training, and that amounts to 86% of the budget for the biennium. During this time, 50.87% of the obligated amount is for New or Expanding businesses, while 49.13% is for existing businesses.
- Due to the recent economic trends, we are finding that most manufacturing and production companies are not expanding nor are we seeing new ones opening up. Most recently we are seeing existing companies beginning to consider training current staff in new processes and machines. This is a good sign when compared to months previous where manufacturing and production companies were not investing in training at all—they were just trying to survive. Now they are beginning to train current staff. It will take some additional confidence and expansion in purchasing of their products before they begin expanding their workforce again.
- From April 7, 2010 through October 15, 2010; Workforce 20/20 was rejecting all "existing" business training requests. This was to bring the required 50% of funding for "new" or "expanding" business funding into alignment as is required in North Dakota Senate Bill 2016, Section 5. The 1<sup>st</sup> quarter report showed we were at 63% funding going to existing business, the 2<sup>nd</sup> quarter was at just under 57% and at the end of the 3<sup>rd</sup> Quarter we were at just below 53%. The focus continues to keep the correct allocation of over 50% of the funding going to New or Expanding Business.

### **D. Labor Exchange**

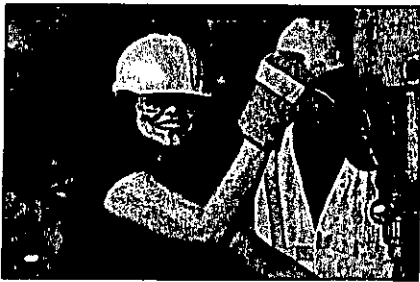
- Overall, the Wagner-Peyser program continues to demonstrate good progress toward meeting the goals in employing people, keeping them employed and increasing or replacing earnings.
- Customer traffic has increased in our customer service offices and we continue to make every effort to serve North Dakota's Workforce.

### **E. Employment Statistics in North Dakota – No additional talking points.**

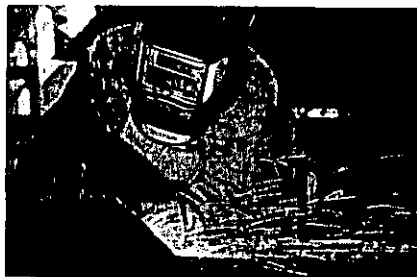


# Workforce 20/20

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*Helping Businesses  
Stay Competitive Through  
Employee Training*



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2007-09 Biennium Report

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



## **Workforce 20/20 Training Program Background**

In 1991, the North Dakota Legislative Assembly enacted the Workforce 2000 Training Program (renamed Workforce 20/20 in 2005) to help North Dakota employers train and upgrade their 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.

Over the past 20 years, rapid advances in technology, global competition, and the introduction of new work methods have placed an ever-increasing burden on North Dakota's employers to employ more highly-skilled workers. Workforce 20/20 grants give employers access to training programs that can help keep their businesses competitive in today's technologically advanced and global economy.

Workforce 20/20 funding assistance is available to help upgrade current workers' skills when new technologies and new production work methods are introduced. Companies that are expanding or locating to our state can receive new employee training assistance. The objective of Workforce 20/20 is to help communities attract and retain businesses and make North Dakota a better place to work, live, and do business.

### **The 2007-09 Biennium in Review**

During the 2007-09 biennium, the North Dakota economy was influenced by several economic factors:

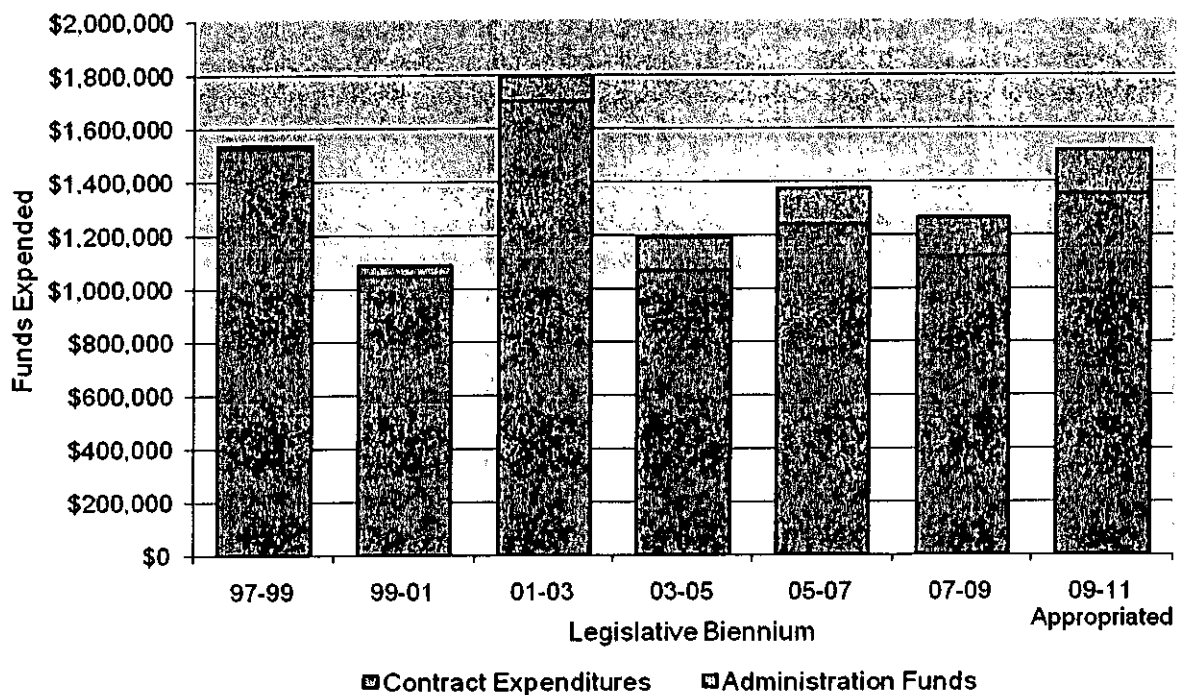
- The number of business establishments increased by 426 to 27,395
- Total annual North Dakota wages increased by 11.2 percent from \$11.3 to \$12.6 billion
- The average annual wage increased by 8.7 percent from \$33,086 to \$35,970
- The annual unemployment rate ranged from 3.1 percent in 2007 to 4.3 percent in 2009. Despite the state's unemployment rate increase over the biennium, North Dakota still had the lowest unemployment rate in the nation (4.3 percent). Nationally, the annual unemployment rate ranged from 4.6 percent in 2007 to 9.3 percent in 2009.

