

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

**JIM HIRSCH – DIRECTOR, THE DIVISION OF WORKFORCE DEVELOPMENT**

Mr. Chairman and members of the Workforce Committee, my name is James Hirsch, Director of the Workforce Development Division, with the North Dakota Department of Commerce.

I am here today to provide an update on the North Dakota Talent Strategy and to review the workforce legislation enacted by the 2007 Legislative Assembly.

I have a PowerPoint which will provide background information to help set the stage for the introduction of the North Dakota Talent Initiative, the review of the workforce legislation enacted in support of the Talent Initiative, and identification of remaining “gaps” in the workforce system.

**PowerPoint Presentation:**

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

Commissioner Goettle provided the background on how we got to this point and some of our next steps to address these concerns.

The North Dakota Department of Commerce, the North Dakota Workforce Development Council, the North Dakota Youth Development Council, the North Dakota State Commission, and several state legislators participated in a Strategic Planning Retreat around workforce and skill shortages on July 31, and August 1, 2006.

The result of the Strategic Planning Retreat was the crafting of the “North Dakota Talent Initiative.”

The North Dakota Talent Initiative defined the role of the workforce system in North Dakota is 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”**.

Three outcome goals were identified for the North Dakota “Talent Initiative.” These three goals are:

- **Increase** the quantity and quality of North Dakota’s workforce.
- **Transition** from a workforce to a talent force through a workforce improvement focus.
- **Reduce** unemployment in areas of the state where unemployment is above the state average.

The foundation upon which the North Dakota Talent Initiative is based includes:

- Close coordination and collaboration between all partners of the workforce delivery system in North Dakota, and
- Access to qualitative and quantitative workforce intelligence to drive all decisions related to workforce development, workforce training, and talent attraction.

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

- ◆ Talent Expansion in North Dakota
- ◆ Talent Attraction to North Dakota
- ◆ Talent Retention in North Dakota

We identified several performance and accountability metrics to determine if the system is making progress in achieving our goals. These include:

1. Net population gains across the state
2. Increase in annual income
3. Increase labor force participation rate
4. Increase participation retention in North Dakota

The strategies supporting North Dakota’s “Talent Initiative” 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 North Dakota as a place of choice).

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

Ensure **Council and Commission leadership** in attracting, retaining, and expanding talent by:

- Making all decisions based on 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 Dakotan's 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 and work readiness** into all training and education offerings.

Prior to the 2003 Legislative Session the system partners agreed on common definitions to facilitate coordination and an understanding of each partner's role.

Working Definitions:

- **Workforce Development** refers to education and training whereby students or individuals are direct customers of the service delivery system. This includes education and training provided to and through: 1) K-12, post-secondary, and proprietary institutions; 2) the existing workforce that is unemployed, displaced, disadvantaged or underemployed, and; 3) the existing employed workforce served through life-long learning and continuing education.
- **Workforce training, or jobs training, refers to the more immediate service relationships involved in responding to short term business and industry needs. It is business and industry driven and often involves customized or contracted training. The business is usually the direct client of the services delivered.**
- **The differentiation** The primary factor that differentiates workforce development from workforce training is the primary customer being served. Workforce development is oriented toward meeting the education and training needs of individuals, including providing continuing education and life-long learning. Workforce training is oriented toward serving the training needs of business and industry.

Within this context, the major state agencies partnering to provide workforce development and workforce training throughout the state include the North Dakota State University System, Job Service North Dakota, Department of Career and Technical Education, Department of Public instruction, Department of Human Service and Commerce.

The workforce development, workforce training and talent attraction delivery System in North Dakota must be viewed as a holistic delivery system which covers the spectrum from pre-school through post secondary and life-long learning.

Expansion of the Talent Pipeline involves the Primary and Secondary Education System.

- Students, parents and educators need to be informed about the career opportunities which are available in North Dakota.
- We need to excite students about quality careers available and make the connection to their academics.

Talent Recruitment involves retaining our current workforce in North Dakota, bringing back

alumni and former North Dakota residents, recruitment of out-of-state workers and attracting legal immigrants, temporary foreign workers and refugees.

- Development of a single statewide web site portal which provides access to all job openings in North Dakota and coordinates the multiple employer, state and community web sites is essential to effective marketing and talent recruitment.

Talent Retention involves insuring that we make efforts to retain the best of our current workforce.

- Business needs to pursue Talent Management Practices which will retain workers.
- Career Ladder, Lattice and Pathways must be defined for workers.
- Work must be redefined to retain experience workers.
- We need to continue to support Workforce 2020 and Workforce Training investments.

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.

I would like to share with you the North Dakota Talent Initiative timeline for 2006 – to present.

- August 1 - Strategic Planning Retreat
- August 31 - Report to the Economic Development Interim Committee (result was HB 1027).
- December – March – Talent Initiative rollout,
  - Partner/Stakeholder meetings.  
Meetings were held with the management staff of partner state agencies and stakeholder organizations, secondary education, postsecondary education, trade associations, local economic development professionals, tribal leaders, and business organizations to introduce the North Dakota Talent Initiative and obtain support.
  - JSND Reengineering  
Between January and March of 2007, Job Service North Dakota held a number of strategic planning sessions to help them plan and re-engineer their operations and service delivery design to support the North Dakota Talent Initiative.
- April - Workforce Legislation (HB1018, 1016, 1019, 1021)

In April, the 2007 Legislative Assembly completed their work and enhanced funding to workforce development, workforce training, and talent attraction programs.

