

2008 WORKFORCE CONGRESS AND 2009 WORKFORCE LEGISLATION

This memorandum is in response to a request for a summary of the 2008 Workforce Congress and of legislation adopted by the 2009 Legislative Assembly which related to workforce development.

2008 WORKFORCE CONGRESS

Background

During the 2007-08 interim, the Legislative Council's Workforce Committee was required to participate in focus groups across the state and participate in a Workforce Congress. The committee was charged with actively participating in a minimum of four workforce focus groups across the state. The focus groups were responsible for discussing ways to enhance the state's system for addressing workforce needs, including:

- Workforce availability;
- Skilled workforce needs;
- Future workforce needs; and
- Alignment of the state's higher education curriculum with the state's current and future workforce needs.

The Department of Commerce had several duties relating to the activities of the workforce system study. The department, in consultation with the Workforce Committee:

- Organized the focus groups;
- Convened five focus groups;
- Compiled focus group participant invitation lists;
- Drafted and distributed focus group invitations;
- Established focus group dates and locations; and
- Prepared agendas for focus groups.

The Legislative Council and Department of Commerce entered a contract with a third party to provide the Workforce Committee and department with professional services to plan, facilitate, report on, and coordinate followup for the focus groups and the Workforce Congress.

The study directed the Department of Commerce, along with a consultant, to be responsible for a large portion of the preparatory work and implementation of the Workforce Congress. Specifically, the department, in consultation with the committee:

- Organized the Workforce Congress;
- Compiled Workforce Congress participant invitation lists;
- Drafted and distributed Workforce Congress invitations;
- Established a Workforce Congress date and location; and
- Prepared the agenda for the Workforce Congress.

The Workforce Committee also was charged with actively participating in the Workforce Congress. The activities of the Workforce Congress included:

- Receipt of a report on the activities of the focus groups;
- Identification of methods to enhance the state's workforce system in order to be well-positioned to participate in a knowledge-driven economy and to be globally competitive; and
- Evaluation of the impact and effectiveness of the state's existing workforce system.

Focus Group Activities

The Workforce Committee, with the assistance of the Department of Commerce, held five half-day focus groups--four for business leaders and one for young people. The business leader focus groups were held in Grand Forks, West Fargo, Minot, and Dickinson; the focus group for young people was held in Jamestown. The committee followed the same basic format for the four business leader focus groups and a slightly modified format for the young people focus group.

The basic format of the focus groups was:

- Welcome and opening comments from the committee chairman and the Commissioner of Commerce;
- Introduction of two committee consultants who facilitated the focus groups;
- Group interview of invited participants;
- Review of 2007 legislative workforce initiatives;
- Summary of North Dakota's workforce situation;
- Review of prefocus group surveys;
- Breakout sessions; and
- Closing remarks.

At each of the five focus groups, committee members sat at round tables with the invited participants--either business leaders or young people. The two consultants worked together to facilitate each of the focus groups, using a computer presentation to assist in presenting information throughout each focus group.

Following the welcome and introductions, the consultants conducted a group interview that included gathering information regarding the focus group participants. Additionally, the consultants reviewed the background of the workforce system study and its predecessor--the business climate study--briefly reviewed the 2007 legislative workforce initiatives, reviewed the steps that will be taken during the workforce system study, reviewed data relating to the state's current workforce situation, provided details regarding the results of the prefocus group survey completed by business leaders who were invited to attend the focus groups, and conducted two breakout sessions.

The first breakout session was made up of four exercises. The participants at each table were asked to discuss and record how the participants would like

to change behavior of employers, workers, education, and government. The facilitators recorded the results reported from each table for each of these four classes for which changed behavior is sought. Upon completion of this breakout session, participants voted on which of the recorded behavioral changes are most important in addressing the state's workforce challenges.

