

**North Dakota Legislative Council  
ECONOMIC DEVELOPMENT COMMITTEE  
Representative Rick Berg, Chairman  
Roughrider Room, State Capitol  
Wednesday, August 30, 2006  
10:30 a. m.**

Mr. Chairman and members of the Economic Development Committee:

My name is James Hirsch, Director of the Workforce Development Division with the North Dakota Department of Commerce. I am here today to discuss workforce and a proposed “Talent Initiative” for North Dakota.

First, I would like to provide some background information to help set the stage for the discussion on a “Talent Initiative” for North Dakota.

In North Dakota, since the year 2000...

- 13350 Net New Jobs Created in the state
  - *3150 in health care*
  - *2800 in business services*
- 27% increase in North Dakota per capita income
- 1292 New Private Sector Businesses created
  - *41 in manufacturing*
    - *North Dakota & Nevada the only two states to show a growth in manufacturing sector.*
  - *412 in business services*
- *44 out-of-state company expansions*
- *Out-migration has come to a halt*
- *Forbes Magazine named Fargo & Bismarck near the top of the Forbes Best Places for Business and Careers*

- Bureau of Economic Analysis – North Dakota leading plains states in annual economic growth as measured in GSP
  - 2005 North Dakota ranked 12 among all states

*Most key performance indicators show a strong positive trend.*

North Dakota, like most of the Midwest, is facing a number of workforce challenges.

- Depopulation of smaller communities;
- Declining number of new job entrants;
- Replacement Worker Needs;
  - 40 – 50% of current workforce in many industries will be eligible to retire in the next 3-10 years.
- 30%-40% of current workforce in most communities seeking other employment;
- High dropout rates among special populations.
- North Dakota has an aging population.
- Housing to support the projected construction and permanent workforce of energy projects. (Many in rural ND.)
- Worker Shortages/Skill Gaps in many industries;

Workforce and skill shortages are being reported in nearly every industry across the state.

- Health Related Occupations:
- Teaching Occupations:
- Skilled Trades Occupations:
- Professional Occupations:
- Customer Service Occupations:
- Computer Related Occupations:
- Truck Driving Occupations:
- Engineering Occupations:
- Manufacturing Occupations:
- Oil Field & Energy Occupations:
- Others:

The announced projects in the energy industry (Generation, Ethanol, and Biodiesel) will increase the demand for talent in North Dakota. Much of this demand will occur in smaller rural communities.

In summary, we have thousands of job opportunities going unfilled across the State. Planned energy projects will create thousands of additional construction jobs and hundreds of permanent jobs. Pending projects being worked on by State and Local Economic Development professionals will result in thousands of additional opportunities. The current shortage and increase in demand is occurring at a time when our baby-boomer population is reaching retirement age. Housing to support the expansion of energy is a major concern.

### **Concerns:**

North Dakota has inherent barriers to implementing an effective statewide “talent initiative” to address the workforce and skill shortages in the State.

- We lack quantitative data (Workforce Intelligence) from business on current and projected worker shortages and skill requirements.
  - Projection data does not account for swings along the projection model.
  - Businesses have not factored in the impact of baby boomers pending retirements.
  - Workforce & business Intelligence is fragmented and gathered by a number of agencies and organizations. It is not easily shared by the delivery system partners.
- We lack a coordinated statewide Talent Recruitment strategy.
  - Communities are competing with each other for talent.
  - Job seekers do not have a single point of access to all career opportunities in the state.
  - Investments in K-12, Postsecondary, Workforce Development and Workforce Training are not approached as a “holistic” Talent Strategy.
  - There are gaps in funding & training opportunities for the underemployed.

- North Dakota employers need to be proactive in addressing their workforce issues.
  - Employers need to be more involved with education at all levels.
  - Employers need to insure that youth and parents are aware of the career opportunities they have to offer.
  - Employers need to insure that teaching staff understands the skills needed for the opportunities they have to offer.
  - North Dakota employers need to provide students with work-based learning opportunities and internships.

**Response:**

The North Dakota Workforce Development Council, the North Dakota Youth Development Council and the North Dakota State Commission held a Retreat in July – August 2006, to begin strategic planning around workforce and skill shortages.

A result of the Retreat the Council defined the role of the system was to “prepare the workforce”.

The primary considerations in carrying out this role include:

- **Workforce Intelligence** is basis for all decisions;
- **Career Promotion** needs to replace Career Information;
- **Move to a demand driven service delivery model** (concentrate on target industry clusters);
- **Expand the workforce participation rate;**
- Provide **timely, customized, workforce training** to meet Business demands. (Provide what is needed, when it is needed. Train to competencies needed); **and**
- Adopt a common Statewide “Talent Strategy”.

