

WORKFORCE STUDIES - BACKGROUND MEMORANDUM

INTRODUCTION

Section 19 of Senate Bill No. 2018 (2009) provides for a Legislative Council study of the state's system for addressing workforce needs through a workforce system initiative, including a review of the alignment of taxpayer investment with programs, coordination of programs, and the North Dakota workforce strategic plan. Senate Concurrent Resolution No. 4002 (2009) provides for a Legislative Council study of the state's workforce system, the feasibility and desirability of enacting legislation to address the issues identified in the 2007-08 interim Workforce Committee's consultant's report, and the implementation of workforce initiatives enacted by the 61st Legislative Assembly. This memorandum will provide background on both of these studies. A copy of Section 19 of Senate Bill No. 2018 and Senate Concurrent Resolution No. 4002 is attached as [Appendix A](#).

Committee Studies

The Legislative Council has charged the interim Workforce Committee with performing the two workforce studies. Additionally, under:

- Section 34 of Senate Bill No. 2003 (2009), the committee is charged with studying the establishment of a higher education student trust fund, including available funding sources;
- Section 18 of Senate Bill No. 2018, the committee is charged with studying technology-based entrepreneurship and economic development best practices, including a review of best practices implemented by the Department of Commerce and the effectiveness of the North Dakota Economic Development Foundation;
- Section 6 of Senate Bill No. 2038 (2009), the committee is charged with studying the means by which the North Dakota University System can further contribute to developing and attracting the human capital to meet North Dakota's economic and workforce needs; and
- Section 1 of Senate Bill No. 2390 (2009), the committee is charged with studying the establishment and development of certified technology parks.

The details of these other four studies are addressed in separate background memorandums.

Agency Reports

The Workforce Committee is charged with receiving these four agency reports:

- A report from the Statewide Longitudinal Data System Committee on the status of the plan for a longitudinal data system (North Dakota Century Code (NDCC) Section 15.1-02-18);

- Annual reports from the Department of Commerce Division of Community Services on renaissance zone progress (NDCC Section 40-63-03);
- A report from the North Dakota Youth Council before September 1, 2010, regarding its list of issues and concerns pertinent to residents of this state under age 25 and any recommendations (NDCC Section 54-07-11); and
- Annual reports by the Department of Commerce of filed compilations and summaries of state grantor reports and the reports of state agencies that award business incentives for the previous calendar year (NDCC Section 54-60.1-07).

RELATED ACTIVITIES DURING 2009-10 INTERIM

In addition to the activities of the Workforce Committee during the 2009-10 interim, there are several other committees with workforce and economic development-related charges. Several of these charges are the same or similar to related studies that took place during the 2007-08 interim.

Budget Section

The workforce-related charges of the Budget Section include:

- Receive annual audits from a center of excellence that is awarded funds under NDCC Chapter 15-69 on the funds distributed to the center until completion of four years following the final distribution of funds (NDCC Section 15-69-05);
- Receive an annual report from the Division of Community Services on conclusions of annual audits of renaissance fund organizations (NDCC Section 40-63-07);
- Receive a report from the Department of Commerce in the third quarter of 2010 on the status of the technology-based entrepreneurship grant program (2009 S.L., ch. 46, § 13);
- Receive a report from the Department of Commerce in the third quarter of 2010 on the status of the centers of excellence program and the centers of excellence fund (2009 S.L., ch. 46, § 28);
- Receive a report from the Department of Commerce at the Budget Section's first meeting after September 1, 2009, and its first meeting after March 1, 2010, regarding the status of the construction of the Great Plains Applied Energy Research Center (2009 S.L., ch. 26, § 2);

- Receive a report from the Department of Commerce during the second quarter of 2010 on the status of financing and grants provided to early childhood facilities (2009 S.L., ch. 108, § 4);
- Approve, with the Emergency Commission, the North Dakota University System spending additional federal stimulus or fiscal recovery funds in excess of funds appropriated for the Lake Region State College wind energy project (2009 S.L., ch. 31, § 3); and
- Approve, with the Emergency Commission, the Department of Career and Technical Education spending additional federal stimulus or fiscal recovery funds (2009 S.L., ch. 47, § 3).