For the second breakout session, the participants changed the tables at which they were seated. The consultants identified the items participants rated as the most desired behavioral changes. Each table was requested to determine what actions should be taken and by whom these actions should be taken to lead to these identified behavioral changes. Specifically, the participants at the tables were charged with identifying and recording what state policies or legislation would accomplish the desired changes. Upon each table reporting an identified desired action, the participants again voted to identify the top-rated actions needed to address the state's workforce challenges.

The agenda for the focus group for young people varied slightly from the other four focus groups in that a single breakout session was held. The breakout session was made up of four exercises. The participants at each table were asked to discuss and record how the participants would like to:

- Change the actions of employers so employers would better meet the needs of youth;
- Change the actions of young adults so young adults would stay in North Dakota;
- Change the actions of schools so schools promote retention of young talent; and
- Change the actions of government so government meets the state's workforce challenges.

The facilitators recorded the results reported from each table for each of these four classes for which changed action was sought. Upon completion of this breakout session, participants voted on which of the recorded changes were most important in addressing the state's workforce challenges.

Workforce Congress Activities

Following the five focus groups, the Workforce Committee and Department of Commerce held and participated in the Workforce Congress at the State Capitol on April 10, 2008. The invitation list for the event included individuals invited to and individuals who attended the four business leader focus groups. Participants received a report on the activities of the focus groups, identified methods to enhance the state's workforce system in order to be well-positioned to participate in a knowledge-driven economy and to be globally competitive, and evaluated the impact and effectiveness of the state's existing workforce system.

The meeting began in the House chamber, broke into small groups that met in four meeting rooms in the State Capitol, and then reconvened in the House chamber. Workforce Congress participants included

private business leaders, economic developers, educators, and young professionals.

The committee's two consultants worked together to facilitate the Workforce Congress portions in the House chamber. The committee used the following basic format for the Workforce Congress:

- Welcome and opening comments from the committee chairman, committee vice chairman, the Governor, and the Commissioner of Commerce.
- Consultants' report regarding an overview of the workforce system study process and destination, process and expectations for the Workforce Congress, key economic and workforce facts about North Dakota, and highlights and insights from the four business leader focus groups and the young people focus group.
- Break out into four groups, each assigned to address desired changes in the behavior of employers, individuals, educators, or government in order to have a positive effect on North Dakota's ability to respond to workforce challenges.
- Reconvene to report on the activities of the four breakout groups.

Consultants' Report

The consultants reported on the results of the prefocus group survey of business leaders, indicating the survey highlights and lowlights included:

- People like where they live--90 percent rated where they live as excellent/good;
- Good place to raise family--97 percent rated excellent/good (drops to 69 percent for "fun place");
- Good job satisfaction--96 percent rated complete/a lot of satisfaction with job;
- Quality of workforce rated high--83 percent rated as excellent/good;
- Good place to get an education--87 percent rated excellent/good;
- Lower rating as a place to find a job--44 percent fair/poor rating;
- Low rating in assistance available to employers for finding workers--under 30 percent rated excellent/good;
- Low rating for assistance available to employers for upgrading worker skills--only 28 percent excellent/good (15 percent don't know);
- College graduates can easily find a good-paying job here--72 percent disagree with statement; and
- Critical issues often cited are low wages, losing skilled youth, and replacement of aging Baby Boomers.

The consultants reported the most common responses to the focus group breakout activities were:

- Employers should change:
 - Workplace culture to be more attractive to new generation of workers;
 - Create higher-wage jobs;
 - Reach out to education--form partnerships;
 - Promote own industry--in- and out-of-state; and
 - Invest in own workers--create career ladders--provide continuing education aimed at new jobs.
- Individuals should change:
 - Take initiative--lifelong learning--engagement in problem-solving in workplace;
 - Take advantage of specific skills advancement opportunities of two-year or less technical programs;
 - Make informed decisions about North Dakota careers based on solid labor market information;
 - Stay in state--keep skills here; and
 - Move back if you left--bring skills back.
- Schools should change:
 - Reach out to employers--form partnerships--learn realities of today's workplaces;
 - Create demand-driven courses and flexible delivery structures;
 - Promote two-year technical programs on a level playing field with four-year programs;
 - Provide more intensive career information; and
 - Promote the state to students--fairly present our state's opportunities.
- Government should change:
 - Market the state more aggressively--in- and out-of-state;
 - Create state-level point of responsibility for providing career information to citizens and students;
 - Target critical skills gaps and provide incentives to keep them here or bring them in;
 - Create an incentive for upgrading skills of current workforce to prepare for new jobs; and
 - Create incentives for aging Baby Boomers to employ their skills in new ways and acquire new skills.