- September – Report to the Workforce Committee

Today we are providing the Workforce Committee with an update on the North Dakota Talent Initiative and linking the legislation passed during the 2007 session to the North Dakota Talent Initiative and identifying some next steps.

The 2007 Legislative Assembly supported the North Dakota Talent Initiative and the legislative positions developed by the Economic Development Association of North Dakota and the North Dakota Workforce Development Council.

Within House Bill 1018, the 2007 Legislative Assembly formalized the role of the Workforce Development Division. Section 54-60-09 was amended and states: *The Division of Workforce Development shall:*

1. *Actively monitor local, regional, and national private and public workforce development initiatives.*
2. *Develop and implement the state's talent strategy;*
3. *Develop and implement a statewide intelligence coordination strategy.*

Three new sections to Chapter 54-60 of the North Dakota Century Code were created and enacted.

Higher Education Internship & Work Experience Opportunities

Career Specialist

Talent Strategy- Performance Accountability

**Division of Workforce Development – Higher education internship and work experience opportunities.** The Division of Workforce Development shall administer a program to increase use of higher education internships and work experience opportunities for higher education students. The primary focus of this program must be higher education internships in target industries. This program shall provide services to employers, communities, and business organizations to increase higher education internship and work experience opportunities.

\* Funding level provided was \$600,000

**Division of Workforce Development – Career Specialist.** The Division of Workforce Development, in consultation with the Department of Career and Technical Education, Job Service North Dakota, and the Superintendent of Public Instruction, shall develop and implement a program to assist public schools in promoting North Dakota career opportunities to students grades nine through twelve.

\* Funding of \$160,000 to support 1 FTE was provided.

**Division of Workforce Development – Talent Strategy – Performance Accountability.**

1. The Division of Workforce Development in developing and implementing the state's Talent Strategy, shall:
  - a. Consult with partners in the state's system for workforce development, workforce training, and talent attraction, including Job Service North Dakota, the Department of Career and Technical Education, the Superintendent of Public Instruction, the State Board of Higher Education, the Department of Human Services, and other divisions of the Department of Commerce.
  - b. Develop a comprehensive, consolidated biennial statewide strategic plan for the state's system for workforce development, workforce training and talent attraction.
    - \$50,000 to provide for consultant services to do the state Plan was provided.
  - c. Continuously review, identify how to improve, and implement improvements to the state's system for workforce development, workforce training and talent attraction.
  - d. Develop linkages between partners of the state's system for workforce development, workforce training, and talent attraction, to assure coordination and non-duplication of programs and services provided in the state.
2. The Division of Workforce Development shall develop and implement a system of performance and accountability measures for the state's system for workforce development, workforce training, and talent attraction. Each partner of the state's system for workforce development, workforce training, and talent attraction shall cooperate in providing the Division the data necessary to implement these measures.

\* \$160,000 in funding for 1 FTE was provided for Talent Initiative Coordination and \$90,000 plus 1 FTE was provided to allow the Director to go fulltime workforce.

Implementation Progress within the division of workforce development.

Higher Education Internship & Work Experience Opportunities expansion program

- The application brochure is posted on the [www.ndcommerce.com](http://www.ndcommerce.com) web site.
- Marketing of the program to date has been through the College Placement Offices and through trade associations & business organizations.
- Our goal is at least 30 new businesses and 40 new internships by June 30th.

#### Career Specialist Initiative

- The Career Promotion Advisory Committee was formed and met on August 15th.
  - Membership includes the required partners in the legislation, plus University Systems and private sector representatives
  - In the near future, we will begin recruitment for the FTE which was provided.
  - Follow up meetings of the Advisory group are planned to define the scope of the initiative and identify partner roles.

#### Talent Strategy:

- Commerce issued an RFP to assist with development of the single statewide biennial plan for workforce development, workforce training and talent attraction; and
- Establishment of a Workforce Intelligence Coordination Council
- The Corporation for a Skilled Workforce was awarded the contract. The work on these two areas will begin after the Workforce Summit in October.

#### Performance Accountability

- We intend to continue with the performance and common accountability measures which had been adopted and put in place by the 2003 and 2005 Legislative Assembly.
- **These “Common Accountability Measures” include:**
  - Number of individuals trained or served;
  - Number who became employed as a result of each department’s workforce development & training programs;
  - The state’s investment;
  - The areas of occupational training provided;
  - The average annual salary of those employed; and
  - The average increase in earnings twelve months after completion of training.

HB 1019 created “Workforce Enhancement Council –Grants”



- Section 8 establishes a Workforce Enhancement Council consisting of:
  - Private sector members of the workforce development council, director of the department of career & technical education and the director of the division of workforce development.
- Section 9 created Workforce Enhancement Council – Grants
  - Council makes funding recommendations to the Commissioner on applications to create or enhance training programs that address workforce needs of private sector companies submitted by State Colleges.
  - Grants require a dollar for dollar match.
- The Program Brochure and Application Guidelines are posted to the [www.ndcommerce.com](http://www.ndcommerce.com) web site.
- No applications have been received at this point.
  - We have had contact from several of the State Colleges who are working on applications.