Education Committee

The workforce-related charges of the Education Committee include:

- Study statutory criteria for the approval of public and nonpublic schools, regulatory criteria for the accreditation of schools, and the consequences to schools and school districts that fail to meet the criteria (Section 61 of House Bill No. 1400 (2009));
- Receive a report from the Statewide Longitudinal Data System Committee on the status of the plan for a longitudinal data system (NDCC Section 15.1-02-18); and
- Receive periodic reports from the North Dakota Commission on Education Improvement on its examination of high school graduation requirements, curricular standards, and assessment and its examination of the measures enacted by the most recent Legislative Assembly to improve student performance and the quality of instruction and its recommendations on future measures for continued improvement (NDCC Section 15.1-27-41).

Employee Benefits Programs Committee

The workforce-related charges of the Employee Benefits Programs Committee include:

- Receive periodic reports from Human Resource Management Services on the implementation, progress, and bonuses provided by state agency programs to provide bonuses to recruit or retain employees in hard-to-fill positions (NDCC Section 54-06-31); and
- Receive a report from Human Resource Management Services before July 1, 2010, on the outcome of its study and evaluation of steps the state could take to recruit and retain state employees in state government employment as those state employees reach retirement (2009 S.L., ch. 509, § 1).

Higher Education Committee

The workforce-related charges of the Higher Education Committee include:

- Study the impact of tuition waivers on institutions under the control of the State Board of Higher Education (Section 32 of Senate Bill No. 2003 (2009));
- Study issues affecting higher education (Section 9 of Senate Bill No. 2038 (2009));
- Receive an annual report from the State Board of Higher Education regarding the number of North Dakota academic scholarships and career and technical education scholarships provided and demographic information pertaining to the recipients (NDCC Section 15-62.2-05); and
- Study issues affecting higher education (Section 9 of Senate Bill No. 2038 (2009)).

Information Technology Committee

The workforce-related charges of the Information Technology Committee include:

- Receive a report from the State Board of Higher Education, on request, regarding higher education information technology planning, services, and major projects (NDCC Section 15-10-44);
- Receive a report from the Statewide Longitudinal Data System Committee on the status of the plan for a longitudinal data system (NDCC Section 15.1-02-18); and
- Receive information from the State Board of Higher Education regarding higher education information technology planning, services, and major projects (NDCC Section 54-35-15.2).

Tribal and State Relations Committee

The workforce-related charges of the Tribal and State Relations Committee include a study of tribal-state issues, including government-to-government relations, the delivery of services, case management services, child support enforcement, and issues related to the promotion of economic development (NDCC Section 54-35-23).

PREVIOUS STUDIES

During the previous three interims, beginning with the 2003-04 interim, the Legislative Council has been conducting a comprehensive series of studies that initially focused on economic development and then during the 2007-08 interim sharpened to focus on workforce-related issues.

2003-04 Interim

During the 2003-04 interim, in accordance with House Bill No. 1504 (2003), the Legislative Council's interim Economic Development Committee conducted a primary sector business climate study--the first study of the three-interim business climate initiative. The committee recommended Senate Bill No. 2032

(2005), which under Section 17 provided for a two-interim continuation of the activities begun under House Bill No. 1504.

2005-06 Interim

During the 2005-06 interim, in accordance with Section 17 of Senate Bill No. 2032 (2005), the Legislative Council's interim Economic Development Committee conducted a business climate study--the second study of the three-interim business climate initiative. The recommendation of the 2005-06 Economic Development Committee was to expand the 2007-08 interim focus group activities to include young professionals. Through the course of the 2007 legislative session, the committee's recommendation was replaced with a repeal of the 2007-08 interim business climate study and the creation of the workforce system study. In effect, the workforce system study took the place of the third study of the three-interim business climate initiative.

2007-08 Interim

During the 2007-08 interim, the Workforce Committee conducted several workforce-related studies, including the workforce system study that took the place of the third study of the business climate initiative. However, in addition to the activities of the Workforce Committee, during the 2007-08 interim there were several other committees with workforce-related charges. Several of these study charges were the same or similar to ongoing study charges during the 2009-10 interim.

