

**NORTH DAKOTA LEGISLATIVE COUNCIL
WORKFORCE COMMITTEE
THURSDAY, SEPTEMBER 6, 2007, 1:00 P.M.
ROUGH RIDER ROOM, STATE CAPITOL
SENATOR TONY GRINDBERG, CHAIRMAN**

SHANE GOETTLE, COMMISSIONER, NORTH DAKOTA DEPARTMENT OF COMMERCE

Mr. Chairman and members of the Workforce Committee, my name is Shane Goettle, Commissioner with the North Dakota Department of Commerce.

I am here today to discuss with you workforce challenges facing our state. How we got to the point we are at and next steps we have planned to be proactive in responding to these emerging challenges.

I have a PowerPoint that I would like to present to you.

PowerPoint Presentation:

Workforce has emerged as a major concern for North Dakota business and industry.

In North Dakota since the year 2000:

- 25,100 net new jobs created in the state
 - 4,400 in health care
 - 4,650 in business services
 - 2,150 in manufacturing
- Nearly 30% increase in North Dakota's per capita income
 - 2,062 New Private Sector Businesses created
 - 42 in manufacturing
- North Dakota is one of three states to show a growth in manufacturing sector
 - 654 in business services
- North Dakota's population has stabilized
- 2006 showed a net gain of 1,200
 - Most key performance indicators show a strong, positive trend.

When we look at 2004 and compare our progress in 2006 we find the following:

NET NEW JOBS CREATED

- *Total non-agricultural jobs in 2004: 337,860*
- *Total non-agricultural jobs in 2006: 352,800*

- *Total net new non-agricultural jobs between 2004 and 2006: **14,940***

PRIVATE SECTOR NEW BUSINESS CREATED

- *Non-agricultural businesses in 2004: **25,386***
- *Non-agricultural businesses in 2006: **26,550***
- *Total number of net new non-agricultural businesses: **1,164***

EMPLOYMENT

- *338,221 People employed in 2004*
- *346,359 People employed in 2006*
- *Total number of net new People employed: **8,138***
- *Labor Force Participation Rate for 2004: **71.7%***
- *Labor Force Participation Rate for 2006: **72.6%***

UNEMPLOYMENT

- *Unemployment rate for 2004: **3.5%***
- *Unemployment rate for 2006: **3.2%***
- ***12,246** People unemployed in 2004*
- ***11,601** People unemployed in 2006*

All areas of the state and nearly every industry are reporting workforce or skill shortages.

- These shortages limit business expansion in the state.
- These shortages affect business attraction to the state.

Workforce and skill shortages are being reported in the following occupational groups:

- 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 Oil and Natural Gas Industry in North Dakota is expanding and will continue to expand its workforce over the next four years.

- New Jobs Projected to be Created:
 - 739 jobs in 2007
 - 187 jobs in 2008
 - 449 jobs in 2009
 - 206 jobs in 2010
- Nearly 12,000 new workers will be needed to get the job done when including employment growth, replacements, and retirements.
 - 2007 3,291 new hires
 - 2008 3,751 new hires
 - 2009 3,056 new hires
 - 2010 2,820 new hires

The workforce age profile for the energy industry shows that the bulk of their workforce is ages 40 -54. Over the years, very few new hires have been made to bring in younger workers. In the energy industry over 50% of their workforce will be eligible to retire over the next 3 – 10 years. Many of the occupations in this industry require skills which take years to master.

In summary, we have thousands of job opportunities going unfilled across the state. (The first week of August 2007, Job Service had over 10,000 jobs listed on their website.)

Announced and planned power plant refurbish and expansion projects will create thousands of additional construction jobs and hundreds of permanent jobs.

- These numbers do not reflect the expansion of alternative energy projects.

Additional pending projects being worked on by local communities and the state could translate into thousands of additional construction and hundreds of permanent jobs.

This is at a time when baby boomers are starting to leave the workforce.

North Dakota has some unique human resource challenges.

- We have a low population base to start with.
- We have a low unemployment rate (3.2%).
- We have a high labor force participation rate (72.2%).
Nearly everyone of working age is working. Many are holding more than one job.
- We have an aging workforce:
 - 40 – 50% of current workforce in many industries will be eligible to retire in the next 3-10 years.
- We are experiencing youth flight:
 - In addition to youth flight, we are seeing a declining number of new job entrants.
- We have high dropout rates among special populations.

- We have an expanding economy which is in need of talent.

We know that there is a general lack of awareness about career opportunities which are available in North Dakota.

Students, parents and educators are generally not aware of the career opportunities available in North Dakota. This statement is validated by the following:

- A review of student career goals identified in “Choices” shows no correlation with the high-growth and high-demand occupations in North Dakota.
- A review of the ACT Interest Profiles of students taking this test verifies the lack of any correlation.