The following is a summary of additional workforce legislation passed during the 2007 Legislative Assembly:

- **Workforce Enhancement Grants:** A \$2 million competitive grant program available to the state's two-year colleges to leverage match from the private sector to develop new training programs that are responsive to workforce needs. Establishes a Workforce Enhancement Council whose membership consists of the private sector members of the North Dakota Workforce Development Council, the State Director for the Department of Career & Technical Education and the Director of the Workforce Development Division who serves as the Chair.
- **Workforce Training Quadrants:** Increased funding by \$1.65 million for a total of \$3 million.
- **Website Spidering Program:** A software tool that will allow North Dakota jobs to be posted on one website. This will allow us to market one website as the source for all job listings and will provide valuable information on the number and types of jobs available. The Spidering will cover employers with 50 or more employees plus all national and local job boards. (\$300,000 in funding).
- **Longitudinal Data System Committee:** A committee to plan and propose a longitudinal data system that will provide follow-up information on the educational and workforce systems. (\$228,116 in funding).
- **Workforce System Initiative:** A Legislative Council study to include input gathering through four regional focus groups and a Workforce Congress. This is modeled after, and replaces, the Business Congress process that was conducted the past two interims.
- **Community Labor Availability Studies:** Provides matching funds to the Workforce Development Division to support standardized community labor availability and workforce needs assessments. (\$150,000 in funding).
- **Workforce 2020:** Continued funding of \$1.5 million for the Workforce 2020 program to

provide matching funds to employers to assist with the upgrade training of their incumbent workforce.

- **North Dakota New Jobs Training Program**: Increased the target average wage from \$7.50 to \$10.00 per hour. Provides for the capture of State Income Tax Withholding from new positions being created in primary sector businesses.
- **Emerging Technology Modules**: Continues funding of \$900,000 to maintain and expand the Emerging Technology Modules programs in schools across the state.
- **Area Career & Technical Centers**: Provides \$1.2 million for the development of at least two Area Career & Technology Centers in areas of the state that currently are not served.
- **Internship Tax Credit**: A tax credit in the amount of 10 percent of salaries or stipends paid to an intern with a lifetime cap of \$3,000 per taxpayer.
- **Workforce Recruitment Tax Credit for Hard-to-Fill Employment Positions**: A tax credit for an employer in the amount of 5 percent of the salary paid for the first 12 consecutive months to the employee hired for a hard-to-fill employment position. The employee receives a tax deduction for the payment of signing bonus, moving expenses, or non-typical fringe benefits.

Overall, the 2007 Legislative Assembly demonstrated their commitment to meeting the workforce and talent needs of North Dakota business and industry.

North Dakota has a relatively short history of investing in workforce training programs. We are making significant progress:

- 1991 – Workforce 2000 (Workforce 2020)
- 1993 – North Dakota New Jobs Training Programs
- 1999 – Workforce Training System
- 2005 – New Technologies Modules
- 2007 – (HB1016, HB1018, HB1019, HB1021)

We still have some “gaps” in the workforce system which this committee should consider:

1. We have “gaps” in our ability to implement an out-of-state Talent Recruitment strategy.
  - The state should consider creating a pool of matching funds to recruit out-of-state talent from areas experiencing plant closures & high unemployment.
    - Wyoming Model (Michigan recruitment).
2. We do not have a coordinated technical assistance strategy to assist North Dakota businesses with the attraction of legal immigrants/temporary foreign workers/refugees.
3. We do not have a fund to provide training assistance for underemployed people who are not employed in businesses willing to invest in their skill upgrade training.
  - Through our Community Labor Availability Studies we know that between 30 – 40% of the current employed workforce considers themselves underemployed and would be willing to take advantage of training to upgrade their skills to meet employer talent

- needs. Most can not afford to pay the cost of training and/or take time off to receive the training.
4. We need tuition incentives to encourage students to pursue postsecondary programs in high demand & high wage occupations targeted toward retention of youth in North Dakota.
  5. Establish a permanent funding source for workforce development and workforce training programs
    - UI Special Fund (0.112% = \$13 million to \$24 million per biennium)

“Successful Implementation of the North Dakota Talent Initiative requires the involvement, coordination, and cooperation by everyone in the workforce development, workforce training & talent attraction system.”

- Business
- Education (public & private)
- Economic Development
- EDND
- Workforce Agencies
- Policymakers
- Tribal Leadership
- Community Organizations
- Private Sector
- Organized Labor
- Trade Associations
- Private Non Profits
- Career Service & Internship Director’s
- Parents

You, as members of the North Dakota Legislature, have always been a strong ally for workforce.

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.

Attachments:           North Dakota Workforce Development Council Legislative Position  
2007 Workforce Legislative Summary

## ATTACHMENT I

### North Dakota Workforce Development Council Legislative Position

#### **Position on state funded workforce training and workforce development programs.**

##### **Working definitions:**

**Workforce Development** refers to education and training whereby students or individuals are direct customers of the service delivery system. This includes education and training provided to and through: 1) K-12, post-secondary, and proprietary institutions; 2) the existing workforce that is unemployed, displaced, disadvantaged or underemployed, and; 3) the existing employed workforce served through life-long learning and continuing education.