Recognizing the fact that several committees were charged with addressing workforce-related issues, the Education Committee, Higher Education Committee, and Workforce Committee held a joint meeting to stay apprised of the workforce-related activities of the other committees. The three committees came to agreement on how to distribute the workforce-related issues between the three committees. The agreed-upon distribution is attached as [Appendix B](#).

Budget Section

The workforce-related charges of the Budget Section included:

- Approval, rejection, or rereferral, upon receiving a recommendation from the Emergency Commission and in conjunction with the State Board of Higher Education and the North Dakota Economic Development Foundation, designation of a center of excellence recommended by the Centers of Excellence Commission (NDCC Section 15-69-02);
- Receipt of annual audits from a center of excellence that is awarded funds under NDCC Chapter 15-69 on the funds distributed to the center until completion of four years following the final distribution of funds (Section 15-69-05);

- Approval of up to \$10 million for funding centers of excellence at the first Budget Section meeting after September 1, 2007, and approval of the remainder of the \$15 million appropriation for funding centers of excellence at the first Budget Section meeting after September 1, 2008 (Section 14 of House Bill No. 1018 (2007)); and
- Approval, with the Emergency Commission, of a loan of \$5 million by the Bank of North Dakota to the Office of Management and Budget for the purpose of providing funding to centers of excellence as directed by the Centers of Excellence Commission (Section 15 of House Bill No. 1018).

Education Committee

The workforce-related charges of the Education Committee included:

- Study of the appropriateness and adequacy of high school curricula with respect to preparing students for higher education and for the workplace and examine curricular changes implemented in other states and expectations placed on students in other countries (Section 11 of Senate Bill No. 2030 (2007));
- Receipt of a report from the Statewide Longitudinal Data System Committee on the status of the plan for a longitudinal data system (NDCC Section 15.1-02-18); and
- Receipt of a report from the Superintendent of Public Instruction regarding the planning and development of the electronic course delivery approval process for approving the provision of elementary or high school courses electronically to a student, school, or school district (Section 2 of House Bill No. 1491 (2007)).

Higher Education Committee

The workforce-related charges of the Higher Education Committee included:

- Study of the means by which the North Dakota University System can further contribute to developing and attracting the human capital to meet North Dakota's economic and workforce needs, including ways to increase postsecondary access; improve the quality of education; contain costs; and other means, including productivity, to maximize the usage of the University System in meeting the human capital needs of the state; including a review of policy recommendations that address the postsecondary delivery system, including the mix of institutions, educational attainment gaps, degree production gaps, recruitment and retention of students, and workforce training needs; and including a review of the impact of the state's changing demographics on the University System long-term financing plan (Section 23 of House Bill No. 1003 (2007)); and

- Receipt of a report from the State Board of Higher Education on the status of the implementation of the CCbenefits, Inc., services and any recommendations relating to the use of the CCbenefits, Inc., services (Section 23 of House Bill No. 1018 (2007)).

Human Services Committee

The workforce-related charges of the Human Services Committee included:

- Study of the temporary assistance for needy families (TANF) program administered by the Department of Human Services, including review of the sustainability of current services and programs being funded by TANF funds, review of the potential programs and services that could be funded by use of TANF funds, and review of the need for increased assistance to recipients of TANF who are attending a postsecondary institution of learning (Section 3 of Senate Bill No. 2186 (2007));
- Receipt of a report from the Department of Human Services regarding the transition assistance for the child care program implemented pursuant to Section 1 of Senate Bill No. 2186 (Section 5 of Senate Bill No. 2186); and
- Receipt of a report from the dean of the University of North Dakota College of Nursing regarding the Nursing Education Consortium to address common concerns in nursing education (Section 1 of Senate Bill No. 2379 (2007)).