Breakout Groups

The Workforce Congress participants were divided into four groups and assigned to meet in one of four meeting rooms to address the four associated behavioral changes.

Reports From Breakout Groups

Following the breakout groups, the Workforce Congress participants reconvened in the House chamber and reported each small group's top three changes in behavior and also reported a fictional headline from *The Wall Street Journal* in the year 2013 reflecting North Dakota's success in meeting its workforce needs.

The breakout group that addressed changes in the behavior of education reported these items:

1. Align higher education with growth sectors of the economy.
2. Provide more and earlier career awareness education and information to students and parents.
3. Provide rapid response of higher education to "hot needs."

The breakout group that addressed changes in the behavior of individuals reported these items:

1. Establish a statewide structure for a comprehensive curriculum for career exploration and decisionmaking.
2. Provide more affordable higher education for both recent high school graduates and adults.
3. Keep North Dakotans in the state through alignment of educational standards for moving throughout the P-16 system.

The breakout group that addressed changes in the behavior of employers reported these items:

1. Create tax incentives for automation and innovation tied to increases in productivity.
2. Create an aggressive statewide career awareness initiative.
3. Support employer-sponsored school-to-work programs to engage non-college-bound youth.

The breakout group that addressed changes in the behavior of government reported these items:

1. Improve career advising and training by getting industry involved in the process with education and by delivering at the community level.
2. Provide tuition loan programs for all types of workers so all people can access training.
3. Expand and continue existing programs and pilot programs that have proven to be successful.

Closing Remarks

Following the reports of the breakout groups, the Workforce Congress participants commented on the day's activities, including:

- There was a recognized need for government to support innovation, technology, and automation.
- Addressing career specialists and career awareness does not have to start fresh as there are examples of successful programs. Additionally, there was discussion that the market works best when all involved have good information and, on that same premise,

students will make good decisions if they have the right information.

- There was general support that the Workforce Committee and the consultants should consider all of the ideas of the breakout groups because there were excellent ideas that did not make the top three issues reported out of the four groups.

Consultants' Report

An executive summary of the consultants' final report was presented to the Workforce Committee at a joint meeting of the Workforce Committee, Education Committee, and Higher Education Committee. The report included an overview of:

- The state's achievements relating to workforce;
- The state's challenges relating to workforce;
- The background of and procedure followed in conducting the Workforce Committee's workforce study;
- The five themes that arose through the course of the workforce study focus groups and Workforce Congress;
- The policy decisions of investment, innovation, and impact, which should be considered as part of the policy evaluation; and
- Examples of initiatives that could be enacted to address the five identified priority areas.

The consultants identified the following top three priorities for each group as prioritized by the Workforce Congress:

Employers

1. Tax incentives for employer automation and innovation tied to productivity increases;
2. Employer-sponsored school-to-work initiative to reach out and engage non-college-bound youth; and
3. Aggressive statewide career awareness initiative.

Employees

1. More affordable higher education in North Dakota through low tuition strategies and strategies for tuition reimbursement (without creating new bureaucracies);
2. Statewide structure for a comprehensive curriculum for career exploration and decisionmaking; and
3. Alignment of educational standards for moving throughout the P-16 system, including promotion of two-year opportunities and strengthened articulation agreements.

Schools

1. Higher education funding aligned with growth sectors of the economy;
2. Early career awareness education aimed at parents and children; and
3. Rapid response mechanism for "hot needs" of higher education--streamlined "minuteman" process for meeting needs in a timely manner.