North Dakota's economy remained relatively stable with the contributions made by the energy, manufacturing, value-added agriculture, wholesale trade, and professional and technical service sectors. Today, North Dakota's challenge is finding people to fill positions in these industry sectors when the unemployment rate is relatively low and the labor force participation rate is high. In order to support the increased demand for a skilled workforce and the growing number of businesses in these sectors, the Workforce 20/20 program gives North Dakota a valuable tool to attract and retain employers and employees.

The North Dakota legislature appropriated \$1,499,906 for the Workforce 20/20 program in the 2007-09 biennium. This funding enabled Job Service to award \$1,118,688 in Workforce 20/20 funds to employers for 160 training projects. Due the economic downturn and uncertainty created by the national economy North Dakota employers submitted 55 fewer applications than in the 05-07 biennium and only 39.7 percent of all funds awarded went to expanding or new business entities.



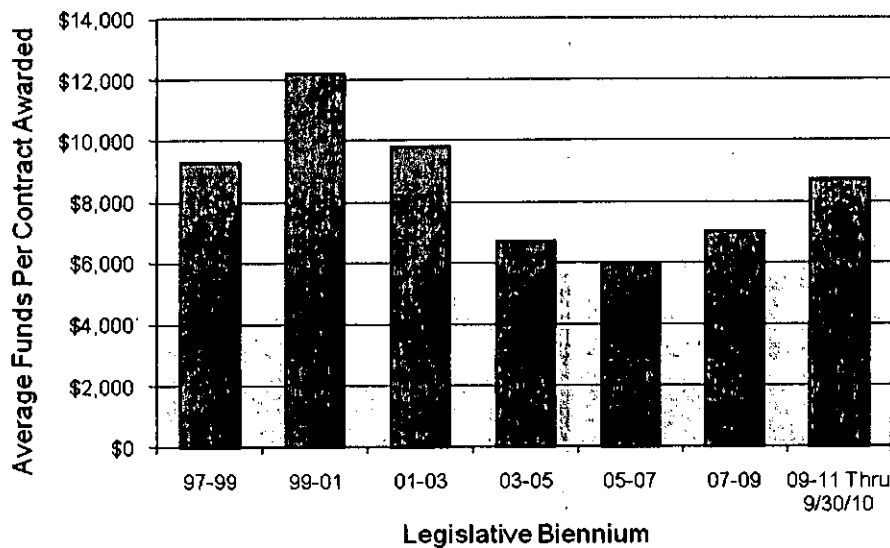
## Workforce 20/20, Funds Expended – Historical Overview, 1997–2011



### Comment

The North Dakota Legislative Assembly appropriates Workforce 20/20 program funds and returns unspent funds to the General Fund at the end of each biennium. The 2009-11 biennium column in the chart above represents the total 2009-11 appropriation. A total of \$1,100,288 had been obligated to 105 contracts as of December 14, 2010. The remaining Workforce 20/20 balance of \$250,052 must be obligated and spent by June 30, 2011.

## Workforce 20/20, Average Contract Grant Awarded – Historical Overview, 1997–2011



### Comment

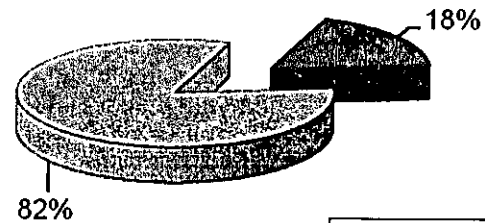
Technology and training costs associated with new equipment implementation and changing work methods continue to increase each year for ND employers. Funding for the 2007-09 biennium allowed the program to invest in 160 training contracts with an average investment of \$6,992 per contract.