Industry, Business, and Labor Committee

The workforce-related charges of the Industry, Business, and Labor Committee included:

- Participation in the Department of Commerce Renaissance Zone Conference to review the list of projects which have been undertaken under the renaissance zone program, evaluate whether the projects have positively impacted the renaissance zone communities, consider options for smaller communities to become involved in the renaissance zone program or a similar program, and make recommendations regarding how the program could be improved to further meet the needs of the state and local communities (Section 19 of House Bill No. 1018 (2007));
- Study of the organization, powers, duties, and effectiveness of the Department of Commerce, including review of the legislative history leading to the creation of the department; review of the legislative and executive branch expectations in the creation of the department and whether those expectations are being met; evaluation of the effectiveness of the North Dakota Economic Development Foundation in providing a nonpartisan, private sector perspective to the department's approach to the department's duties; evaluation of the

organizational structure of the department, including whether the department should include a division of science and technology; and evaluation of the strategic planning process of the department and its effectiveness (Section 21 of House Bill No. 1018);

- Study of the licensure, training, and classroom education requirements for electricians in this state; reciprocity agreements with other states and the effect of those agreements on standards in this state; and the effect of the licensure, training, classroom education requirements, and reciprocity agreements on the availability of qualified electricians in this state (Section 2 of House Bill No. 1218 (2007));
- Study of the regulation and licensing of pharmacists in this state, including an examination of the State Board of Pharmacy, the board's size, the manner of board membership appointment, and whether the board is representative of commercial and noncommercial pharmacists; the state's demographics and the impact changing demographics in rural areas will have on the ability of small, locally owned pharmacies to remain economically viable and of rural residents to access low-cost pharmaceuticals and pharmacy and pharmacists' services; pharmacy ownership restrictions, the relevance of those restrictions in terms of marketplace competition, and the impact of those restrictions on the price and availability of pharmaceuticals and on pharmacy and pharmacists' services; and statutory interplay between the board and the North Dakota Pharmaceutical Association and whether the regulatory function of the board conflicts with the advocacy function of the association (Section 2 of House Bill No. 1299 (2007)); and
- Study of issues relating to wireless service providers in the state and how wireless service impacts the business climate in the state (Section 28 of House Bill No. 1018).

Information Technology Committee

The workforce-related charges of the Information Technology Committee included:

- Receipt of a report from the State Board of Higher Education, on request, regarding higher education information technology planning, services, and major projects (NDCC Section 15-10-44);
- Receipt of a report from the Statewide Longitudinal Data System Committee on the status of the plan for a longitudinal data system (NDCC Section 15.1-02-18); and
- Receipt of information from the State Board of Higher Education regarding higher education information technology planning, services, and major projects (NDCC Section 54-35-15.2).

Workforce Committee

During the 2007-08 interim, in accordance with Section 20 of House Bill No. 1018 (2007), the Workforce Committee studied the state's system for addressing workforce needs through a workforce system initiative. This workforce study took the place of the previously planned third-interim economic development initiative. The workforce system initiative included receipt of agency reports regarding implementation of workforce legislation enacted during the 2007 legislative session, active participation in focus groups across the state, and active participation in a workforce congress.

In addition to the workforce system initiative, under:

- Section 3 of Senate Bill No. 2149 (2007), the Legislative Council charged the interim Workforce Committee with studying job development authorities;
- House Concurrent Resolution No. 3025 (2007), the Legislative Council charged the interim Workforce Committee with studying possible methods of growing North Dakota's population and increasing the available workforce in the state; and
- A Legislative Council chairman directive, the Legislative Council charged the interim Workforce Committee with studying the means by which the North Dakota University System fulfills North Dakota's workforce needs.

The committee's consultant identified the following top three priorities for each of the four identified groups as prioritized by the workforce congress:

Employers

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

Employees

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

Schools

1. Higher education funding aligned with growth sectors of the economy;
2. Early career awareness education aimed at parents and children; and
3. A rapid response mechanism for "hot needs" of higher education--a streamlined

"minuteman" process for meeting needs in a timely manner.

Government

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

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

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

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

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

2009 LEGISLATION

House Bill No. 1202 removes the July 31, 2009, expiration date from the law authorizing the Bank of North Dakota to invest its funds in alternative and venture capital investments and early-stage capital funds and expands the authorization to allow the investments to be used for entrepreneurship awards. The bill modifies the powers and duties of the North Dakota Development Fund, Inc., allowing the scheduled August 1, 2009, expiration of the corporation's authority to borrow funds from the Bank of North Dakota to invest in North Dakota alternative and venture capital investments and early-stage capital funds; extending the previously planned August 1, 2009, expiration of the corporation's authority to provide management services for the Bank's alternative and venture capital investments and early-stage capital funds; and directing the

corporation to administer an entrepreneurship award program that provides funding awards to entrepreneurial centers and to entrepreneurs with an August 1, 2015, expiration date.