**Workforce training**, or jobs training, refers to the more immediate service relationships involved in responding to short term business and industry needs. It is business and industry driven and often involves customized or contracted training. The business is usually the direct client of the services delivered.

**The differentiation.** The primary factor that differentiates workforce development from workforce training is the primary customer being served. Workforce development is oriented toward meeting the education and training needs of individuals, including providing continuing education and life-long learning. Workforce training is oriented toward serving the training needs of business and industry.

Within this context, the major state agencies partnering to provide workforce development and workforce training throughout the state include the North Dakota State University System, Job Service North Dakota, State Board for Vocational and Technical Education, Department of Public instruction, Department of Human Service and the North Dakota Workforce Development Council.

The North Dakota Workforce Development Council coordinates the efforts of the State Agencies administering the federal and state funded workforce development and workforce training programs in North Dakota. This current structure allows North Dakota to:

1. Maximize access to federal funding;
2. Foster more focused delivery of workforce development and workforce training services to North Dakota citizen and employers and;
3. Provide more responsive services to business, industry and economic development professionals.

North Dakota's workforce development and workforce training programs include a number of specific federally funded programs complemented by several State funded programs. The State funded programs fill 'gaps' in workforce training and are targeted toward addressing employer needs for keeping their workforce trained and competitive.

### **Background:**

North Dakota's 21<sup>st</sup> Century Demographics show that the State will be faced with tighter labor markets, an aging workforce, wider "skill gaps", and a replacement worker issue.

According to Peter Drucker, "The dominant factor in the next two decades is not going to be economics or technology. **It will be demographics.** Workforce is an increasingly big piece of the economic development puzzle. In the knowledge economy, our competitive economic advantage depends on the quantity and quality of our workforce". Our state, our communities, and our businesses, depend on our workforce development system.

A well trained highly skilled workforce is essential to the future economic growth and vitality of North Dakota and to the global competitiveness of the businesses and industries located in the state. Site selectors for business and industry consistently rate "the availability of a well-educated and highly-trained labor force" as one of the highest priorities in selecting a state, and in turn a community, for locating their business or industry.

The North Dakota Legislative Assembly has enacted legislation, leading to an effective workforce training system to meet the training needs of current and potential businesses and industries in the state.

- 1991 – Workforce 2000 Program
- 1993 – North Dakota New Jobs Training Program
- 1999 – Workforce Training Quadrants

There is a high level of cooperation and coordination regarding workforce development and workforce training among the organizations and agencies involved in economic development at the local and state level.

The success of the workforce development and workforce training programs are documented by the reports and tracking of participants that is being done by the agencies and colleges who have administrative responsibility for the programs.

North Dakota needs to maintain its current commitment and funding levels for State funded workforce development and workforce training programs. In addition, North Dakota needs to pursue a permanent funding source for the Workforce 2000 Program and the Workforce Training Quadrants Program., In addition, a new program is needed to provide funding to support the training of underemployed and youth in primary sector and high demand, high skill, targeted occupations having an average annual wage of \$25,000 or more, in return for a commitment to work in North Dakota.

### **Recommendations:**

1. State funding for the workforce development and workforce training programs is continued at the current levels.
2. Continue the workforce development and workforce training system as currently structured and administered.
3. Continue to address accessibility to training and provide access to funding to assist the underemployed with retraining for high demand and high skill jobs that exist in North Dakota.
4. Work with the legislature and the Governor's Office to develop a permanent funding source for workforce development and workforce training programs.
5. Explore options to fund a new program to provide matching funds to assist with retraining underemployed workers and youth for primary sector and high demand high skill target occupations in return for a commitment to work in North Dakota.

### **Workforce Development and Workforce Training Funding Sources and Delivery System**

An effective and responsive workforce development and workforce training system has the capacity to deliver employer focused training in a timely manner and provides incentives for North Dakota businesses to invest in training for their incumbent workers. Both the delivery system and the funding sources are important and work together in providing needed training to meet employer and worker training needs.

#### **Funding Sources:**

Workforce 2000 Program. Workforce 2000 provides matching funds to assist North Dakota employers in upgrading the skills of current workers (North Dakota residents) when new technologies or new work methods are introduced. The program also provides pre-employment training when new companies located to the state or North Dakota businesses are expanding. Workforce 2000 is administered by Job Service North Dakota. Program funding is used to provide a “match” to employers to help reduce the cost of training and thereby make the training more affordable. The program is marketed by local development corporations and business services staff of Job Service.

North Dakota New Jobs Training Program. North Dakota New Jobs Training provides funding to “primary sector” business by capturing the State Income Tax Withholding generated from new jobs created by eligible businesses in the state. The program is administered through Job Service North Dakota. Administrative fees for the program are paid by businesses participating in the program. Businesses can access funding by either obtaining a loan, repayable grant or a self-finance option. Under the loan or repayable grant option, 100% of the eligible state income

tax withholding each quarter would be applied to repayment of loans and repayable grants. Under the self-finance option, 60% of the eligible state income tax withholding each quarter would be reimbursed back to the business to cover cost of training individuals filling new job positions.

