

## **WORKFORCE TRAINING AND DEVELOPMENT PROGRAMS - BACKGROUND MEMORANDUM**

### **INTRODUCTION**

Section 4 of 2001 Senate Bill No. 2020 (2001), a copy of which is attached as an appendix, directs the Legislative Council to study workforce training and development programs in North Dakota, including:

- Efforts to recruit and retain North Dakota's workforce, underemployment and skills shortages, current workforce training efforts, and the involvement of the new economy initiative goals and strategies;
- Work Force 2000 and new jobs training programs and other workforce training and development programs administered by agencies of the state of North Dakota; and
- The feasibility and desirability of consolidating in a single agency the funding and administration of those programs.

### **RELATED STUDIES**

Section 2 of Senate Bill No. 2020 requires the Division of Workforce Development of the Department of Commerce to prepare a report annually on workforce training and development activities of the North Dakota University System, Job Service North Dakota, Department of Human Services, State Board for Vocational and Technical Education, Department of Commerce, and other workforce partners and to present the reports to the Appropriations Committees of the 58th Legislative Assembly.

Section 5 of Senate Bill No. 2020 requires the North Dakota University System to report during the 2001-02 interim to the Budget Section regarding the amount of funds raised in each region of the state during the first fiscal year of the biennium and the amount anticipated to be raised before June 30, 2003.

Section 17 of Senate Bill No. 2003 (2001) directs a study during the 2001-02 interim of the responsibilities and functions of the College Technical Education Council (CTEC) and the implementation of the workforce training regions, including how the workforce training regions are functioning. This study is being conducted by the interim Higher Education Committee.

Section 18 of Senate Bill No. 2003 directs a study during the 2001-02 interim of the State Board of Higher Education's implementation of the performance and accountability measures report required by Senate Bill No. 2041, including information on education excellence, economic development, student access, student affordability, and financial operations. This study is being conducted by the interim Higher Education Committee.

### **PREVIOUS STUDIES**

#### **1999-2000 Interim**

During the 1999-2000 interim, the Legislative Council's Commerce and Labor Committee studied economic development efforts in the state. The committee reviewed the economic development activities of the Department of Economic Development and Finance, the Division of Community Services, Job Service North Dakota, North Dakota University System, and other state agencies and public and private sector entities. The committee recommendations included the following bills:

- Senate Bill No. 2032, consolidating the Department of Economic Development and Finance, the Division of Community Services, and the Tourism Department to create a Department of Commerce that would include a division of international trade and a division of workforce development. As passed, this bill no longer provides for a division of international trade.
- House Bill No. 1043, providing for state payment of certain student loans of graduates of postsecondary educational institutions in the state who are residents of the state and are employed in target industries located in the state. This bill failed to pass the Senate by a vote of 20-29.

Additionally, the committee worked with the National Conference of State Legislatures in compiling a state inventory of job training programs that have a workforce development component. The inventory indicated that the Department of Corrections and Rehabilitation, Department of Human Services, Department of Public Instruction, Department of Transportation, Job Service North Dakota, North Dakota University System, State Board for Vocational and Technical Education, Veterans' Employment and Training Service, and Workers Compensation Bureau provide approximately 40 workforce development programs.

Also, during the 1999-2000 interim, the Legislative Council's Higher Education Committee studied higher education funding, including the expectations of the University System in meeting the state's needs in the 21st century. As part of this study, the committee formed a Higher Education Roundtable, consisting of the 21 members of the Higher Education Committee and 40 representatives from the State Board of Higher Education, business and industry, higher education institutions, including tribal colleges and private colleges, and the executive branch. The committee recommendations included Senate Bill No.

2041, recognizing the institutions under the control of the State Board of Higher Education as the North Dakota University System, and requiring the State Board of Higher Education to develop a strategic plan that defines the University System goals and objectives and to provide an annual performance and accountability report regarding performance and progress toward the goals and objectives. This bill passed with minor amendments. Additionally, the committee recommended several education financial and nonfinancial accountability measurements, including research and development, economic development, and system accessibility.

### **1997-98 Interim**

During the 1997-98 interim, the Legislative Council's Commerce and Agriculture Committee received periodic reports from the State Board for Vocational and Technical Education regarding the agency's progress in coordinating statewide access to workforce training programs. Testimony received indicated that in addition to the private sector, the following entities were involved in the coordination of access to workforce training programs: the North Dakota University System, the Department of Economic Development and Finance, the Workforce Development Council, the Secretary of State, the Labor Commissioner, the State Department of Health, the Department of Corrections and Rehabilitation, the Highway Patrol, Job Service North Dakota, the Department of Human Services, the Superintendent of Public Instruction, the Agriculture Commissioner, the Department of Transportation, the Indian Affairs Commission, the State Board of Plumbing, and the Public Service Commission.