The outcome goals of the North Dakota “Talent Strategy” adopted by the Council are:

- **Increase** the quantity and quality of North Dakota’s workforce
- **Transition** from a workforce to a talent force through a workforce improvement focus

The organizing **Pillars, Principles, and Priorities** for North Dakota's "Talent Strategy" adopted by the Council include:

- Attract Talent to North Dakota
- Retain Talent in North Dakota
- Expand Talent in North Dakota

The strategies supporting North Dakota's "Talent Initiative" needs to include:

- Quality Workforce Intelligence (driver of all decisions);
- Targeted Industry Cluster Support and Partnership (Private Sector at the Core);
- Vertical (Operational) Alignment with Demand (Example: Labor Market Information);
- Horizontal (Community) Alignment with Demand (Example: Target Industry Clusters);
- System Expansion and Partnership (Inclusion of Trade Associations and Business Organizations.); and
- Public and Stakeholder Awareness (Market ND as a place of choice).

#### **Ten Areas for Continuous Improvement:**

1. Ensure **Council and Commission leadership** in attracting, retaining, and expanding talent by:
  - Making all decisions based workforce intelligence,
  - Seeking both vertical and horizontal alignment with demand,
  - Building strategic talent partnerships with the private sector and targeted industry clusters,
  - Forging workforce system partnerships to achieve success in all talent initiatives, and
  - Developing broad public awareness and understanding of North Dakota's

workforce needs.

2. Develop a **dynamic workforce intelligence system** with the vital information needed to confront North Dakota's talent crisis and to assess progress in ameliorating it.
3. **Disseminate key workforce intelligence to all stakeholders, businesses, and partner leadership and staff** so all North Dakotans may take appropriate actions to meet the workforce needs of individuals and businesses.
4. Focus on **workforce improvement, preparation, and lifelong learning** by improving the quality and quantity of training and education available to North Dakota's residents, ensuring the offerings respond to employer and skill demand, and making these development opportunities affordable and accessible.
5. **Increase the labor force participation rate and expand the available talent pool** by reaching, serving, preparing, and connecting those not currently in the labor force, including target populations.
6. **Give emphasis to the emerging worker talent pipeline by focusing on young people**, improving the connections between school and work, promoting demand careers, and encouraging them to stay in North Dakota.
7. Build **even stronger workforce system partnerships to increase efficiency, effectiveness, and accountability** through the reducing duplication, sharing resources and adopting a common action agenda and strategies for talent attraction, retention, and expansion.
8. **Improve the workforce system interface with employers and targeted industry trade associations** to more effectively meet their workforce needs by developing strategic partnerships and ensuring service responsiveness.

9. **Promote North Dakota as a great place to live and work** to attract and retain talent.
- 10, Promote **inclusion of soft skills & work readiness** into all training and education offerings.

As a state we must insure that we are developing our human capital to the fullest extent possible. We can not afford to leave anyone behind.

### **Opportunities:**

New technologies are providing potential solutions to many of the barriers we are currently facing:

1. New technology and systems will help address our lack of quantitative data on workforce & current and projected workforce needs.
  1. Real Time Workforce Intelligence can be gathered through target industry workforce needs assessments and supplemented with new reports tied to the census data and unemployment insurance tax data reports.
    - Oil & natural gas industry sector workforce needs assessment
    - Local Employment Dynamics System – “On the Map”
      - Census - Match data from UI wage records with Quarterly Census on employment & Wages and Population Surveys. (Counts of employment, new hires, separations, average earnings, etc.)
    - American Community Census: (timely, relevant and geographic specific. Compliments Local Employment Dynamics)
  2. VOSJobs – New software being adopted by Job Service North Dakota will provide options to data mine and track numbers of job listings by occupation.
2. The Geographic Solutions (VOSJobs) software adopted by Job Service North Dakota will provide opportunities to establish a statewide web site portal providing a single point of contact for all North Dakota job listings on any internet site. The “Spidering” technology

will allow access to employer listed openings without having the employer post the listing to another site.

This option will help support attraction of talent from outside North Dakota and will help attract legal immigrants. Searches can be conducted geographically, by occupation, wage offered, etc. **The feature gives North Dakota a site to market and drive potential job seekers to. It is also a significant tool for career promotion.**

3. More North Dakota employers are becoming proactive in industry talent issues.
  - More North Dakota employers are actively engaging with education.
  - Internships are increasing.

In order to build upon what is currently in place and to take advantage of the potential synergies of the workforce development, workforce training and talent attraction delivery system in North Dakota the following guidelines are provided for your consideration.

- The North Dakota “Talent Strategy” must be approached as a “holistic” system which encompasses K – 16, life-long learning and incumbent worker training;
- Workforce Intelligence must be the basis for all workforce development, workforce training and talent attraction decisions;
- The North Dakota “Talent Strategy” is dependent upon keeping in place programs and strategies that are working;
- Gaps in our “Talent Strategy” must be filled;
- We need to move from a Career Information to a Career Promotion model in our K -12 systems.
- Outcome and accountability measures must be identified for the delivery system.
- North Dakota should adopt a common “Talent Strategy” around the three Pillars of Attraction, Expansion and Retention.
  - Expansion:
    - Career Promotion vs. Career Information
    - Target Industry Internships

- Work-based learning & volunteer opportunities.
- Expansion of the Emerging Technologies Modules.
- Attraction:
  - Increase ND's Labor Force Participation Rate (currently 72%)
  - Develop Strategy to attract out-of-state workers to ND
  - Develop Strategy to assist ND employers in recruitment of legal immigrants
  - Establish a strategy to create awareness of all careers in ND
  - Develop a marketing strategy which promotes ND as a place of choice.
- Retention:
  - Promote continuous life long learning as a way to meet global competition
  - Promote access, availability and affordability of career advancement training.
  - Promote personnel practices that increase attachment of experienced older workers to workforce.
  - Advance inclusion of soft-skills in all training and educational activities.
  - Develop a worker readiness competency.