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

Senate Bill No. 2110 modifies the powers and duties of the North Dakota Development Fund, Inc., allowing the scheduled August 1, 2009, expiration of the corporation's authority to borrow funds from the Bank of North Dakota to invest in North Dakota alternative and venture capital investments and early-stage capital funds and removing the previously planned August 1, 2009, expiration of the corporation's authority to provide management services for the Bank's alternative and venture capital investments and early-stage capital funds.

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

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

Senate Bill No. 2018 limits an institution of higher education under the control of the State Board of Higher Education from submitting more than two applications per campus for each round of centers of excellence funding.

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

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

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

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

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

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

Senate Bill No. 2060 expands the renaissance zone law to include tax incentives for repair or remodeling of public utility infrastructure and for leasehold improvements to property. The bill removes the half-mile requirement for the three-block island provision for renaissance zones. The bill allows a property owner that is not participating in a renaissance zone project to claim state income tax credits equal to an amount of an investment made by the property owner to complete changes in utility services or a building structure necessary because of changes made to property that is part of a renaissance zone project. The provisions of the bill relating to tax incentives are effective for taxable years beginning after December 31, 2008.

House Bill No. 1428 provides that if a city finds that renaissance zone projects have satisfactorily

completed one or more blocks within the renaissance zone, the city may apply for and the Department of Commerce may approve withdrawal of those blocks from the renaissance zone and replacement of those blocks with other blocks. The bill allows the Department of Commerce, upon application by a city, to extend the duration of renaissance zone status in increments up to five years. The bill increases the total amount of income tax credits allowed for renaissance zone investments to \$7,500,000. The bill is effective for taxable years beginning after December 31, 2008.

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

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

House Bill No. 1030 increases the state employee performance bonus limitation from \$1,000 per biennium to \$1,000 per fiscal year and authorizes Human Resource Management Services to approve pay bonuses above the 25 percent limitation upon a showing of special circumstances.

House Bill No. 1031 defines "hard-to-fill occupation" for purposes of the state recruitment and retention bonus program as an occupation or position in which demand exceeds supply, special qualifications are required, competition with other employers is the strongest, there is a risk of losing an incumbent with rare skills, the position is filled by a highly skilled employee who is in high demand in the marketplace, loss of the employee would result in significant replacement costs, the position is filled by key personnel, or the position has other unique recruitment or retention issues identified and documented by the appointing authority.

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

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

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

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

Senate Bill No. 2110 removes the statutory requirement that the Department of Commerce Division of Economic Development and Finance include a finance office and an international business and trade office. The bill requires the director of the Division of Economic Development and Finance to identify and coordinate sources of capital and financial assistance and administer programs for financial assistance placed under the administration of the division. The bill also makes revisions to the mission of the Division of Economic Development and Finance and the Division of Tourism. The bill requires the director of the Division of Tourism to work with industry groups to prepare a long-term strategic plan each biennium, coordinate designing the tourism side of the state highway map, and organize and coordinate other marketing activities and events aimed at increasing visitor volume. The bill removes statutory requirements that the Commissioner of Commerce and the Commerce Cabinet develop a list of economic development money included in the budget request of cabinet agencies. The bill requires the Commissioner of Commerce to administer a Rural Development Office to assist in the development of rural communities. The bill creates a North Dakota Rural Development Council composed of between 9 and 17 members. The bill eliminates the Motion Picture Development Office and removes the requirement that the Commissioner of Commerce report biennially to the Legislative Council regarding the process used and factors considered in identifying and updating target industries.

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

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

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

STUDY PLAN

In order to complete the study charges, during the interim the Workforce Committee might want to consider:

- Receiving a review of the state's workforce system, including a review of the activities of the various actors and efforts being taken to coordinate these activities;
- Receiving a summary from the Department of Commerce Division of Workforce Development regarding the North Dakota workforce strategic plan;
- Receiving a review of the state's workforce-related tax incentives;
- Reviewing the workforce-related legislation enacted in 2009 and receiving testimony regarding implementation of key legislation; and
- Reviewing the 2007-08 Workforce Committee consultant's recommendations.