During the 2007-09 biennium, the Workforce 20/20 program helped defray employee training costs by awarding employers with training grants. Grants ranged from \$350 to \$265,500 at an average cost of \$6,992 per contract.



## Workforce 20/20, Value of Employers' Matching Contributions, 2007–2009

Source	Funds
Workforce 20/20 Funds	\$1,118,688
Employer In-kind Match	\$5,144,839
<b>Total Training Funds</b>	<b>\$6,263,527</b>

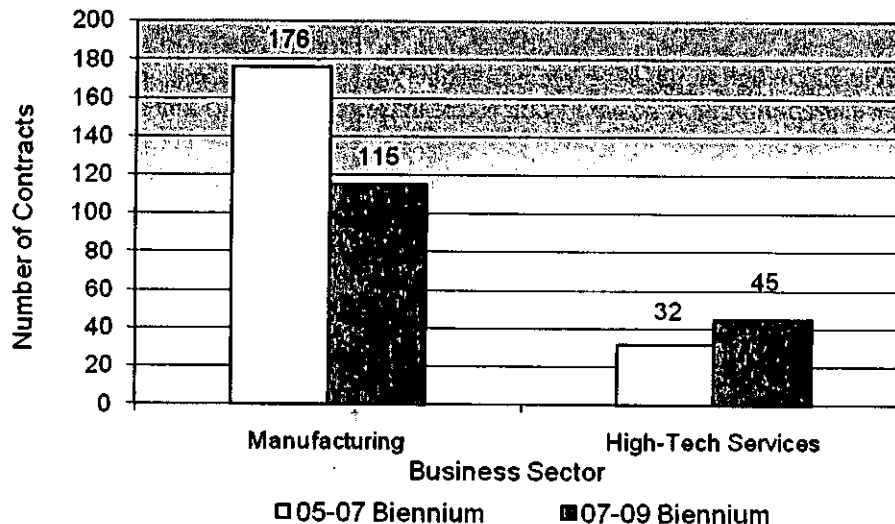


### Comment

North Dakota Century Code Section 52-08.1-03 requires encouragement of companies to participate with in-kind contributions.

Employers matched at a level of \$4.59 for every grant dollar received from Workforce 20/20 during the 2007-09 biennium. 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 20/20 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 20/20, Contracts Awarded by Industry, 2007–2009



### Comment

By statute, Job Service North Dakota gives Workforce 20/20 funding priority to applicants/employers who (1) Are compatible with statewide economic development strategies, (2) Demonstrate business and community financial support and participation, (3) Coordinate activities and resources with other training programs, (4) Provide program follow-up and evaluation, (5) Provide training in occupations that pay not less than 200 percent of the federal and state minimum wage, and (6) Provide training for unemployed and employed North Dakota residents for new and expanding businesses. As shown here, the business sectors with the most potential for promoting statewide economic development and growth during the last two bienniums have been the manufacturing and high-tech service sectors.



## Workforce 20/20, Expenditures on New and Expanding Industry, 2007–2009

### Comment

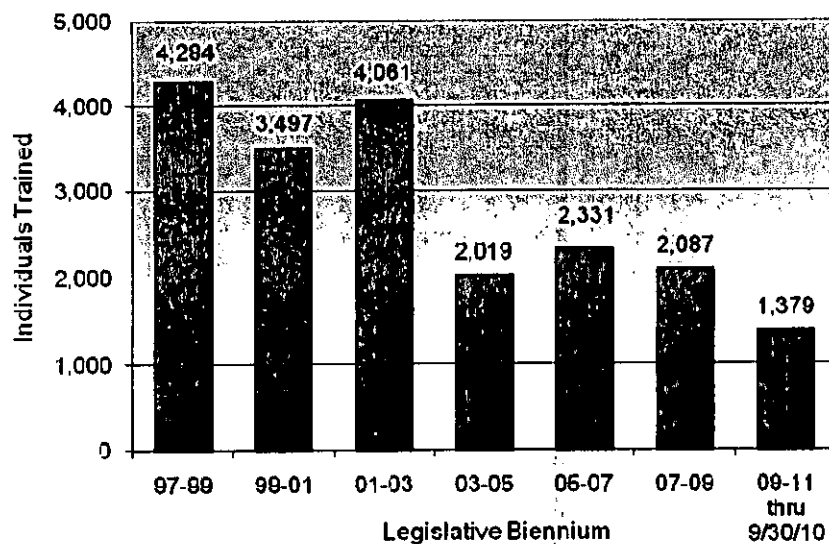
In an effort to enhance the growth potential of existing companies and to expand the overall economic growth and development in North Dakota, the Workforce 20/20 program targeted at least 50 percent of the available funds to new and expanding businesses. During the 2007-09 biennium, 39.69 percent\* of the funding went to new and expanding businesses to train 802 of the 2,087 total workers trained during the biennium.