The Economic Development Interim Committee has been very thorough in the identification of the issues related to workforce that are facing the State.

I would like to offer the following to support the work that the Committee has already completed to develop a comprehensive "Talent Initiative":

## **1. Workforce intelligence studies:**

*Specific Recommendation:* Workforce intelligence is the foundation on which all decisions related to talent attraction, expansion and retention should be made.

The Commerce budget for the 2005-2007 Biennium has \$150,000 to support Community Labor Availability Studies. There are no funds identified to support workforce needs assessment studies (current and projected workforce needs and skill requirements), or to conduct studies of special population group demographics and barriers to employment.

Successful implementation of a “Talent Strategy for North Dakota will require the designation of a lead agency with responsibility for identifying what workforce intelligence is needed, insuring that quantitative and qualitative workforce intelligence is available, and insuring that system partners have access to workforce intelligence for use when making decisions supporting attraction, retention and expansion of talent in the state.

We would suggest additional funding in the 2007-2009 appropriation to support up to two industry sector workforce needs assessments studies and to do a pilot data mapping for one of the special populations groups (identify concentration in a geographic area, the characteristics of the group, and barriers to employment experienced by the group, etc).

During the 2007-2009 Biennium, the Department of Commerce would take a lead and work with system partners to determine what workforce intelligence is needed to support a successful “Talent Initiative”, identify data that currently exists and where it is located develop a method to share existing data, identify gaps in existing data, develop methods to fill the gaps, and insure the intelligence is disseminated to system partners, stakeholders, education & training providers, students and parents.

## **2. Out-of-State Talent Attraction Initiative:**

***Specific Recommendations:** Establish a program to market to and attract out-of-state talent from areas where there is high unemployment and a surplus of skilled workers. Activities to support this initiative would include coordination of out-of-state recruitment events which could include job fairs and on-site recruitment activities with a goal of attracting a qualified workforce for North Dakota employers.*

### **3. Foreign Worker Recruitment**

***Specific Recommendations:** Establish a new program to study, develop, and implement strategies which will assist North Dakota businesses in recruitment of permanent immigrant workers to fill high demand and high skill occupations.*

### **4. Youth Retention Strategies:**

***Specific Recommendations:***

- 1. Establish a new state funded Internship program which could be accessed by employers, communities and/or business organizations to expand internship opportunities with Target Industry Employers. The program would provide up to a 50% match on Internship wages, not to exceed \$3,000 per Intern per 12 month period. Each Intern could participate for up to two years. Interns participating would be tracked for two years after their participation to determine success in retaining youth in the State*
- 2. Provide funding to the NDUS to provide expanded technical assistance and outreach to employers in North Dakota with the goal of expanding both “credit” and “non credit” internship opportunities with Target Industry employers in the State:*
- 3. Study, develop and implement a “Career Promotion” program for target industry occupations which would supplement the work of Career Counselors and formal career guidance programs in secondary schools. Commerce would study existing best practices in the State and outside the State to develop a model of “Career Promotion” which would include expansion of business and industry involvement with education and implement a pilot to test the model during the second year of the biennium.*

- i. *This recommendation assumes that the k – 12 networks of Career Counselors would be expanded and strengthened.*

4. *Expand Job Service North Dakota’s “VOSJobs” from a LEVEL III SPIDER (100+)\* to a **LEVEL IV SPIDER**: Spidered jobs in North Dakota from all available national job boards, local job boards, Fortune 1000 corporations, local government sites, national recruiters, military branches sites, major hospitals, major non profits, major newspapers, web sites of all employer locations in North Dakota.*

## **5. Formalize role of the Department of Commerce Workforce Development Division**

### ***Specific Recommendation:***

Formalize the role of the Division to formally move the “Talent Strategy” for the State forward through a role of coordination, strategic planning, accountability, oversight and continuous improvement for the delivery system.

- Responsible for development of a Consolidated Biennial Statewide Strategic Plan for Workforce Development, Workforce Training and Talent Attraction for the State of North Dakota.
- Identification and development of areas of continuous improvement for the workforce development, workforce training, and talent attraction system in North Dakota.
- Development of linkages between partners of the workforce development, workforce training and talent attraction system to assure coordination and non-duplication among programs and activities provided.
- Lead and coordinate development of a statewide workforce intelligence, business intelligence and employment statistics system, and develop methods to insure dissemination to all stakeholders and partners.

- Develop and recommend State performance and accountability measures for the workforce development, workforce training and talent attraction system in the State.
- Responsible for reporting on accountability and performance outcomes and oversight for the workforce development, workforce training and talent attraction system.
- Preparation of annual State of the Workforce Reports.

Mr. Chairman that concludes my report.