

NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

WORKFORCE COMMITTEE

Thursday, September 6, 2007
Roughrider Room, State Capitol
Bismarck, North Dakota

Senator Tony Grindberg, Chairman, called the meeting to order at 9:00 a.m.

Members present: Senators Tony Grindberg, Ray Holmberg, Dave Nething, Tom Seymour; Representatives Donald L. Clark, Stacey Dahl, Mary Ekstrom, Glen Froseth, Eliot Glassheim, Pam Gulleson, Nancy Johnson, George J. Keiser, Lisa Meier, Lee Myxter, Dan J. Ruby, Clark Williams, Steve Zaiser

Others present: See [Appendix A](#)

Representative Shirley Meyer, member of the Legislative Council, was also in attendance.

Chairman Grindberg welcomed the committee members and called on committee counsel to review the [*Supplementary Rules of Operation and Procedure of the North Dakota Legislative Council*](#).

STUDIES

Chairman Grindberg called on Mr. William G. Goetz, Chancellor, North Dakota University System, to present information regarding the educational demographics of the region. Mr. Goetz said he looks forward to the University System's partnership with the Workforce Committee.

In response to a question from Representative Froseth, Mr. Goetz said in order to keep our educated young people in the state, the students need to have the opportunity in the state to find good jobs with good pay. He said this situation is not unique to North Dakota. Additionally, he said, there is a high number of individuals who want to return to North Dakota. He said he recognizes there is work that remains to be done but it is important to understand and evaluate who leaves the state and why they leave.

In response to a question from Representative Keiser, Mr. Goetz said in attempting to measure the outcome of the state's workforce actions, retention is a good example of how to track these actions. He said retention of students of institutions of higher education is related to how prepared students are as they enter the higher education system. Mr. Goetz said he will provide the committee with a list of the outcomes the North Dakota University System will be using to measure the success of the system's workforce activities.

In response to a question from Representative Ekstrom, Mr. Goetz said he will attempt to gather and provide the committee with data regarding faculty retention in the North Dakota University System.

In response to a question from Representative Gulleson, Mr. Goetz said in addressing the workforce issue, the North Dakota University System will try to provide the committee members with a profile. He said he recognizes the need to be proactive and careful to not just react to change. He said the workforce issues are ongoing and the committee will not find an answer that addresses all issues. Furthermore, he said, the Higher Education Roundtable has been instrumental in making the University System more flexible and more entrepreneurial.

Mr. Goetz said that in recognizing the need for the education system to advance, the state needs to do a better job preparing students in kindergarten through grade 12 as it relates to workplace preparedness and preparedness to enter the higher education system. He said it is important to recognize that not all students go on to two-year or four-year degree-granting institutions. Some students, he said, seek certificates and some seek additional education into adulthood. He said the financial aid system is not adequately addressing the needs of students of institutions of higher education, and this is both a state and national issue.

In response to a question from Representative Zaiser, Mr. Goetz said as the economy diversifies, income should reflect this better diversification.

Senator Grindberg stressed the importance of the committee members being aware of and taking into account the related activities of other Legislative Council interim committees.

Chairman Grindberg called on Ms. Marsha Krotseng, Vice Chancellor, North Dakota University System, to present information regarding the educational demographics of the region as well as ACT data. Ms. Krotseng gave a computer presentation, a copy of which is attached as [Appendix B](#).

In response to a question from Senator Grindberg, Ms. Krotseng said mathematics is an example of an ACT-related area of possible improvement for North Dakota. She said some students in North Dakota take mathematics early in their high school coursework and do well; however, these same students often fail to take mathematics courses later in their high school coursework.

In response to a question from Senator Holmberg, Ms. Krotseng said the ACT data relating to career interest is limited to those students who report an

interest in a career. She said the ACT system is taking actions to change perceived weaknesses in the reporting system.

In response to a question from Representative Dahl, Ms. Krotseng said the North Dakota University System is aware of the decreasing number of high school graduates in the state and is looking to attract two-year university graduates who are transfer students from other states.

In response to a question from Senator Nething, Ms. Krotseng said she is interested in the statistics indicating the enrollment in public two-year colleges is 1.5 percent in North Dakota versus 2.1 percent of the population of the United States. However, she said, in considering this data it might be valuable to take a look at the appropriate balance and make sure the two-year degree needs of the workforce are being met in this state.

In response to a question from Representative Keiser regarding ACT readiness scores, Ms. Krotseng said she will try to provide the committee with data regarding remediation efforts and the associated costs.

In response to a question from Representative Glassheim regarding declining high school graduation rates, Ms. Krotseng said it is a good observation; however, demography is not our destiny.