Government

1. Bank of North Dakota tuition loan program for all demographics (traditional and nontraditional students);
2. Career advising and training initiative at the community level--involvement of industry leaders, education leaders, and teachers to increase awareness; and
3. Leadership in expanding timeframes of existing, successful pilot programs that are already in place in North Dakota.

The consultants reported that in analyzing the suggestions gathered from the focus groups and the priorities defined at the Workforce Congress, the information clustered into five policy idea suites. In each suite the aim was to define a common goal linked to comments from North Dakotans with policy options that work to collectively promote positive change in the behavior of employers, employees, schools, and government.

The five policy idea suites that resulted from the focus groups and Workforce Congress and the corresponding recommendations of the consultants were:

1. Retain talent - The consultants identified the following immediate-term and long-term recommendations:
 - a. Immediate-term - More broadly scaled and aggressively marketed Operation Intern through increased public and private support; and tax credits for college graduates who remain and work in North Dakota.
 - b. Long-term - Structure for tuition reimbursement for identified high-priority skills gaps.
2. Attract talent - The consultants identified the following immediate-term and long-term recommendations:
 - a. Immediate-term - Targeting of out-of-state talent with ties to North Dakota which includes a special website and an aggressive and timely catch-and-referral mechanism; and waiver of state income tax for high-priority talent attracted to the state.
 - b. Long-term - Structure for tuition reimbursement for identified high-priority skills gaps.
3. Incentivize employer productivity, innovation, and entrepreneurship - The consultants identified the following immediate-term and long-term recommendations:
 - a. Immediate-term - Technology investment tax credit and low interest loan program to encourage employer technology investments; and a study that identifies key regional business clusters and associated investment priorities for increased productivity.

- b. Long-term - Prairie Innovation Zone structure for ongoing business-education collaborations for innovation, research, and technology transfer.
- 4. Connect education and employers - The consultants identified the following immediate-term and long-term recommendations:
 - a. Immediate-term - "Work Ready" work ethic certification for high school students as defined by employers; "fast track" approval process for new courses and curricula tied to emerging employer needs; and expanded statewide internship program that prioritizes STEM disciplines (science, technology, engineering, and mathematics).
 - b. Long-term - Core curriculum for high school graduates tied to employer demand--expanded to related idea of "core tech" curriculum for higher education; work ethic certification in high school connected to broader framework for career track identification and resume building--include high school internships, community service, and other opportunities that expose students to the meaning of working and living in North Dakota; and social network-based models to create grassroots engagement of diverse groups in North Dakota regions.
- 5. Promote higher education - The consultants identified the following immediate-term and long-term recommendations:
 - a. Immediate-term - Stipend for students to complete two-year postsecondary "core tech" curriculum; and tax credit structure for state residents who pursue higher education in state universities.
 - b. Long-term - Structure for Lifetime Education Accounts; and "Seniors to Sophomores" program tied directly to established core high school standards and postsecondary "core tech" standards.

2009 LEGISLATION

Senate Bill No. 2266 directed the University of North Dakota's Nursing Education Consortium to advise University of North Dakota officials regarding strategies to address common concerns in nursing education which produce obstacles in meeting the state's current and future nursing needs, the specific needs of rural communities, and the development of a strategic plan for the ongoing activities of the simulation laboratory initiative. The bill also appropriated \$500,000 from funds made available to the Governor under the federal American Recovery and Reinvestment Act of 2009 to the University of North Dakota for the purpose of funding the costs of a simulation laboratory initiative.

Senate Bill No. 2077 provided that loans from the School of Medicine and Health Sciences revolving loan fund are available to all eligible medical students enrolled at the University of North Dakota School of Medicine and Health Sciences and to all eligible dental students enrolled at an accredited school of dentistry, not just to upperclassmen. The bill also raised the loan cap from \$6,000 to \$10,000 per year.

Senate Bill No. 2166 extended the student financial assistance program to students enrolled in for-profit as well as nonprofit private postsecondary institutions located in this state and offering programs of instruction at least equal in length to two academic years.