Type of Business	Contracts Awarded	Workers <sup>†</sup> Trained	Expenditures	Percent of Total Expenditure
Expanding	77	776	\$ 431,857	38.60
New	5	26	\$ 12,206	1.09
Subtotal	82	802	\$ 444,063	39.69*
Existing	78	1,285	\$ 674,626	60.31
<b>Total</b>	<b>160</b>	<b>2,087</b>	<b>\$1,118,689</b>	<b>100.00</b>

<sup>†</sup> "Workers Trained" may include instances of the same employee receiving more than one training.

\*With 55 fewer Workforce 20/20 funding applications received during the 2007-09 biennium (269 applications in 05-07 and 214 applications in 2007-09), the Workforce 20/20 budget had approximately \$529,000 available for applicants during the last two months of the 07–09 biennium. In the last two months of the biennium, the program received only 12 applications and none were rejected. The 12 approved applications requested and received a total of \$298,047. Of this amount, only \$15,930 was requested by new or expanding businesses.

## Workforce 20/20, Employees Trained – Historical Overview, 1997–2011



### Comment

The number of employees trained with Workforce 20/20 funds each biennium is dependent on the funding available and the economic viability of the employers' proposals.

With a 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.

September 30, 2010, employers used Workforce 20/20 funding to train 24,821 employees. During the 2007-09 biennium, 1,634 individual employees received a total of 2,087 trainings.

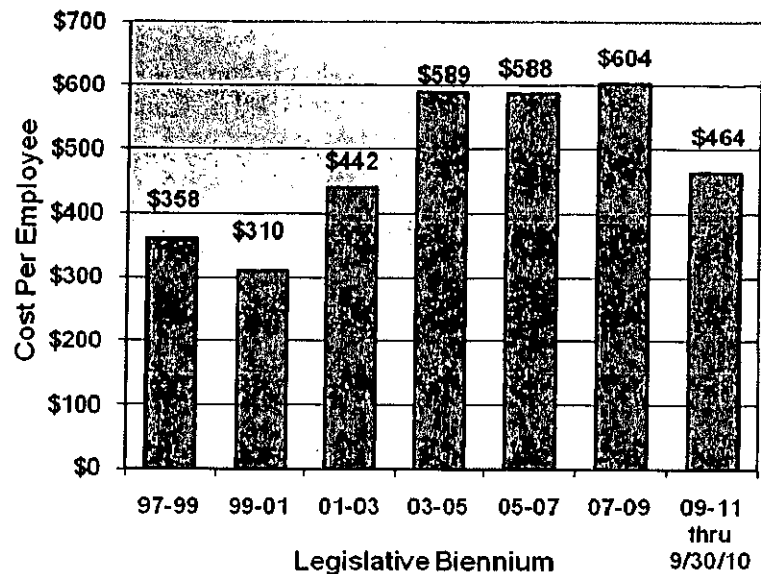


## Workforce 20/20, Cost per Employee – Historical Overview, 1997–2011

### Comment

Workforce 20/20 cost per employee varies from year to year based on the amount of funds expended, the number of employees trained, and the cost of education.

Compared to other states with similar new employee and incumbent worker training programs, North Dakota's spending falls within the range (\$95 to \$1,281) as shown in Appendix A.

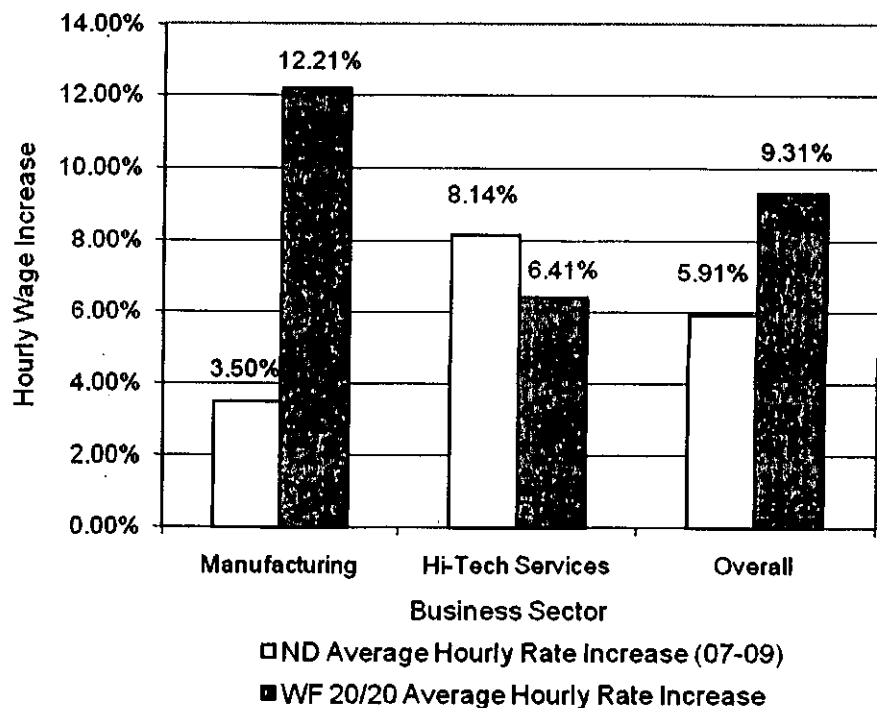


## Workforce 20/20, Average Hourly Wage Rate Increases by Industry, 2007–2009

### Comment

Hourly wage rates are collected prior to training and then again at 90-day, 180-day, and 1-year intervals after training has ended. The chart at the right shows that employees who received training in the manufacturing and high-tech services industries had 1-year average hourly wage rate increases at levels exceeding or near North Dakota's industry averages in both industry sectors.