## **WORKFORCE TRAINING AND DEVELOPMENT PROGRAMS**

In the most comprehensive sense, workforce training and development includes education from kindergarten through college and advanced, customized, and specialized training courses. When considered independently, workforce development typically applies to the broader, more traditional types of training and education, whereas workforce training typically applies to the narrower, less traditional types of education that frequently address customized job training. For the purposes of this memorandum, workforce training and development will generally refer to advanced training, customized training, or retraining received by individuals for career improvement or career changes and does not include educational training provided as general coursework by the North Dakota University System and any educational training below the higher education level. Within this context of workforce training and development, the primary state agencies providing workforce training and development include the Department of Commerce Division of Workforce Development, the

Department of Human Services, Job Service North Dakota, the State Board for Vocational and Technical Education, and the North Dakota University System.

### **Department of Commerce Division of Workforce Development**

Senate Bill No. 2032 (2001), which was a recommendation from the 1999-2000 interim Commerce and Labor Committee, established a Department of Commerce, including a Division of Economic Development and Finance, Division of Community Services, a Division of Tourism, and a Division of Workforce Development. The Division of Workforce Development's primary function is to be a one-stop center for business, industry, economic development professionals, and others wanting to obtain information regarding the state's workforce and programs and services available to educate and train the workforce.

The Division of Workforce Development is intended to provide administrative and funding support to the North Dakota Workforce Development Council, which is a 25-member council with the purpose of advising the Governor and the public regarding the nature and extent of workforce development and economic development needs in North Dakota and how to meet these needs effectively while maximizing the efficient use of available resources and avoiding unnecessary duplication of effort. The council is managed by a full-time director employed by the Division of Workforce Development and is responsible for drafting the state's five-year strategic workforce development plan, assisting the Governor in the development of a statewide labor market information system, and coordinating workforce development system activities with state and local economic development strategies.

The 57th Legislative Assembly directed the Department of Commerce and the North Dakota Workforce Development Council to establish a public-private partnership talent recruitment initiative during the 2001-03 biennium. Under the initiative, grants are to be awarded to support efforts in talent recruitment of out-of-state former residents.

### **Department of Human Services**

The Department of Human Services provides workforce training and development assistance for individuals who are eligible under selected public assistance programs. The following provides a brief explanation of the programs that offer workforce training and development assistance:

- The temporary assistance for needy families (TANF) program is a federal and state program to provide cash assistance to families in need and reduce dependency by promoting job preparation and work. Under the program, individuals may receive basic education and job skills training and work support assistance,

such as child care assistance, transportation assistance, and career-related counseling.

- The job opportunities and basic skills (JOBS) program is the employment and training component of North Dakota's TANF program under which individuals who are eligible for the TANF program may receive basic education and specific job skill training.
- The child care assistance program provides assistance to low-income families to help obtain and pay for the care of dependent children while an individual is at work or in training.
- The food stamp employment training program provides job training and employment services to eligible food stamp recipients.

### **Job Service North Dakota**

Job Service North Dakota provides workforce training and development through numerous federal and state programs. Programs are available to support job training for individuals and employers that are locating in North Dakota, expanding employment, or upgrading the skills of their workforce. The following is a brief explanation of the various workforce training and development programs offered through Job Service North Dakota:

- The Workforce Investment Act of 1998 is the primary federal workforce training program. The goal of the Act is to increase occupational skill attainment, employment, retention, and earnings of participants through program activities such as classroom training, on-the-job training, and work experience.
- Job Service North Dakota is under contract with the Department of Human Services to administer the JOBS program, which provides basic education and specific job skill training to people eligible for the TANF program.
- The Work Force 2000 program is a job training program designed to assist North Dakota industry and business in retraining and upgrading workers' skills to meet demands brought about by the introduction of new technologies and work methods into the workplace and to provide assistance to companies to help them train new employees.
- The trade adjustment assistance program provides special job training, job search assistance, relocation, and related services to workers who have become unemployed as a result of increased imports or the North American Free Trade Act.
- The senior community service employment program is designed to foster and promote useful part-time employment opportunities in community service activities for unemployed low-income persons who are 55 years of age

and older and have decreased employment prospects.

