

Local Economic Developers Certification Program Status Report

SUBMITTED TO:

Legislative Council Economic Development Committee
State Capitol
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Section 47 of Senate Bill 2018 asked for a status report as follows:

SECTION 47. LOCAL ECONOMIC DEVELOPERS CERTIFICATION PROGRAM – REPORT TO LEGISLATIVE COUNCIL. During the 2005-06 interim, the commissioner of commerce shall report to the legislative council on the status of the certification program through which the division of economic development and finance provides training services to local economic developers. The report must include information regarding what services have been provided under the program to assist local economic developers, to whom the services were provided, local economic developer level of satisfaction with the program, whether the program should continue, and whether there are changes that could be made to better assist local economic developers.

Background

The local economic developer certification program was enacted during the 59th Legislative Session in 2005. The legislation directed the Commissioner of the Department of Commerce to implement a certification program to provide training to assist local economic developers in meeting the needs of businesses. The Commissioner was given the option to contract with a third-party service provider to assist in implementing the program.

After the legislation was passed, meetings were held with representatives from the Department of Commerce (DOC), Bank of North Dakota (BND), Rural Development (RD) and Economic Development North Dakota (EDND) to discuss the implementation of the legislation. EDND is the professional economic development organization in North Dakota.

After considerable discussion with EDND members and others involved in economic development, it was decided that the program should be focused on developers from small to medium sized towns. In general, the developers from the larger communities have significant access to educational and certification programs throughout the country. On the other hand, development organizations from smaller communities typically have few staff members and have significant budget constraints that restrict this type of activity.

Early on in the program development process, it was determined that the most cost effective method to deliver the program was to contract with a third party that had experience with providing this type of educational service. Therefore, a request for proposal (RFP) was developed and distributed to individuals and firms both in and outside of North Dakota. The end result was that it was decided to engage the National Development Council to provide the program. The Development Council's Economic Development Finance Professional certification program is a rigorous, four-course training series. Certification candidates must complete all four courses and pass the examination administered on the final day of each class to receive national certification.

Current Status

A contract has been signed with the National Development Council to provide training in the fall of 2006 and in the spring of 2007. Economic Development finance (ED 101) will be offered at the Seven Seas in Mandan on September 25-29, 2006. Business Credit Analysis (ED 201) will be offered at the Doublewood Inn of Bismarck on April 23-27, 2007. As of 7/17/06, 39 developers had registered for the September course. Each course has a maximum limit of 50 people and tuition is \$1,000 per person.

The Department of Commerce, in consultation with EDND, developed a scholarship program to encourage attendance and minimize the financial burden for small local development organizations. DOC will provide up to \$20,000 for scholarships for developers to attend the September course. The amount of the individual scholarships will be based on the number of applicants but possibly could be 100% of the tuition. In addition, the following criteria will have to be met to access a scholarship:

- The person must be professionally involved in economic development.
- The town represented by the developer must have a population of less than 5,000. Regional council staff will be considered to be from communities of less than 5,000.
- The person must register for the course by July 15, 2006.

The Department of Commerce is planning on providing an additional \$20,000 for scholarships for the second course in April 2007. It is expected that similar criteria will be developed to access the scholarships. EDND will also be providing scholarships to their members that cannot access the DOC scholarship program. Total scholarships available and individual scholarship amounts have yet to be finalized.

Services Provided

The first course, offered September 25th-29th, ED 101 explores the financial skills required for the successful practice of economic development within the context of an overall economic development finance system. The session provides a conceptual framework for the role of economic development finance in the larger economy and involves participants in analyzing and structuring financing for operating businesses. Specific topics include: Economic Development Finance Overview, Fixed Asset Financing, Real Estate Financing and Economic Development Finance Programs.

ED 201 builds upon the skills taught in ED 101 and explores advanced financial techniques to analyze the credit-worthiness of various types of operating businesses. Credit analysis procedures used by commercial lenders are tailored to address the unique needs of the economic development lender as gap financier. Participants analyze financial statements of numerous real companies-service, retail, manufacturing-and structure fixed asset and permanent working capital financing. Specific topics include: Credit Analysis Process, Permanent Working Capital Analysis, Cash Flow Analysis and Projections and Deal Structuring.

Whom the Services were Provided

Developers from the following organizations or communities have registered for the ED 101 course in September: Adams County, Bank of North Dakota, Bottineau, Carrington, Enderlin, Harvey, Stanley, Wahpeton, West Fargo, Cooperstown, Divide County, Ellendale, Garrison, Jamestown, Lewis and Clark Regional Council, Linton, Mountrail County, Rural Electric Cooperatives, Red River Regional Council, Rugby, Small Business Development Centers, South Central Regional Council, Tioga, Traill County, Turtle Mountain Tribe, Valley City, Griggs-Steele Empowerment Zone, Rural Development and Walsh County.

The participants have varied experience levels. Some of the people have less than two years experience but many have ten plus years in community and economic development.

Local Economic Developer Level of Satisfaction

The majority of the members of EDND are local economic developers. The entire process to develop this program has included input from EDND and others associated with community and economic development. Therefore, from all indications, the local economic development level of satisfaction is high.

Program Should Continue?

Providing pertinent education to the local developers should enhance their ability to effectively develop good quality economic development projects in their communities. The development of good quality economic development projects throughout North Dakota has the potential to positively impact the economic vitality of the state. Therefore, it is our recommendation to continue the program and provide \$40,000 of funding for the final two courses of the certification program.

It should also be pointed out that the Department of Commerce has developed an orientation program to assist new developers to understand the programs and services available through the department and some of our partner agencies. EDND supports this effort and provides information on the service to new members and new developers in the state on an on-going basis. In addition, if we hear that a new developer has been hired, we contact that person and let them know that we are available to provide this service.

The orientation sessions have ranged in size from one person to a dozen. A few of the developers have found it helpful to have board members and other interested citizens attend and all are welcome. When developers schedule an orientation session, it is typical that we ask if they have any particular interests in any specific programs or

would like to meet with particular individuals. When they do have a preference, we include access to the people involved with the specific program or service area of interest. The program is flexible and is normally tailored to meet the unique needs and/or desires of those attending the session.

Changes that could be made to better assist local economic developers

No changes are recommended at this time.