In response to a question from Representative Ekstrom, Ms. Krotseng said the entire Midwest region is facing a demographic situation similar to North Dakota.

In response to a question from Representative Froseth, Ms. Krotseng said she will provide the committee with data on what actions the state is taking to keep out-of-state higher education students in this state following graduation.

Senator Grindberg said it is interesting that it is inherent in our culture that parents want their children to earn four-year degrees, regardless of the workforce and the career opportunities.

Chairman Grindberg called on Mr. Shane C. Goettle, Commissioner, Department of Commerce, for comments regarding the status of North Dakota's workforce, North Dakota workforce activities, and the Governor's Workforce Summit scheduled for October 11-12, 2007. Mr. Goettle provided written testimony and gave a computer presentation, copies of which are attached as [Appendix C](#).

Chairman Grindberg called on Mr. Richard Judy, Workforce Associates, Inc., for comments regarding the upcoming "State of the North Dakota Workforce Report" and associated workforce trends. Mr. Judy addressed the committee telephonically. He said the "State of the North Dakota Workforce Report" is currently a work in progress and is scheduled to be presented at the Governor's Workforce Summit being held in Bismarck on October 11-12, 2007. In looking at the state of North Dakota's workforce, he said, economic development and the workforce can be considered Siamese twins. Looking at North Dakota specifically, North Dakota has a tight labor market,

which is in part related to demographics. He said the state can be evaluated based on data from the state's eight regional planning councils and how the state addresses retaining, recruiting, and retooling. He said strategic skill initiatives is one of North Dakota's workforce needs.

In response to a question from Representative Gulleson regarding the situation with Imation leaving the state, Mr. Goettle said several companies are looking at the open Imation site and anecdotally it appears as though the particular skill-set available in the workforce at the Imation plant is very attractive and desirable for businesses considering moving into the state.

In response to a question from Representative Keiser, Mr. Goettle said the Department of Commerce will be working with the Workforce Development Council in establishing outcome measurements for the state's workforce programs. He said Mr. James Hirsch, Division of Workforce Development, Department of Commerce, will present more information on the Workforce Development Council later in the meeting.

In response to a question from Representative Ekstrom, Mr. Hirsch said the state's talent attraction initiative includes focus on population groups, such as Native Americans, and will include an outcome measurement to track the success of these programs.

In response to a question from Representative Ruby, Mr. Goettle said the Department of Commerce gathers data regarding workforce openings and vacancies. He said Mr. Judy's report at the Governor's Workforce Summit will touch on this issue. Additionally, he said, because of the limited workforce talent in this state and the limited resources of state government, the Department of Commerce needs to target its efforts to maximize its impact. Mr. Hirsch said although the Department of Commerce has not specifically addressed competitiveness of the state's wages in the oilfield, anecdotally the state's oilfield wages are very comparable to similar jobs in other states.

Representative Froseth questioned whether the Department of Commerce is taking any actions to pursue available workforce from other countries. He said his region of the state has been successful in seeking farm laborers from South Africa and Australia, receiving strong workers with a good work ethic. Mr. Goettle said he has consistently heard the suggestion of focusing on workforces in specified countries; however, there appear to be federal issues that would need to be addressed. He said the federal system seems to be set up to prevent workers from taking jobs in the United States. Even with these federal barriers, he said, there have been examples of creative approaches taken by North Dakota communities, e.g., the partnership between the Medora Foundation and Baker Boy, through which the organizations work together to assist workers from other countries meet the qualifications to come work in western North Dakota. He said the most successful

way to address this issue of the workers from out of the country would be to engage the North Dakota Congressional Delegation.

In response to a question from Senator Seymour, Mr. Goettle recognized the importance of the question of whether the local workforce needs and the state workforce targets match up with each other. He said the Department of Commerce is beginning the process of reviewing its strategic plan and benchmarks, and part of this review will consider how to interface the state and local strategic plans.

In response to a question from Representative Glassheim, Mr. Goettle said the state does not have any current efforts or any plans to make deliberate efforts to follow plant closures in other states to try to lure workers into this state. However, he said, in the past the state has experimented with this idea with limited success. Additionally, he said, he understands Wyoming had pursued this approach and found that retention of the relocated workforce became an issue.

Representative Ekstrom said that foreign immigration is an important consideration. She said there had been a program in Iowa in which the state sought waivers of federal immigration requirements.

In response to a question from Representative Zaiser, Mr. Goettle said the best source of data to mine information regarding what it would take to lure and recruit workers from other states would come from employees who have moved to North Dakota. Representative Zaiser said he would encourage considering adding a fourth "R" to the state's approach to the workforce, to include "reward"--rewarding workers by high salaries.