- The North Dakota survival program provides employment training services to individuals affected by the loss of farm and ranch operations in the state.
- The new jobs training program, which was enacted by the 53rd Legislative Assembly (1993), provides a state income tax withholding credit equal to the state income tax withholding projected to be generated from new jobs created. To qualify, the employer must either be locating to the state or expanding employment within the state, and the new jobs created must pay a minimum of \$7.50 per hour plus benefits within the first year of employment. The eligible employer may access funding by obtaining a grant or loan from a commercial or private lender, city, or local development corporation. The loan or grant covers the costs of workforce training and program administration identified in the project agreement between the employer and Job Service North Dakota. The loan or grant is repaid through state income tax withholding credits generated from the new positions created.

### **State Board for Vocational and Technical Education**

The mission of the State Board for Vocational and Technical Education is to work with others to provide all North Dakota citizens with the technical skills, knowledge, and attitudes necessary for successful performance in a globally competitive workplace. The board manages the workforce training funding appropriated by the Legislative Assembly for the four community colleges that coordinate workforce training opportunities in North Dakota. The board also distributes grant funds for specialized industry training provided on demand by vocational education centers.

### **North Dakota University System**

The North Dakota University System provides workforce training and development through the institutions' continuing education divisions and the four community colleges that are responsible for coordinating workforce training activities for their respective area. In addition, the appropriation for the North Dakota University System includes funding for the College Technical Education Council that was formed to improve the coordination and collaboration among the State Board for Vocational and Technical Education and the secondary and postsecondary institutions involved in vocational technical education and workforce training in North Dakota.

## **WORKFORCE TRAINING AND**

## DEVELOPMENT PROGRAMS FUNDING

The following table provides information regarding the level of funding provided for the 1999-2001 and

2001-03 bienniums for workforce training and development programs:

Agency - Program	1999-2001 Biennium		2001-03 Biennium	
	General Fund	Special Funds	General Fund	Special Funds
Department of Commerce Workforce Development Council Statewide talent recruitment initiative	\$104,157	\$104,157	\$178,964 250,000	\$103,963
Department of Human Services TANF program JOBS program Child care assistance program Food stamp employment training program		587,170 2,478,812 16,507,896 520,000	36,523	3,083,671 3,162,736 21,247,033 515,000
Job Service North Dakota Workforce Investment Act Job Training Partnership Act <sup>1</sup> JOBS program Work Force 2000 Welfare-to-work <sup>2</sup> Trade adjustment assistance program Senior community service employment program North Dakota survival program Job Corps <sup>3</sup> New jobs training program Bremer Foundation <sup>4</sup> Department of Veterans' Affairs <sup>4</sup>	1,250,000	6,983,485 4,247,422 3,598,513 676 1,629,539 1,271,962 1,069,524 1,849,680 449,822 179,884 70,000 66,681	2,100,356	12,496,060 4,472,977 1,176,217 1,052,242 235,345 110,000
State Board for Vocational and Technical Education Workforce training Industry training program	875,000 32,795		1,350,000 30,000	
North Dakota University System College Technical Education Council	197,627		194,788	
<b>Total</b>	<b>\$2,459,579</b>	<b>\$41,615,223</b>	<b>\$4,140,631</b>	<b>\$47,655,244</b>

<sup>1</sup> The Job Training Partnership Act expired on June 30, 2000.  
<sup>2</sup> Funding availability for the welfare-to-work program expired on June 30, 2001.  
<sup>3</sup> The Job Corps contract terminated on June 30, 2000.  
<sup>4</sup> These programs were funded in the 1999-2001 biennium with one-time grant funding.

## STUDY APPROACH

A possible approach to the committee's study of the workforce training and development programs is to receive testimony from representatives of the Department of Commerce, Workforce Development Council, Department of Human Services, Job Service North Dakota, State Board for Vocational and Technical Education, and North Dakota University System regarding:

- Efforts to recruit and retain North Dakota's workforce.
- Underemployment and skills shortages.
- Workforce training and development programs, including program objectives and services, the number of businesses and

individuals served, and future workforce training and development plans based on the new economy initiative goals and strategies.

- Feasibility and desirability of consolidating funding and administration of programs in a single agency.

Additionally, the committee may consider receiving testimony from local economic development organizations, businesses, the Greater North Dakota Association, and other interested entities regarding workforce training and development programs and the needs of business.