**Delivery System:**

Workforce Training Quadrants Program. Workforce Training Quadrants Program provides funding to the two year state colleges assigned primary responsibility for workforce training in their respective quadrant to develop the delivery system for needed training. The training providers include the four-year colleges and universities, tribal colleges, vocational and technical centers, comprehensive high schools and other private and public training providers. The location, time, and content of the training provided will be determined by the business and industry receiving the training. Development and support of the infrastructure is important to an effective workforce training delivery system in North Dakota.

## ATTACHEMENT II

### Legislation Session Summary Workforce

North Dakota's 60th Legislative session adjourned on Wednesday, April 25, having made significant investments in growing the state's economy.

Legislators heard from business leaders and economic development professionals about the importance of a qualified workforce, and they responded by passing many workforce initiatives including:

- **Formalized Role of Workforce Development Division:** gives the Division of Workforce Development responsibility to monitor local, regional & national private and public workforce development initiatives; develop & implement the state's talent strategy; and develop & implement a statewide intelligence coordination strategy. Qualitative workforce information is needed to make good decisions on all workforce initiatives.
- **Talent Strategy:** – gives the Division of Workforce Development responsibility, along with partner organizations, to develop a comprehensive, consolidated biennial statewide strategic plan for workforce development, workforce training, and talent attraction. (\$50,000 in funding).
- **Performance & Accountability Measures:** gives the Division of Workforce Development responsibility to develop & implement a system of performance & accountability measures for the state's system of workforce development, workforce training, & talent attraction. (The current Common Accountability Measures adopted during previous session will be continued with some enhancements)
- **Operation Intern:** – establishes a new program to encourage expansion of higher education internships and work experience opportunities with North Dakota target industry employers. Matching grants covering 50% of the intern wage or stipend will be available up to a maximum of \$3,000 per intern. (\$600,000 in funding).
- **Career Promotion** – a new program for the Division of Workforce Development to coordinate the efforts of private sector and education to promote career opportunities available in North Dakota. ( 1 FTE assigned to the Workforce Development Division)
- **Workforce Enhancement Grants** – a \$2 million competitive grant program available to the state's two year colleges to leverage match from the private sector to develop new training programs that are responsive to workforce needs. Establishes a Workforce Enhancement Council whose membership consists of the private sector members of the North Dakota Workforce Development Council, the State Director for the Department of Career & Technical Education and the Director of the Workforce Development Division who serves as the Chair.
- **Workforce Training Quadrants** – increased funding by \$1.65 million for a total of \$3 million.
- **Web site Spidering program** – a software tool that will allow North Dakota jobs to be posted on one website. This will allow us to market one website as the source for all job listings and will provide valuable information on the number and types of jobs available. The Spidering will cover employers with 50 or more employees plus all national and local job boards. (\$300,000 in funding)
- **Longitudinal data system committee** – a committee to plan and propose a longitudinal data system that will provide follow up information on the educational and workforce systems. (\$228,116 in funding)
- **Workforce system initiative** – a legislative council study to include input gathering through four regional focus groups and a Workforce Congress. This is modeled after, and replaces, the Business



Congress process that was conducted the past two interims.

- **Community Labor Availability Studies:** provides matching funds to the Workforce Development Division to support standardized community labor availability and workforce needs assessments. (\$150,000 in funding).
- **Workforce 2020:** continued funding of \$1.5 million for the Workforce 2020 program to provide matching funds to employers to assist with the upgrade training of their incumbent workforce.
- **North Dakota New Jobs Training Program:** increased the target average wage from \$7.50 to \$10.00 per hour. Provides for the capture of State Income Tax Withholding from new positions being created in primary sector businesses.
- **Emerging Technology Modules:** continues funding of \$900,000 to maintain and expand the Emerging Technology Modules programs in schools across the State.
- **Area Career & Technical Centers:** provides \$1.2 million for the development of at least two Area Career & Technology Centers in areas of the state that currently are not served.
- **Internship Tax Credit** – a tax credit in the amount of 10 percent of salaries or stipends paid to an intern with a lifetime cap of \$3,000 per taxpayer.
- **Workforce Recruitment Tax Credit for Hard-to-Fill Employment Positions** – a tax credit for an employer in the amount of 5 percent of the salary paid for the first 12 consecutive months to the employee hired for a hard-to-fill employment position. The employee receives a tax deduction for the payment of signing bonus, moving expenses, or non-typical fringe benefits.

The Workforce Development Division of the North Dakota Department of Commerce received (3) three new positions.

- One position will be assigned to support the grants & contract management under the AmeriCorps\*State formula program and to direct and implement the Program Development and Training Assistance (PDAT) for AmeriCorps sub grantees.
- One position will be assigned the role of planning and implementing the Career Promotion Initiative and the Internship and Work Experience Opportunities programs.
- One position will be assigned to support the overall talent initiative with responsibilities for coordination of the statewide workforce intelligence coordination strategy and the single coordinated statewide strategic plan for workforce development, workforce training and talent attraction.