Under the Workforce 20/20 program, North Dakota Century Code Section 52-08.1-02 gives priority to customized training, retraining, and upgrade training in occupations that pay not less than 200 percent of the federal and state minimum wage. During the 2007-09 biennium, 200 percent of the federal and state minimum wage was \$11.70 (2007-2008) and \$13.10 (2008-2009) per hour.



The average hourly wage increase for Workforce 20/20-funded employees retained one year after training was 9.31 percent. During the same time period, the average hourly wage rate increases for the manufacturing and service sectors statewide was only 5.91 percent.

Source: North Dakota Workforce 20/20 program follow-up monitoring reports and the following Job Service North Dakota's Labor Market Information publications; *North Dakota Employment & Wages; 2007 Annual Averages*, and *North Dakota Employment & Wages; 2009 Annual Averages*



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## **North Dakota's Workforce 20/20 Return on Investment, 2007–2009**

### **Wage Increases and Employee Retention**

North Dakota can measure the value of the Workforce 20/20 program through increased wages and employee retention. Information provided by employers for the 2007-09 biennium shows employees' wages increased an average of \$2.64 per hour (\$2.97 in 05-07) and employers retained 73.2 percent of the trainees one year after training (69.1 percent in 05-07).

Of those individuals trained during the 2007-09 biennium, 96.6 percent of all trainees were still employed in North Dakota one year after receiving Workforce 20/20-funded training. The bottom line for North Dakota is that out of 1,634 employees who received Workforce 20/20-funded training, only 56 (3.4 percent) did not have North Dakota wages one year after receiving training.

Despite an overall smaller average hourly wage increase for the 2007-09 biennium, Workforce 20/20 program trainees in the manufacturing and high-tech service industry sectors received hourly wage increases averaging 9.31 percent after training. During the 2007-09 biennium, the overall statewide average hourly wage increase for the manufacturing and high-tech service industry sectors was 5.91 percent.

### **Financial Impact for North Dakota**

The Workforce 20/20 training program is funded with state dollars, but requires an in-kind funding match from employers. During the 2007-09 biennium, the Workforce 20/20 program invested an average of \$604.17 per trainee (see Appendix A) and the employer's monetary and in-kind contribution averaged \$2,465 per trainee.

Using a North Dakota income tax withholding calculator and the average hourly wage rate of \$22.25 earned by the trainees one year after training, it takes North Dakota 1.09 years, or 13 to 14 months, to recover the \$604 Workforce 20/20 investment through state income tax withholdings from employees who received training.

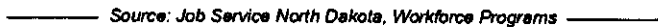
On average, it is expected that an employee earning \$22.25 per hour will pay \$707 in state income taxes per year. However, due to overtime pay, commissions, and bonuses, the recovery period through state income taxes can be much shorter. Also, the return on investment calculation does not consider increased collections of state sales taxes, motor vehicle excise taxes, fuel taxes, property taxes, or other excise taxes trainees may pay as a result of earning higher wages.

The Workforce 20/20 training program is an excellent asset to North Dakota. Employees who receive training through the program stay in North Dakota, earn increased incomes, and gain skills our state's employers need to remain competitive.





### Funds Spent by Service Region During the '07 - '09 Biennium





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## Other Indicators Relating to the Effectiveness of the Workforce 20/20 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 20/20 Program during the 07-09 biennium.

Contract WF-07-039

*"Increased production, additional trainees allowed us to pursue oil tank production."*

Contract WF-07-043

*"We are now using the JobBoss system to run the shop from the quoting process through shipping. It allows us to be more efficient and more accurate."*

Contract WF-07-063

*"Through the knowledge gained, we are able to identify many inefficiencies in our system (plugged evaporators, scale build up on condensers, replaced nozzles, changed water cooling cycle) and repair them. Estimate that we have already increased efficiencies by approximately \$200,000/yr."*

Contract WF-07-066

*"We are currently working on a potential \$1 M\* contract that would have been unlikely had this training not been attended."*

Contract WF-07-067

*"We are currently transitioning into new real-time products for much broader markets as a direct result of this training. WF 2020 has been very valuable to our growing organization."*

Contract WF-07-102

*"We're very appreciative of this program. Without it we would not be able to do some of our training. Please keep funding the program!"*

Contract WF-07-118

*"With the new welding machines and plasma arcs our apprentices have been able to go from cutting and stick welding carbon steel pipe to tigging and migging carbon to stainless steel pipe and tube. Keep up the good work. This is a wonderful program!"*

Contract WF-07-172

*"Elevated the skill level of production technicians, enabling better performance on more technical work activity. Continue the program, very beneficial for us in bringing new technology to our employers."*