ATTACH:1

**Fifty-seventh Legislative Assembly of North Dakota  
In Regular Session Commencing Tuesday, January 9, 2001**

SENATE BILL NO. 2020  
(Appropriations Committee)  
(At the request of the Governor)

AN ACT to provide an appropriation for defraying the expenses of the state board for vocational and technical education; to provide for a legislative council study; to create and enact a new section to chapter 52-08 of the North Dakota Century Code, relating to workforce training funds; and to provide an effective date.

**BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

**SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds as may be necessary, are appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, and from special funds derived from federal funds and other income, to the state board for vocational and technical education for the purpose of defraying the expenses of its various divisions, for the biennium beginning July 1, 2001, and ending June 30, 2003, as follows:

Salaries and wages	\$2,946,750
Operating expenses	596,147
Equipment	60,000
Grants	22,920,288
Information technology technical education program development grants	422,300
Adult farm management	575,760
Work force training	1,350,000
Postsecondary education vocational grants	<u>357,452</u>
Total all funds	\$29,228,697
Less estimated income	<u>14,887,742</u>
Total general fund appropriation	\$14,340,955

**SECTION 2. WORKFORCE TRAINING AND DEVELOPMENT ACTIVITIES - DIVISION OF WORKFORCE DEVELOPMENT REPORT TO FIFTY-EIGHTH LEGISLATIVE ASSEMBLY.** The division of workforce development of the department of commerce shall prepare a report annually on workforce training and development activities of the North Dakota university system, job service North Dakota, department of human services, state board for vocational and technical education, department of commerce, and other workforce partners. The division of workforce development of the department of commerce shall present the reports to the House and Senate appropriations committees of the fifty-eighth legislative assembly.

**SECTION 3. INFORMATION TECHNOLOGY TECHNICAL EDUCATION PROGRAM DEVELOPMENT GRANTS.** The state board for vocational and technical education shall use the amount appropriated in the line item entitled information technology technical education program development grants in section 1 of this Act to contract with a nonprofit private entity to provide assistance to schools in information technology technical education program development. The funds must be expended in accordance with the April 24, 2001, partnership agreement entered into between the state board for vocational and technical education and explornet.

**SECTION 4. WORKFORCE TRAINING AND DEVELOPMENT - LEGISLATIVE COUNCIL STUDY.** The legislative council shall consider studying, during the 2001-02 interim, workforce training and development programs in North Dakota, including efforts to recruit and retain North Dakota's workforce, underemployment and skills shortages, current workforce training efforts, and the involvement of the new economy initiative goals and strategies; and the work force 2000 and new jobs

training programs and other workforce training and development programs administered by agencies of the state of North Dakota, and the feasibility and desirability of consolidating in a single agency the funding and administration of those programs. Agencies to be considered as part of the study include job service North Dakota, the department of economic development and finance, the state board for vocational and technical education, and the North Dakota university system. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the fifty-eighth legislative assembly.

**SECTION 5. WORKFORCE TRAINING - REGIONAL FUNDS - REPORT TO BUDGET**

**SECTION.** The North Dakota university system shall report during the 2001-02 interim to the budget section of the legislative council regarding the amount of funds raised in each region of the state during the first fiscal year of the biennium and the amount anticipated to be raised prior to June 30, 2003.

**SECTION 6.** A new section to chapter 52-08 of the North Dakota Century Code is created and enacted as follows:

**Workforce training funds - Distribution.** Within the limits of legislative appropriations, workforce training funds must be distributed by the state board for vocational and technical education as follows:

1. During the first fiscal year of each biennium, the state board for vocational and technical education shall distribute up to one-half of the total amount appropriated for the biennium. The funds must be divided among the institutions of higher education assigned primary responsibility for workforce training pursuant to business plans approved by the state board of higher education and filed annually with the state board for vocational and technical education and the division of workforce development of the department of commerce.
2. To be eligible to receive state funding for the second fiscal year of each biennium, each institution of higher education assigned primary responsibility for workforce training must provide certification to the workforce development division of the department of commerce that at least fifty percent of the regional funds included in the approved business plan for the biennium have been received, or are pledged to be received, prior to the end of the biennium. These funds may not be distributed to an institution of higher education assigned primary responsibility for workforce training until the workforce development division notifies the state board for vocational and technical education that the institution has met the requirements of this subsection.

**SECTION 7. EFFECTIVE DATE.** Section 6 of this Act becomes effective July 1, 2003.