Senate Bill No. 2019 appropriated \$25,891,008 from the general fund to the State Board for Career and Technical Education and directed that the State Board of Higher Education study the status of the training activities provided by the four institutions of higher education assigned primary responsibility for workforce training in the state.

House Bill No. 1400 increased the length of the school calendar; required career advisors, counselors, and student performance strategists; required professional development plans; created a national board certification fund; established high school graduation requirements; provided scholarships; required various assessments; repeals the North Dakota Commission on Education Improvement as of December 31, 2010; created the North Dakota Early Childhood Education Council; provided for the distribution of grants from federal and state sources; provided approximately \$110 million in new state funding for kindergarten through grade 12 education; and established the funding formula for kindergarten through grade 12 education. The bill also directed the State Board for Career and Technical Education to develop a program leading to a certificate in career development facilitation. Certificate holders are to be known as "career advisors."

House Bill No. 1475 appropriated \$50,000 to the Department of Career and Technical Education for the purpose of providing additional funding for innovation grants.

Senate Bill No. 2358 created a loan repayment program for dentists who practice in public health and nonprofit dental clinics and provided a \$180,000 appropriation to the State Department of Health for the purpose of providing grants under the program.

Senate Bill No. 2227 modified the medical personnel loan repayment program increasing the maximum award from \$10,000 to \$30,000, removing the limitation on the number of recipients who participate in the program, and modifying the eligibility requirement limitations relating to practice within the state before application.

House Bill No. 1031 defined "hard-to-fill occupation" for purposes of the state recruitment and retention bonus program as an occupation or position in which demand exceeds supply, special qualifications are required, competition with other

employers is the strongest, there is a risk of losing an incumbent with rare skills, the position is filled by a highly skilled employee who is in high demand in the marketplace, loss of the employee would result in significant replacement costs, the position is filled by key personnel, or the position has other unique recruitment or retention issues identified and documented by the appointing authority.

House Bill No. 1463 established a North Dakota Youth Council consisting of 16 individuals appointed by the Governor, 4 members of the Legislative Assembly, and the Lieutenant Governor. The bill requires the Youth Council to develop a list of issues and concerns pertinent to residents of the state who have not yet reached the age of 25. The Youth Council is required to provide a report and recommendations to the Legislative Council before September 10, 2010. The bill is effective until July 1, 2011.

House Bill No. 1165 provided that the mobile home and manufactured housing finance program may provide assistance in the development of low-income to moderate-income housing or to otherwise assist a developing community address an unmet housing need or alleviate a housing shortage.

Senate Bill No. 2018 requires the Department of Commerce, Job Service North Dakota, the Department of Career and Technical Education, and the State Board of Higher Education to submit annual reports to the Department of Commerce Division of Workforce Development which relate to the current workforce initiatives and activities of each agency and the agency's plan for future workforce initiatives and activities. The bill also requires those agencies to present workforce-related budget initiatives for the upcoming biennium to the North Dakota Workforce Development Council by November 1 of each even-numbered year. The bill authorized the Commissioner of Commerce, during the 2009-11 biennium, to designate a nonprofit corporation in the state which has the primary purpose of assisting North Dakota exporters for the provision of services for the International Business and Trade Office. The bill requires the Department of Commerce to maintain records of the number of internship, apprenticeship, and work experience opportunities subsidized by the department and establish a base level of funding for each recipient.

Senate Bill No. 2372 requires the Commissioner of Commerce to promote the development of life science industries in the state, including biotechnology, biomedical sciences, and biopharmaceuticals.