Additionally, the committee may determine it is valuable to hold a joint meeting with the Education Committee and Higher Education Committee in order to coordinate workforce-related studies.

ATTACH:2

SECTION 19. LEGISLATIVE COUNCIL STUDY - WORKFORCE SYSTEM INITIATIVE.

During the 2009-10 interim, the legislative council shall consider studying the state's system for addressing workforce needs through a workforce system initiative. The study should include a review of the alignment of taxpayer investment with programs, coordination of programs, and the North Dakota workforce strategic plan. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-second legislative assembly.

**Sixty-first Legislative Assembly of North Dakota
In Regular Session Commencing Tuesday, January 6, 2009**

SENATE CONCURRENT RESOLUTION NO. 4002
(Legislative Council)
(Workforce Committee)

A concurrent resolution directing the Legislative Council to study the state's workforce system, the feasibility and desirability of enacting legislation to address the issues identified in the 2007-08 interim Workforce Committee's consultant's report, and the implementation of workforce initiatives enacted by the Sixty-first Legislative Assembly.

WHEREAS, during the 2007-08 interim the Legislative Council's Workforce Committee studied the state's system for addressing workforce needs through a workforce system initiative that included receipt of agency reports regarding implementation of workforce legislation enacted during the 2007 legislative session, active participation in five focus groups across the state, and active participation in the Workforce Congress; and

WHEREAS, the Workforce Committee contracted with Thomas P. Miller and Associates to facilitate the focus groups and the Workforce Congress and to provide a report summarizing information gathered, prioritizing workforce-related action items, and identifying workforce system policy and implementation options and recommendations; and

WHEREAS, the interim Workforce, Education, and Higher Education Committees held a joint meeting to address workforce-related committee activities in order to coordinate workforce study activities; and

WHEREAS, although the Workforce, Education, and Higher Education Committees approved and recommended legislative packages addressing workforce-related issues, there are significant workforce action items in the Thomas P. Miller and Associates report which have not been fully addressed and which warrant additional legislative study and consideration;

NOW, THEREFORE, BE IT RESOLVED BY THE SENATE OF NORTH DAKOTA, THE HOUSE OF REPRESENTATIVES CONCURRING THEREIN:

That the Legislative Council study the state's workforce system, the feasibility and desirability of enacting legislation to address the issues identified in the 2007-08 interim Workforce Committee's consultant's report, and the implementation of workforce initiatives enacted by the Sixty-first Legislative Assembly; and

BE IT FURTHER RESOLVED, that the Legislative Council report its findings and recommendations, together with any legislation required to implement the recommendations, to the Sixty-second Legislative Assembly.

WORKFORCE ISSUE DISTRIBUTION PROPOSAL - EDUCATION COMMITTEE, HIGHER EDUCATION COMMITTEE, AND WORKFORCE COMMITTEE

The interim Education Committee, Higher Education Committee, and Workforce Committee held a joint meeting on June 24, 2008, to address workforce issues related to the committees' study charges. At the completion of the joint meeting, counsel for the three committees received a directive to draft a proposal of how to distribute the workforce issues between the three committees.

The following tables reflect a list of the committees' study charges and a proposed distribution of the workforce issues addressed at the joint meeting:

Workforce Issue Distribution Proposal
<p>Education Committee</p> <p>Career counselors</p> <ul style="list-style-type: none"> • Committee discussion could address several related issues, including curriculum for career exploration; qualifications of career counselors; school-to-work, internships, apprenticeships, and clinical opportunities; and career awareness for students, parents, and teachers. <p>Student assessment</p> <p>Tiered diplomas</p> <p>Regional education associations (REAs)</p> <p>Data collection</p> <p>Preparation for higher education and the workforce</p> <p>Curriculum and graduation requirements</p> <p>(These topics are also being addressed by the Commission on Education Improvement.)</p> <p>Higher Education Committee</p> <p>Tuition formula</p> <ul style="list-style-type: none"> • Committee discussion could address several related issues, including state and institution obligations, in-state and out-of-state tuition rates, tuition relationship to courses of study, and affordability. <p>Rapid response and streamline process to respond to workforce needs</p> <p>Funding formula</p> <ul style="list-style-type: none"> • Align with growth sectors • Equity relating to technical programs • Equity relating to nontraditional students <p>Data collection</p> <ul style="list-style-type: none"> • Postgraduation location and job • Completion/retention rates <p>Streamline high school to higher education</p> <p>Out-of-state recruitment</p> <p>Internships, apprenticeships, and clinical opportunities (at the institutional level)</p> <p>Access (rural)</p> <p>Strengthen technical education</p> <p>Workforce Committee</p> <p>Student loans (Bank of North Dakota)</p> <p>Lifetime education accounts</p> <p>Tax</p> <ul style="list-style-type: none"> • Employer automation • Attraction and retention of workers • Internships and apprenticeships • Student loan debt <p>Strengthen link between education and employment</p> <p>Attraction and retention of students and workers</p> <p>Strengthen Department of Commerce programs</p> <ul style="list-style-type: none"> • Ambassador program • Operation Intern • Attraction and retention of workers <p>Prairie Innovation Zone program and economic clusters</p>

Study Charges

Education Committee

3046 Study ways in which various public and private entities can cooperate with families to promote healthy lifestyles for children and create awareness about the interplay of healthy lifestyle choices and educational success

4032 Study ways in which schools and school districts can train teachers, counselors, and all other school staff to better identify high-risk students and provide programs designed to reduce the incidences of high-risk behaviors that can lead to suicide attempts

2030 § 11 Study the appropriateness and adequacy of high school curricula, with respect to preparing students for higher education and for the workplace, and examine curricular changes implemented in other states and expectations placed on students in other countries

2030 § 16 Study the short-term and long-term evolution of regional education associations, including the feasibility and desirability of regional education associations becoming political subdivisions; whether teachers should be employed directly by regional education associations, and whether that employment should include bargaining rights, contract renewal and nonrenewal provisions, participation in the Teachers' Fund for Retirement, and participation in the state's uniform group insurance program; the impact that allowing regional education associations to hire teachers directly would have on the recruitment and retention of teachers currently employed by school districts and on teacher salary levels; whether teacher employment contracts, if offered by regional education associations, would have to parallel those of participating school districts with respect to common school calendars, annual or personal leave provisions, and other contractual benefits; the conduct of evaluations, if teachers are employed directly by regional education associations, including who will conduct the evaluations, their frequency, and the criteria upon which the evaluations are based; the organizational structure of regional education associations, including the qualifications of administrative or supervisory personnel; the governance structure of regional education associations; and state level oversight

Higher Education Committee

1003 § 23 Study the means by which the North Dakota University System can further contribute to developing and attracting the human capital to meet North Dakota's economic and workforce needs, including ways to increase postsecondary access, improve the quality of education, contain costs, and other means, including productivity, to maximize the usage of the University System in meeting the human capital needs of the state; including a review of policy recommendations that address the postsecondary delivery system, including the mix of institutions, educational attainment gaps, degree production gaps, recruitment and retention of students, and workforce training needs; and including a review of the impact of the state's changing demographics on the University System long-term financing plan

2013 § 14 Study the provision of services to children and adults who are deaf or hearing-impaired, including the role of the North Dakota School for the Deaf in the provision of educational and rehabilitative services, the short-term and long-term viability of existing state facilities, and alternative approaches that might enhance the scope and breadth of service availability; the feasibility of combining the administration and delivery of services of the School for the Deaf with other area school districts, educational associations governed by joint powers agreements, special education units, and North Dakota Vision Services - School for the Blind; and examination of alternative uses for the buildings on the School for the Deaf campus beyond the scope of the school's present mission

Workforce Committee

1018 § 20 Study the state's system for addressing workforce needs through a workforce system initiative that includes receipt of agency reports regarding implementation of workforce legislation enacted during the 2007 legislative session, active participation in focus groups across the state, and active participation in a workforce congress

2149 § 3 Study job development authorities across the state to determine the economic impact created by the authorities, to examine funding mechanisms used by the authorities when expending resources for economic development purposes, and to determine whether the authorities serve a viable purpose

3025 Study possible methods of growing North Dakota's population and increasing the available workforce in the state

Study the means by which the University System fulfills North Dakota's workforce needs - Legislative Council chairman directive