# Appendix A

## Workforce 20/20 – How North Dakota's Training Spending Compares to Other States

State	Program Name	Program Year	Expenditures	Trainees	Cost Per Trainee*
<b>North Dakota</b>	<b>Workforce 20/20</b>	<b>2007-09</b>	<b>\$ 1,260,901</b>	<b>2,087</b>	<b>\$ 604</b>
<sup>1</sup> Nebraska	Worker Training Program	07-08	\$ 1,730,715	18,233	\$ 95
<sup>2</sup> Tennessee	Incumbent Worker Training Program	08-09	\$ 2,847,679	8,641	\$ 330
<sup>3</sup> Kentucky	Grant-in-Aid	08-09	\$ 7,901,707	32,896	\$ 240
<sup>4</sup> Montana	Incumbent Worker Training Pilot Program	07-08	\$ 248,894	351	\$ 709
<sup>5</sup> Connecticut	Workforce Training Fund	08-09	\$ 764,368	2,500	\$ 306
<sup>6</sup> Arkansas	Incumbent Worker Training Program	09-10	\$ 3,404,854	7,166	\$ 475
<sup>7</sup> Wyoming	Workforce Development Training Fund	07-08	\$ 2,143,437	2,499	\$ 858
<sup>8</sup> Indiana	Training Acceleration Grant Program	07-08	\$21,000,000	18,242	\$1,151
<sup>9</sup> California	Employment Training Panel Program	08-09	\$95,700,000	81,960	\$1,168
<sup>10</sup> Hawaii	Employment and Training Fund Program	07-08	\$ 752,282	1,331	\$ 565
<sup>11</sup> Texas	Skills Development Fund	08-09	\$25,000,000	19,516	\$1,281
<sup>12</sup> Alabama	Incumbent Worker Training Program	08-09	\$ 1,393,735	1,300	\$1,072

\* Rounded to the nearest dollar.

<sup>1</sup>Nebraska Workforce Development, Department of Labor; Worker Training Program Annual Report July 2007 - June 2008

<sup>2</sup>Tennessee Department of Labor and Workforce Development; Annual Narrative Report – Program Year 2008

<sup>3</sup>Annual Report 2008-2009; Bluegrass Skills Corporation, Kentucky Cabinet for Economic Development

<sup>4</sup>Montana Legislative Fiscal Division; Performance Management Report – September 24, 2008

<sup>5</sup>State of Connecticut Workforce Investment Act Annual Report 2008 - 2009

<sup>6</sup>Arkansas Incumbent Worker Training Program PY2009 Awards – July 5, 2010

<sup>7</sup>Workforce Development Training Fund, Annual Report FY 2008

<sup>8</sup>Indiana Workforce Development; Annual Report 2007 - 2008

<sup>9</sup>Employment Training Panel; Annual Report 2008-2009

<sup>10</sup>Employment and Training Fund Program; 2008-2009 Annual Report

<sup>11</sup>Texas Workforce Commission Skills Development Fund; Annual Report Fiscal Year 2009

<sup>12</sup>State of Alabama Workforce Investment Act, Title IB, Program Year 2008 Annual Report





## **ND New Jobs Training Program Reported Through October 1, 2010**

### **North Dakota New Jobs Training Program Overview**

The North Dakota New Jobs Training Program was enacted in 1993 by the North Dakota Legislative Assembly to provide income tax credits for up to ten-years to businesses that create new jobs in North Dakota. This program gives primary-sector businesses and industries a way to secure funding to help offset the cost of creating new employment opportunities through business expansion or relocation to North Dakota.

Under the New Jobs Training Program, businesses obtain funds in the form of a loan, grant, or self-financing option. A commercial lender, local development corporation, the Bank of North Dakota, or other qualified lender may provide a loan whereas a state, city, or local economic development corporation may provide a grant.

New Jobs Training Program funds are made available to businesses by crediting the employer with the income tax withholding on wages paid to each new, permanent, and full-time employee participating in training arranged under the guidelines of the program. Reimbursements to repay a loan (plus interest) are made directly to the lender. Reimbursements to repay a grant are made directly to the granting community or local economic development corporation. Under the self-financing option, 60 percent of the allowable state income tax withholding can be reimbursed directly to the participating business. State income tax withholding can be captured for up to a ten-year period or until the loan is repaid, or the self-financing or grant obligations have been met, whichever comes first.

A business must be in a primary-sector industry, either locating to North Dakota or expanding employment in the state in order to qualify for the New Jobs Training Program. A "primary sector business" is an individual, corporation, limited liability company, partnership, or association which, through the employment of knowledge or labor, adds value to a product, process, or service that results in the creation of new wealth. "Primary sector business" includes tourism, but does not include production agriculture.

Other qualifying criteria include (1) A new employer locating in North Dakota must create a minimum of five new jobs, (2) An existing business must increase its base employment level by a minimum of one new job, (3) A business must not be closing or reducing its operation in one area of the state and relocating substantially the same operation to another area of the state, and (4) Employees in the eligible new positions must be paid a minimum of \$10 per hour by the end of the first year of employment in the newly-created position.