Representative Froseth said in looking at state comparisons of costs of living, North Dakota has consistently ranked well, and the state needs to get this message out. Representative Zaiser said his experience has been the cost of living in Fargo is very similar to the cost of living in Minneapolis.

Mr. Judy said studies indicate the difference between the cost of living in North Dakota versus other metropolitan areas is typically related to housing expenses.

Chairman Grindberg said the Workforce Committee members will be provided free registration to the Governor's Workforce Summit. Additionally, he said, the chairman of the Legislative Council has approved reimbursement for travel and lodging for any Workforce Committee members who do choose to attend the Governor's Workforce Summit.

Chairman Grindberg called on Ms. Carol Goodman, President, Economic Development Association of North Dakota, for comments regarding the current status of the local workforce and the workforce system. Ms. Goodman invited all legislators to attend the Economic Development Association of North Dakota annual conference held in Fargo on October 22-24, 2007.

Ms. Goodman said she appreciates the work of the Legislative Assembly and looks forward to working with the committee as it pursues its charges. She

said workforce is one challenge faced by local communities and in order to address this it will take cultural changes and discussions at the grassroots levels. Ms. Goodman said she works for the Cavalier County Job Development Authority and examples of workforce efforts in her community include training of nurses; regional efforts such as internship programs; the private energy sector stepping to the plate to pay competitive wages; creation of alumni lists; and local and out-of-state job fairs.

Ms. Goodman said some steps that need to be taken include systemic marketing. She said new graduates face jobs requiring three to five years of experience, and oftentimes this is the reason the communities are losing their graduates of institutions of higher education.

Chairman Grindberg called on Mr. Gaylon Baker, Stark County Economic Development Corporation, for comments regarding the current status of the local workforce and the workforce system. Mr. Baker said successful local efforts include creation of a web site. He said in the sectors of manufacturing, health care, and energy, two-thirds of the jobs do not require postsecondary education. In the oil and manufacturing sectors, the employers are turning away work due to the lack of workforce. However, he said, some jobs do require special training and the workforce lacks that specified education. He said he recognizes that communities need to diversify, but this is a tough thing to do now because the developers cannot in good conscience recruit businesses that will not be able to fill workforce needs. He said the last thing the committee needs is to be known as the location of stranded investments.

Mr. Baker said on a national and regional level, the state needs to show that North Dakota's promise is better than those of our neighbors.

Chairman Grindberg called on Mr. Kevin Magstadt, Vice President, Economic Development Association of North Dakota, as well as the community director for Montana Dakota Utilities (MDU). He said MDU has taken an affirmative step in trying to address its workforce needs through succession planning, extensive training in all positions, and national and regionally competitive wages.

Chairman Grindberg called on Mr. Brian Walters, President, Greater Fargo-Moorhead Economic Development Corporation, for comments regarding the current status of the local workforce and the workforce system. He said it is important to consider both the existing economy and the future economy in addressing workforce needs and economic development.

Mr. Walters said in his experience in some fields, it has been difficult to recruit workforce from other states; therefore, the communities and the state need to prepare the state's workforce.

In response to a question from Representative Ekstrom, Mr. Walters said the only way he sees to address the issue of the image of the state is to get really good at something so that other states will

recognize our achievements. He said he does not see the value in spending a significant amount of resources on image campaigns.

In response to a question from Representative Glassheim, Mr. Walters said the state needs to make better use of its existing workforce. He said if employers are unable to recruit for all the open positions then employers need to better utilize the current workforce through higher productivity.

Chairman Grindberg called on Mr. Wade Mann, North Dakota Chamber of Commerce, for comments regarding the current status of the workforce and the workforce system. Mr. Mann provided written testimony, a copy of which is attached as [Appendix D](#).

In response to a question from Representative Johnson, Mr. Mann said the North Dakota Chamber of Commerce used Department of Commerce data to create the *2007 Competitive Index With Key Indicators of North Dakota's Climate*. He said the chamber sent this document to legislators, economic developers, and chamber members.

Senator Grindberg said there are several examples of successful public-private partnerships addressing workforce, including the 1999 creation of quadrant training, the Higher Education Roundtable, and the Business Congress. He said in pursuing the committee's activities for the workforce system initiative he looks forward to continuing this successful public-private partnership and looks forward to continuing a strong partnership with the Economic Development Association of North Dakota and the North Dakota Chamber of Commerce. He said as the committee moves forward with its charge he would encourage the committee to keep its discussions at the macrolevel and to consider what the state's role is as it relates to workforce.