Overall, legislators' demonstrated their commitment to meeting the workforce and talent needs of North Dakota business and industry. Legislators expect coordination and collaboration between the agencies and organizations that are administering the workforce development, workforce training and talent attraction programs. The federal and state investment in these systems exceeds \$34 million per biennium. They want to insure that funding is in the areas needed and that funding available is being maximized to address the Talent needs of North Dakota business and industry.

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North Dakota Talent Initiative

Workforce Interim Committee  
Bismarck, ND  
September 6, 2007



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

- Commissioner Goettle provided the background on how we got to this point.
- I will provide an overview of the “North Dakota Talent Initiative” & an update on the 2007 Workforce Related Legislation



Strategic Planning Retreat in August  
2006:

**“Workforce Development for Economic  
Development”**

- ND Dept. of Commerce
  - ND Workforce Development Council
  - ND Youth Development Council
- ND State Commission on National & Community Service
  - Members of the North Dakota Legislature

RESULT!



**North Dakota Talent Initiative!**



- The role of the workforce system in ND is to **“Prepare the Workforce”**
- Considerations:
  - Qualitative & Quantitative **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.** (customized service delivery approaches for special population groups)
  - Provide **timely, customized, workforce training** to meet business demands. (Provide what is needed, When it is needed)
  - Adopt a **common Statewide Strategy.**



## “Talent Initiative” Strategies

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

## Ten Areas of Continuous Improvement.

1. Ensure **Council and Division leadership** in attracting, retaining, and expanding talent by:
  - making all decisions based workforce intelligence,
  - seeking both vertical (operational) and horizontal (community) 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.


## Ten Areas of Continuous Improvement (Continued).

2. Develop a **dynamic workforce intelligence system** with the vital information needed to confront North Dakota’s talent crisis.
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.

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## Ten Areas of Continuous Improvement (Continued).

5. Increase the labor force participation rate and expand the available talent pool by reaching, preparing, and connecting those not currently in the labor force.
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 partner-ships to increase efficiency, effectiveness, and accountability through reducing duplication, sharing resources and adopting a common action agenda and strategies for talent attraction, retention, and expansion.



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## Ten Areas of Continuous Improvement (Continued).

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, cultural diversity & work readiness into all training and education offerings.



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Prior to the 2003 Legislative Session the system partners agreed upon common definitions to facilitate coordination and an understanding of each partner's role.



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## Workforce Definitions

- **Workforce Development** refers to education and training whereby students or individuals are direct customers of the service delivery system.
- This includes education and training provided to and through:
  - 1) K-12, post-secondary, and proprietary institutions;
  - 2) the existing workforce that is unemployed, displaced, disadvantaged or underemployed, and;
  - 3) the existing employed workforce served through life-long learning and continuing education.



## Workforce Definitions

- **Workforce training**, or jobs training, refers to the more immediate service relationships involved in responding to short-term business and industry needs.
  - It is business and industry driven and often involves customized or contracted training.
  - The business is usually the direct client of the services delivered.

## The differentiation.

The primary factor that differentiates workforce development from workforce training is the primary customer being served.

- Workforce development is oriented toward meeting the education and training needs of individuals, including providing continuing education and life-long learning.
- Workforce training is oriented toward serving the training needs of business and industry.

## ND Workforce Development, Workforce Training and Talent Attraction System.

- Within this context, the major state agencies partnering to provide workforce development, workforce training & Talent Attraction include:
  - North Dakota State University System,
  - Job Service North Dakota,
  - Department of Career and Technical Education,
  - Department of Public instruction,
  - Department of Human Service and
  - Commerce

## The Workforce Development, Workforce Training and Talent Attraction Delivery System

in North Dakota must be viewed as a holistic delivery system which covers the spectrum from Pre-School through Post Secondary and

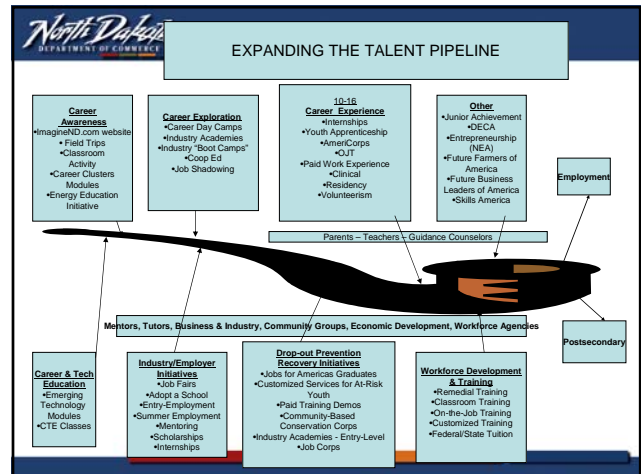
Life-Long Learning

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## Talent Pipeline Expansion




- Involves the Primary and Secondary Education System as the key partner.
  - Students, parents and educators need to be informed about the career opportunities which are available in North Dakota.
  - We need to excite students about quality careers available and make the connection to their academics.