If a business creates the program-required number of new jobs at the wage rates projected, most loans, grants, or self-financing options will be reimbursed in less than the ten-year program period. Early reimbursement takes place when:

- Average tax liabilities are used to calculate the amount of state income tax withholding credit available, but the actual withholding reported is used to credit reimbursements.
- Most individuals have more state income tax withheld than their actual tax liability.
- The agreement does not build in salary increases during the ten-year period, resulting in larger withholdings.



## North Dakota New Jobs Training Program Tax Credit Activity

Since the inception of the New Jobs Training Program, Job Service North Dakota has entered into 251 program agreements for approximately 17,171 new jobs. As of October 1, 2010, employers have earned \$22.3 million in New Jobs Training Program tax credits and at this time, North Dakota income tax credits totaling approximately \$21.2 million are available to 127 active agreements over the next ten years. Based on a review of completed and closed agreements, employers have claimed 62.18 percent of the projected credits available to them.

## North Dakota New Jobs Training Program Performance

Since the start of the New Jobs Training Program, 124 (49.4 percent) of the 251 agreements are no longer active and the files have been closed. These closed agreements were used as a sample to review the job creation performance and average investment per new job created as is outlined in the table below.

Job Creation Performance and Investment Summary					
Closed Agreements	Reported New Jobs	Projected New Jobs	Job Creation Rate	Tax Credits Claimed	Average Investment per New Job
124	11,252	12,440	90.45%	\$15.9 million	\$1,414

While tax credits will cause a reduction in state revenues, this reduction is offset by the positive economic impact of newly-created North Dakota jobs. (See table below.) Other states have job creation tax credit programs, but historical data from other states is limited for doing state to state comparisons. Many states cap the amount of tax credits that can be claimed for each new job position, some reimburse on a percentage of actual training expenditures, and other states use complex calculations based on the number of employees, employees' state income tax withholdings, and employees' longevity with the company. Tax credit caps range from \$1,500 in Maryland and \$5,000 in Rhode Island, to \$6,500 in North Carolina. Compared to other states with limits on available tax credits, North Dakota's average investment per new job is lower than the lowest tax credit cap set by any other state for which information is available.

The most recent biennium for which North Dakota Century Code Section 54-60-19 Accountability Measures are available is the 2007–2009 biennium. During the 07–09 biennium, employers filled 1,507 proposed new job positions. The following is a wage and employment summary for the 1,507 new job positions.

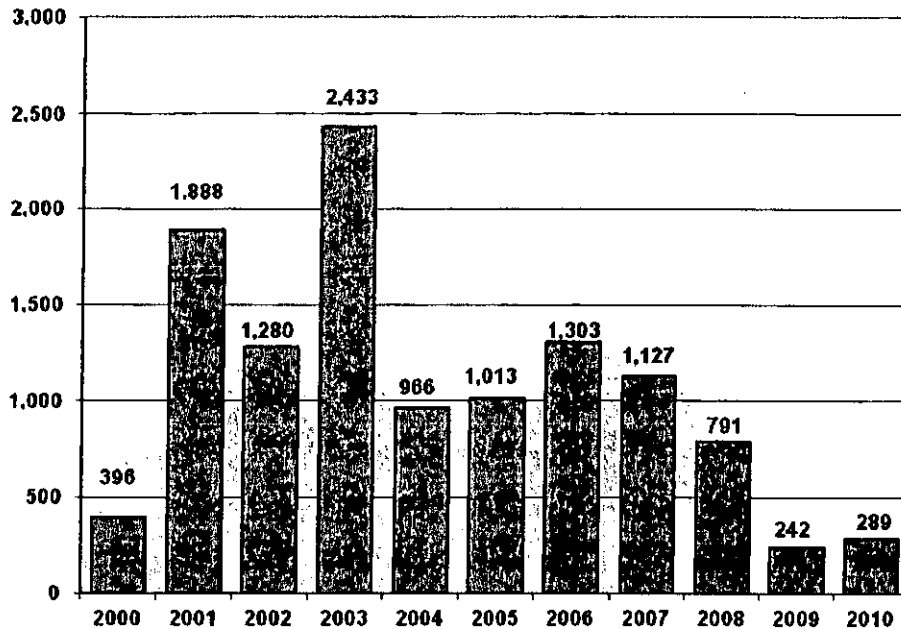
ND New Jobs Training Program Accountability Measures (07-09 Biennium)								
Program Activity		Pre-Training		1 Year After Training				
New Positions Filled	Actual Participants*	Participants Employed	Average Annual Salary	Participants Employed	Average Annual Salary	Average Annual ND Income Tax Paid Per Participant	Projected Average Annual Tax Credit Investment Per Individual	Average Annual ND Salary (2009)
1,507	1,432	1,398	\$27,063	1,411	\$32,293	\$380	\$417	\$35,970

\*Cumulative number of participants. Eliminates duplicate records and records with invalid or missing SSNs.

Job Service North Dakota unemployment wage records showed 1,411 individuals (98.5 percent) were still employed in North Dakota one year after training. These employees generated an aggregate annual payroll of \$45.6 million.