We have a number of additional systems and cultural challenges which we need to address:

- We need to move from career information to a career promotion model.
- We need to move from simply job placement as a goal to placement in career opportunities with North Dakota employers.
- We need to move from providing only job training to providing skill development and life-long learning opportunities.
- We need to address the employer identified disconnect between the skill sets produced and skill sets required (graduates with degrees and no opportunity in North Dakota) to creating a talent pool with the skills needed by North Dakota employers.
- We need to address the 56% post secondary drop out rate and get these individuals connected with career opportunities much quicker.

North Dakota projected annual job openings vs. 2005 University System Graduates.

	Annual Openings	Total 2005 Graduates
Accountants and Auditors	93	136
Civil Engineers	17	111
Elementary School Teachers	148	223
Registered Nurses	279	189
Automotive Service Technicians and Mechanics	77	40

Unless the skills gap within North Dakota is closed and employers can find the workers they need, North Dakota's economy will become extremely vulnerable.

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.

The Governor, Department of Commerce and the Workforce Development Council have partnered to sponsor a Governor's Workforce Summit 2007.

The Governor's Workforce Summit will be held in Bismarck on October 11 & 12, 2007. During the Summit we will present a "State of the North Dakota Workforce Report".

The Governor's Workforce Summit 2007 is intended to launch a policy discussion around workforce, identify the workforce challenges facing North Dakota, and introduce participants to best practices implemented by businesses and communities in response to these challenges.

- Key Notes:
 - "State of the North Dakota Workforce Report" - Dr. Richard Judy, Workforce Associates, Inc.
 - Workforce Development for Economic Development – Greg Newton, Greg Newton Associates
 - Midwestern Higher Education Compact – Roberts Jones, Education Workforce Policy.
 - Invited: Undersecretary of Labor Emily DeRocco.

We expect over 300 business executives, policy-makers, educators, economic developers, and workforce professionals from across the state to take advantage of this opportunity to network with North Dakota's decision-makers, and workforce investment leaders.

Each of you should have received a personal invitation to attend this very important event.

The State of the North Dakota Workforce Report is intended to motivate support for the North Dakota Talent Initiative and link the report to the overall goals of the Workforce Summit.

Our objectives we want to accomplish with the State of the North Dakota Workforce Report include:

- Raise public and stakeholder awareness of quantitative and qualitative workforce challenges.
- Disseminate key workforce intelligence
- Inform the public and stakeholders of what is being done (and may be done) to meet the challenges

–
I would like to introduce Dr. Richard Judy. Dr. Judy has joined us by teleconference.

- Dr. Richard Judy, Workforce Associates, Inc specializes in workforce and economic development,
 - Dr. Judy will discuss the reports implications on current and future workforce trends.

Comments From, Dr. Richard Judy:

We know there are some next steps planned to focus on workforce challenges and issues facing our State. These include:

During January and February 2008, there will four or five Focus Group meetings around North Dakota to discuss the workforce and talent challenges facing North Dakota and develop policy recommendations to address these challenges.

These Focus Group meetings will be followed by a Workforce Congress in the spring of 2008. The Workforce Committee will meet during the summer of 2008 to receive reports for the Workforce Congress and begin to craft legislation for the 2009 Session.

We look forward to continuing to work with you to build an even stronger more responsive workforce delivery system in the future.

Mr. Chairman, this concludes my testimony. I would be happy to answer any questions.

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Workforce Committee
September 6, 2007
Shane Goettle, Commissioner



Workforce has emerged as a major concern
for North Dakota business &
Industry.



North Dakota Accomplishments

Since the year 2000...

- **25,100 Net New Jobs Created in the state**
 - 4,400 in health care
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- **Nearly 30% Increase in North Dakota per capita income**
- **2,062 New Private Sector Businesses created**
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 - 654 in business services
- **North Dakota's population has stabilized**
 - 2006 showed a net gain of 1,200

Most key performance indicators show a strong positive trend



Facts: 2004 vs. 2006

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Industry Skill Shortages



All areas of the State and nearly every industry is reporting workforce or skill shortages.

- shortages limit business expansion in the State.
- shortages affect business attraction to the state.