Senate Bill No. 2110 removed the statutory requirement that the Department of Commerce Division of Economic Development and Finance include a finance office and an international business and trade office. The bill requires the director of the Division of Economic Development and Finance to identify and coordinate sources of capital and financial assistance and administer programs for financial

assistance placed under the administration of the division. The bill also made revisions to the mission of the Division of Economic Development and Finance and the Division of Tourism. The bill requires the director of the Division of Tourism to work with industry groups to prepare a long-term strategic plan each biennium, coordinate designing the tourism side of the state highway map, and organize and coordinate other marketing activities and events aimed at increasing visitor volume. The bill removed statutory requirements that the Commissioner of Commerce and the Commerce Cabinet develop a list of economic development money included in the budget request of cabinet agencies. The bill requires the Commissioner of Commerce to administer a Rural Development Office to assist in the development of rural communities. The bill created a North Dakota Rural Development Council composed of between 9 and 17 members. The bill eliminated the Motion Picture Development Office and removed the requirement that the Commissioner of Commerce report biennially to the Legislative Council regarding the process used and factors considered in identifying and updating target industries.

House Bill No. 1202 provides that an entrepreneurial center award granted by the North Dakota Development Fund, Inc., between August 1, 2009, and July 31, 2015, is not considered a business incentive.

Senate Bill No. 2260 requires the Department of Commerce Division of Community Services to allocate state funds to participating community action agencies to provide matching funds for eligible individual development accounts. The bill provided eligibility requirements and permissible uses for participating households.

Senate Bill No. 2269 imposed additional requirements to qualify for the angel fund investment income tax credit. The new requirements include that the angel fund must be headquartered in North Dakota and invest in a portfolio of at least three early-stage and mid-stage private and nonpublicly traded enterprises, the fund must consist of at least six accredited investors, one individual may not own more than 25 percent of the capitalized investment assets, the fund must have at least \$500,000 in commitments from accredited investors, the fund must be member-managed and certified by the Department of Commerce, and the fund must be in compliance with securities laws. The bill prohibited an angel fund from investing in an enterprise if one angel fund investor owns more than 49 percent of the enterprise. The bill limits credits for one angel fund to not more than \$5 million during the life of the angel fund.

House Bill No. 1202 removed the July 31, 2009, expiration date from the law authorizing the Bank of North Dakota to invest its funds in alternative and venture capital investments and early-stage capital funds and expands the authorization to allow the investments to be used for entrepreneurship awards. The bill modified the powers and duties of the North

Dakota Development Fund, Inc., allowing the scheduled August 1, 2009, expiration of the corporation's authority to borrow funds from the Bank of North Dakota to invest in North Dakota alternative and venture capital investments and early-stage capital funds; extending the previously planned August 1, 2009, expiration of the corporation's authority to provide management services for the Bank's alternative and venture capital investments and early-stage capital funds; and directing the corporation to administer an entrepreneurship award program that provides funding awards to entrepreneurial centers and to entrepreneurs with an August 1, 2015, expiration date.

Senate Bill No. 2100 modified the maximum amount of guarantees the Bank of North Dakota may have under the beginning entrepreneur loan guarantee program from allowing the Bank to guarantee up to \$8 million in loans outstanding to providing the outstanding guarantees at the time of issuance may not exceed 5 percent of the Bank's Tier 1 capital.

Senate Bill No. 2110 modified the powers and duties of the North Dakota Development Fund, Inc., allowing the scheduled August 1, 2009, expiration of the corporation's authority to borrow funds from the

Bank of North Dakota to invest in North Dakota alternative and venture capital investments and early-stage capital funds and removing the previously planned August 1, 2009, expiration of the corporation's authority to provide management services for the Bank's alternative and venture capital investments and early-stage capital funds.

Senate Bill No. 2103 removed the July 31, 2009, expiration date from the law authorizing the Bank of North Dakota to invest its funds in North Dakota alternative and venture capital investments and early-stage capital funds.

Senate Bill No. 2225 authorized the North Dakota Development Fund, Inc., to provide financing to early childhood facilities and to make grants or loans to match grants or loans made by county-authorized or city-authorized development corporations, job development authorities, and regional planning councils for the purpose of acquiring, leasing, or remodeling of real estate facilities or for acquiring equipment for establishing or expanding a licensed early childhood facility. The bill also expanded the definition of "business" and thereby the authorized recipients of funding under the partnership in assisting community expansion (PACE) program by including a person that provides child care.