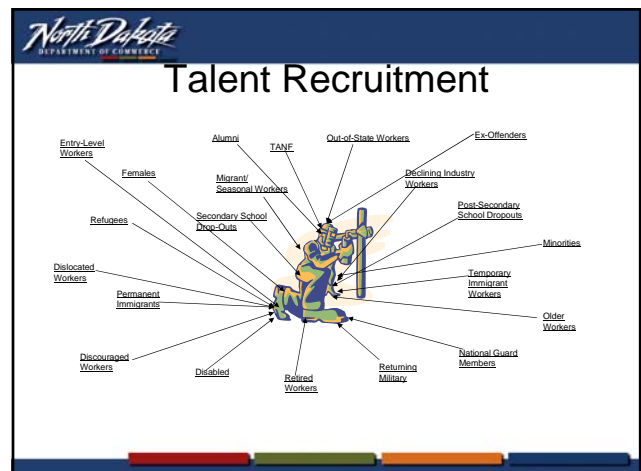


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## Talent Recruitment



- **All workforce development and talent attraction service providers, along with the private sector are key partners.**
- **Support Resources:**
  - Statewide website portal with targeted marketing:
    - Coordinate & integrate the multiple employer, state & community websites:
  - Experience North Dakota Events
    - Targeted at recruitment of alumni for jobs in North Dakota.
  - Customized service delivery to reach special population groups.



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## Talent Retention



- **Business and workforce training providers are the key partners:**
- **Support Resources**
  - **Personnel Development/Retention**
    - Talent Management
    - Personnel Practices
    - Development of Career Ladder, Lattice, Pathways
  - **Experienced Older Worker Retention**
    - Succession Planning
    - Redefine Work (Project Work)
  - **Life-Long Learning & Incumbent Worker Training**
    - Workforce 20/20
    - Workforce Training
- **Young Professionals Organizations**

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## Talent Retention



Strategies include:

- Life-Long Learning Opportunities
- Distance Learning
- Talent Management Strategies
- Employee Development
- Performance Evaluation Systems
- MED
  - Lean Mfg.
  - Supply Chain Management
- In-House Basic & Skills Training
- Succession Plans
- Incubate Flex Hours
- Shared Positions, etc.
- Redefine Work in Retain Experienced Alpha Workers
- Employer Tuition Assistance
- Eldercare
- Incumbent Worker Training
  - Workforce 20/20
  - Workforce Training Quadrants
- Registered Apprenticeships
- Career Ladder Opportunities

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## Talent Initiative 2006-2007

### Timeline



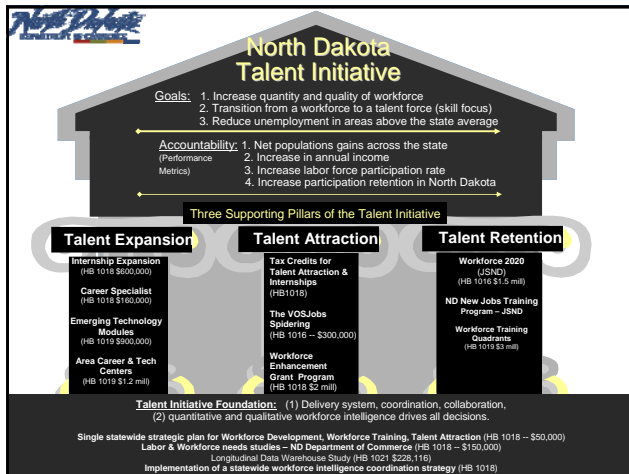
- August 1 - Strategic Planning Retreat
- August 31 - Report to the Economic Development Interim Committee
- December – March – Talent Initiative rollout,
  - Partner/Stakeholder meetings.
  - JSND Reengineering
- April – Workforce Legislation (HB1018, 1016, 1019, 1021)
- September – Report to the Workforce Committee

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## 2007 Legislative Session



Supported the North Dakota Talent Initiative and the Legislative Position developed by the EDND & the ND Workforce Development Council.



## HB 1018 Formalized the Role of the Workforce Development Division

- The division of workforce development shall:
  - Actively monitor local, regional, and national private and public workforce development initiatives.
  - Develop and implement the state's talent strategy;
  - Develop and implement a statewide intelligence coordination strategy.

## HB 1018- Three new sections to chapter 54-60 of the North Dakota Century Code were created:

- Higher Education Internship & Work Experience Opportunities
  - \$600,000 in funding
- Career Specialist
  - \$160,000 in funding and 1 FTE
- Talent Strategy- Performance Accountability
  - \$210,000 in funding and 1 FTE

## Higher Education Internship & Work Experience Opportunities

- A program to **increase use of higher education internships and work experience opportunities for higher education students.**
  - The **primary focus** must be higher education internships in **target industries.**
  - Matching funds of up to \$3,000 per year for wages & stipends paid to interns



## Career Specialist

- The division, in consultation with the department of career and technical education, job service North Dakota, and the superintendent of public instruction, shall develop and implement a program to assist public schools in promoting North Dakota career opportunities to students grades nine through twelve.

## Talent Strategy- Performance Accountability

- The division in developing and implementing the state's talent strategy, shall:
  - Consult with partners in the state's workforce system; including JSND, career and technical education, public instruction, higher education, human services and other divisions of the department of commerce.
  - Develop a comprehensive, consolidated biennial statewide strategic plan for the state's system for workforce development, workforce training and talent attraction.
  - Continuously review, identify how to improve, and implement improvements to the state's workforce system.
    - Develop linkages between partners of the state's workforce system, to assure coordination and non-duplication of programs and services provided in the state.