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North Dakota Worker & Skill Shortages

- **Health Related Occupations:**
 - Nurses
 - CNA – CMA – LPN - RN
 - Operating Room
 - Critical Care
 - Clinical Research
 - Lab Technicians
 - Radiology Technicians
 - Pharmacist
- **Teaching Occupations:**
 - Math/Technology
 - Science
 - Career & Technical Education
- **Skilled Trades Occupations:**
 - Electricians
 - Carpenters
 - Plumbers
 - Heating & Air Conditioning
- **Professional Occupations:**
 - Managers
 - Supervisors
- **Customer Service Occupations:**
- **Computer Related Occupations:**
 - Programmers
 - Data Base Managers
 - Software Development
 - Network Administration
 - Systems Analysts
- **Truck Driving Occupations:**
- **Engineering Occupations:**
 - Petroleum
 - Electrical
 - Civil
 - Mechanical
- **Manufacturing Occupations:**
 - Welders
 - Machinists
 - CNC Operators
- **Oil Field & Energy Occupations:**
 - Truck Drivers
 - Oil Service Workers
 - Geologists
- **Others:**
 - Retail
 - Accountants

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Oil and Natural Gas Industry



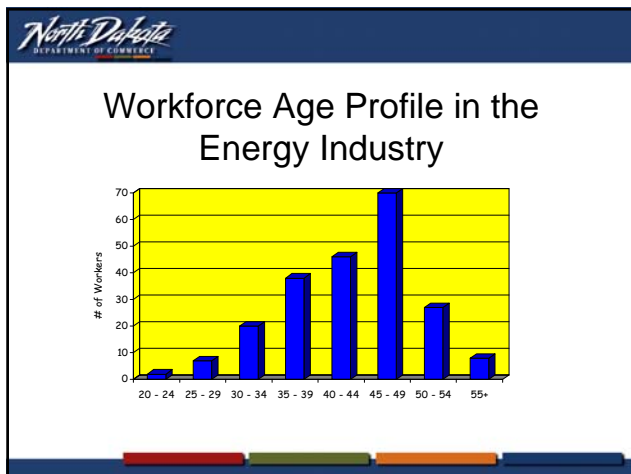
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Oil & Natural Gas Industry



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- 2008 3,751 new hires
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IN SUMMARY!

- There are currently thousands of job vacancies across the State!
 - The first week of August 2007 Job Service North Dakota had over 10,000 jobs listed.
- Announced and Planned Power Plant Refurbish and Expansion Projects will create thousands of additional construction and hundreds of permanent jobs.
 - These numbers do not reflect the expansion of alternative energy projects.
- Additional pending projects being worked on by local communities and the State could translate into thousands of additional construction and hundreds of permanent jobs.
 - This is at a time when baby boomers starting to leave the workforce.


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North Dakota's Unique Human Resource Challenges

- Low Population Base
- Low Unemployment Rate (3.2%)
- High Labor Force Participation Rate (72.2%)
- Aging Workforce-
 - 40 – 50% of current workforce in many industries will be eligible to retire in the next 3-10 years.
- Youth Flight
 - Declining number of new job entrants;
 - High dropout rates among special populations
- Expanding Economy

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Lack of Awareness about Career Opportunities



- Students, parents and educators are not aware of the career opportunities available in ND.
 - A review of student career goals in "Choices" shows no correlation with the high-growth & High-demand occupations in ND.
 - ACT Interest Profiles verify the lack of any correlation

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Delivery System Challenges

Career Information	vs.	Career Promotion
Job Placement	vs.	Career Placement w/North Dakota Employers
Job Training	vs.	Skill Development & Life Long Learning
Employer identified disconnect between the skill sets produced and skill sets required. (Graduates with degrees and no opportunity in ND).	vs.	Creating a Talent Pool with the skills needed by North Dakota employers.
Post Secondary Dropouts 56%	vs.	Reconnecting drop outs with career opportunities.

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North Dakota Jobs vs. Graduates

	Annual Total Openings	2005 Graduates
Accountants and Auditors	93	136
Civil Engineers	17	111
Elementary School Teachers	148	223
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Unless the skills gap within North Dakota is closed and employers can find the workers they need, North Dakota's economy will become extremely vulnerable.

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Governor's Workforce Summit 2007




Partnership between Governor's Office, Commerce and Workforce Development Division

- State of the North Dakota Workforce Report

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Governor's Workforce Summit 2007




Start of a Policy Discussion around workforce challenges and introduction of "Best Practices"

- Key Notes:
 - "State of the North Dakota Workforce Report" - Dr. Richard Judy, Workforce Associates, Inc.
 - Workforce Development for Economic Development – Greg Newton, Greg Newton Associates
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State of the North Dakota Workforce Report



- Goals:
 - Motivate support for the North Dakota Talent Initiative
 - Link to the Governor's Workforce Summit, Fall of 2007
- Objectives:
 - Raise awareness about workforce challenges.
 - Disseminate key workforce intelligence
 - Discuss solutions

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"State of the North Dakota Workforce Report"



Dr. Judy is the senior co-author of the Hudson Institute's 1997 book *Workforce 2020: Work and Workers in the 21st Century*.

- Dr. Richard Judy, Workforce Associates, Inc.
 - Report's Implications on current and future workforce trends.

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Next Steps

- January – February 2008- Focus Groups
- Spring of 2008 - Workforce Congress
- Summer 2008 – Recommendations to the Workforce Committee for 2009 Session.