## New Jobs Training Program, Projected New Positions by Calendar Year; 2000-2010



### Comment

Projected new positions include positions from open agreements and actual new positions created from closed agreements. Until an agreement has ended, the projected number of new positions may fluctuate if employers amend the New Jobs Training Program agreements.

Employers report the number of new positions filled each quarter when they claim their North Dakota income tax withholding credit from the North Dakota State Tax Department.

The actual number of new positions created is not fully known until the employer files the final quarterly *New Jobs Credit Withholding Statement* and the New Jobs Training Program agreement is closed.

Since North Dakota state income tax is not withheld from the payroll of out-of-state residents, employers are not allowed to claim a credit for positions filled by out-of-state residents.

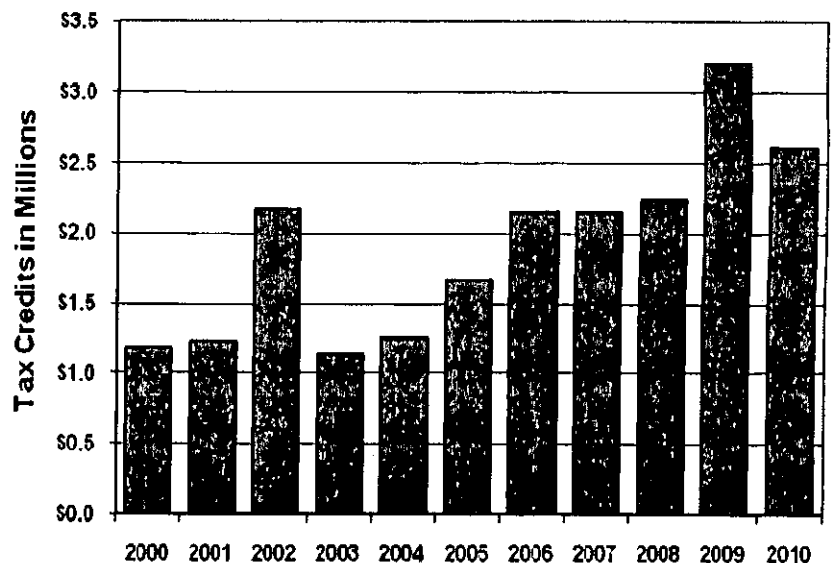
## New Jobs Training Program, Tax Credits Claimed By Fiscal Year; 2000-2010

### Comment

The amount of state income tax withholding credit available to an employer is based on the following criteria:

- The number of permanent, full-time new positions created
- The wage rate paid to individuals filling the new positions
- An income tax withholding formula provided by the North Dakota State Tax Department that is applied to the annual salaries of the new jobs being created

Under a New Jobs Training Program agreement, an employer has up to 10 years from the effective date of the agreement to claim the North Dakota income tax withholding credit.



Employers claim their income tax withholding credits through filing quarterly reports with the North Dakota State Tax Department. Through October 1, 2010, the tax department issued employers a total of \$22.3 million in tax credits. As of October 1, 2010 approximately \$21.2 million in tax credits remained available to employers participating in the New Jobs Training Program.



### **New Jobs Training Program Highlights:**

- Closed agreements (49.4 percent of total agreements since program inception) have achieved a job creation rate of 90.45 percent (Actual New Positions – 11,252/Projected New Positions – 12,440).
- For the 11,252 new jobs created by the closed New Jobs Training Program agreements, North Dakota's average investment through income tax credits was \$1,414 per new job. In other states, tax credits are allowed in amounts ranging from \$1,500 to \$6,500 per new job created.
- During the 07-09 biennium, 98.5 percent of all individuals hired for new positions were still employed in North Dakota one year after the initial training period.
- One year after training, the average annual salary of those hired for new positions during the 07–09 biennium was \$32,293, a 19.3 percent increase over the pre-training average annual salary of \$27,063.
- Annually, based on an average salary of \$32,293, each new position created during the 07–09 biennium on average generates \$380 of income tax revenue for the state.

Job Service North Dakota  
Workforce Programs  
1000 E. Divide Avenue  
PO Box 5507  
Bismarck, ND 58506-5507  
Telephone: (701) 328-3358  
Fax: (701) 328-4894  
TTY: (800) 366-6888

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



PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1016

Page 1, line 2, overstrike "." and insert immediately thereafter "and authorizing the state of North Dakota acting through job service North Dakota to sell certain property; and to declare an emergency."

Page 2, after line 21, insert:

**Section 5. Sale of property by job service North Dakota.** The state of North Dakota acting through job service North Dakota may sell and convey property vacated by job service North Dakota as a result of consolidation, reorganization or relocation of job service North Dakota assets or personnel made necessary due to lack of federal funding. Job service North Dakota may cause this property to be sold in the manner prescribed by sections 54-01-05.1 and 54-01-05.2. The provisions of section 54-01-05.5 do not apply to the sale and conveyance authorized by this Act. Net proceeds from the sale must be used as authorized and directed by law.

**Section 6. Emergency.** This Act is declared to be an emergency measure.

Renumber accordingly