## Talent Strategy- Performance Accountability

- The WFD shall develop and implement a system of performance and accountability measures for the state's workforce system.
  - Each partner of the state's system for workforce development, workforce training, and talent attraction shall cooperate in providing the division the data necessary to implement these measures.

## HB 1019 Section 9: Workforce Enhancement Council Grant Program




- Within Commerce, a \$2 million competitive grant program available to institutions of higher education assigned primary responsibility for workforce training to be used to create or enhance training programs that address workforce needs of the private sector.

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## HB 1019 -Section 8 - Workforce Enhancement Council

- The Workforce Enhancement Council consists of the (9) private sector members of the workforce development council, director of the department of career & technical education and the director of the division of workforce development.
  - Council recommends to the Commissioner the approval of grants




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## WFD Implementation Progress



### Higher Education Internship & Work Experience Opportunities


- Application Brochure is posted on the [www.ndcommerce.com](http://www.ndcommerce.com) web site.
- Marketing of the program has been through the College Placement Offices and through trade associations & business organizations.
- Our goal is at least 30 new businesses and 40 new internships by June 30<sup>th</sup>.




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## WFD Implementation Progress (Continued)

### Career Specialist



- The Career Promotion Advisory Committee met on August 15<sup>th</sup>.
- In the near future, we will be recruiting for the FTE which was provided.
- Hold additional meetings of the Advisory Committee to define the scope of the initiative and identify partner roles.



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## WFD Implementation Progress (Continued)

### Talent Strategy




- A consultant has been secured to assist with development of the single statewide biennial plan for workforce development, workforce training and talent attraction; and to assist in the establishment of a Workforce Intelligence Coordination Council
  - Work on these two areas will begin after the Workforce Summit in October.



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## WFD Implementation Progress (Continued)




**Performance Accountability**

- we intend to continue with the performance and common accountability measures which had been adopted and put in place by the 2003 and 2005 Legislative Assembly.

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## WFD Implementation Progress (Continued)




**These “Common Accountability Measures” include:**

- Number of individuals trained or served;
- Number who became employed as a result of each department's workforce development & training programs;
- The state's investment;
- The areas of occupational training provided;
- The average annual salary of those employed; and
- The average increase in earnings twelve months after completion of training.

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## WFD Implementation Progress (Continued)



**Workforce Enhancement Grants**

- The Program Brochure and Application Guidelines are posted to the [www.ndcommerce.com](http://www.ndcommerce.com) web site.
- No applications have been received at this point.
  - We have had contact from several of the State Colleges who are working on applications.

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## Legislative Programs/Initiatives

HB 1016, 1018, 1019, 1021)

(Handout)

- Workforce Training Quadrants
- Web Site Spidering
- Longitudinal Data Warehouse Study
- Office of Faith-Based & Community Initiatives
- Workforce System Initiative
  - Workforce Congress
- Community Labor Availability Studies
- Workforce 2020
- North Dakota New Jobs Training
- Emerging Technology Modules
- Area Career & Technology Centers
- Internship Tax Credit
- Workforce Recruitment Tax Credit for Hard-to-Fill Employment Positions.

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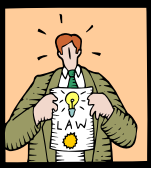
## We are making progress



- North Dakota's experience in funding workforce training is fairly recent.
  - 1991 – Workforce 2000
  - 1993 – North Dakota New Jobs Training Programs
  - 1999 – Workforce Training System
  - 2005 – New Technologies Modules
  - 2007 – (HB1018, HB1019, HB1021 HB1016)

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## Workforce System Gaps



- Talent Recruitment:
  - Matching funds to recruit out-of-state talent from areas experiencing plant closures & high unemployment
- Attraction of Legal Immigrants/Temporary Foreign Workers/Refugees
  - Technical Assistance and Marketing for employers to help attract Legal Immigrants/Temporary Workers/Refugees.
- Training Assistance for Underemployed.
  - Grants and matching funds to assist the 30 – 40% of current underemployed workforce access skill training to meet employer talent needs.
- Tuition Incentives to encourage students to pursue postsecondary programs in high demand & high wage occupation.
  - Targeted toward retention of youth in North Dakota
- Establish a permanent funding source for workforce development and workforce training programs
  - UI Special Fund (0.112% = \$13 million to \$24 million per biennium)

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## Responsible Partners for Implementing the Talent Strategy


Requires involvement, Coordination, and cooperation by everyone in the Workforce Development, Workforce Training & Talent



Attraction System.

- Business
- Education (public & private)
- Economic Development
- EDND
- Workforce Agencies
- Policymakers
- Tribal Leadership
- Community Organizations
- Private Sector
- Organized Labor
- Trade Associations
- Private Non Profits
- Career Service & Internship Director's

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The North Dakota Legislature has always been a strong ally for workforce.

We are looking forward to continuing to work with each of you to fill remaining gaps and strengthen the delivery system.