Chairman Grindberg called on committee counsel to present the four background memorandums on the four committee study charges.

Committee counsel reviewed the memorandum entitled [Workforce System Study - Background Memorandum](#). She said Section 20 of 2007 House Bill No. 1018 provides for a Legislative Council study of the state's system for addressing workforce needs through a workforce system initiative. She said the workforce system initiative must include receipt of agent reports regarding implementation of workforce legislation enacted during the 2007 legislative session, active participation focus groups across the state, and active participation in a workforce congress.

Representatives Glassheim and Keiser said they would like to consider the location of focus group meetings, including consideration of holding focus group meetings in locations other than the four major cities in this state.

Senator Grindberg agreed it would be helpful to evaluate what cities in which to hold the focus groups and would ask for the Economic Development Association of North Dakota's assistance in this process.

Senator Nething supported holding meetings across the state, including possible consideration of holding meetings in communities with two-year institutions of higher education.

Committee counsel reviewed the memorandum entitled [University System Fulfillment of Workforce Needs - Background Memorandum](#). She said under directive of the chairman of the Legislative Council, the Workforce Committee is charged with studying the means by which the University System fulfills North Dakota's workforce needs.

Committee counsel reviewed the memorandum entitled [Job Development Authority Study - Background Memorandum](#). She said Section 3 of 2007 Senate Bill No. 2149 provides for a Legislative Council study of job development authorities to determine the economic impact created by the authorities, to examine funding mechanisms used by job development authorities when expending resources for economic development purposes, and to determine whether job development authorities serve a viable purpose.

Committee counsel reviewed the memorandum entitled [Population Study - Background Memorandum](#). She said House Concurrent Resolution No. 3025 provides for a study of possible methods of growing North Dakota's population and increasing the available workforce in the state. She said the basis of the study includes recognition of the state's low or negative rate of population growth and recognition of the workforce-related problems related to the state's low population growth and changing demographics of the state's population, including rural depopulation, outmigration of young adults and young families, and an increasing proportion of the elderly.

Chairman Grindberg called on Mr. Hirsch for comments regarding the state's workforce system and 2007 legislation impacting workforce. Mr. Hirsch provided written testimony and gave a computer presentation, copies of which are attached as [Appendix E](#).

In response to a question from Senator Holmberg, Mr. Hirsch said child care is an issue related to workforce, especially in some targeted population.

In response to a question from Representative Keiser, Mr. Hirsch said he will provide the committee with additional information regarding program goals.

Representative Glassheim said a significant amount of information the committee has received relates to responding to employers' needs. He raised the issue of the needs of the individuals and what if individuals are not interested in performing the type of work available in communities or in the state. Additionally, he said, the state has spent significant energy on shifting to an entrepreneurial model in training North Dakotans as entrepreneurs, and entrepreneurs are not going to be filling the workforce needs of employers.

Mr. Hirsch said there are young people in the state who want to stay in North Dakota but do not know how to do this. He said preparing this portion of the

population for the workforce needs in the state is providing a vital service.

Senator Grindberg said it is important to remember to look at this information at a macrolevel and what the state can do to help. He said the concept of a workforce pipeline is a good concept.

Mr. Hirsch said the talent initiative does not focus on specific workforce problems, but focuses on the system as a whole.

Representative Keiser said there should be incentives to address quality of employment as well as consideration of reviewing the best practices of other states. He said an example of quality of employment might include flextime for employees.

Senator Nething said there are two types of ethics--ethics from the employer to the employee and ethics from the employee to the employer. He said he thinks this issue of ethics could be something in which institutions of higher education take the lead.

Chairman Grindberg called on Ms. Goodman for comments regarding the committee's study of job development authorities. Ms. Goodman said it is hard to find something bad to say about the job development authorities and the law allowing for the creation of these authorities.

Ms. Goodman said the job development authority in Cavalier County was established in 1990 and operates under a four-mill levy. She said this levy funds the county job development authority's operations, which include marketing, travel, and feasibility studies. Additionally, she said, the job development authority receives funding through a local one-cent sales tax, which is used for capital improvements, tax relief, and economic development. She said the job development authority statutory structure works well as it is a clean, uncomplicated law.

In response to a question from Senator Seymour, Ms. Goodman said some of the funds available to the Cavalier County Job Development Authority are in a revolving loan fund. She said to date only \$19,000 in loans have been written off.

In response to a question from Representative Glassheim, Ms. Goodman said because the county job development authority is a public entity it does make annual reports.

Ms. Goodman said she does not have any recommended changes to the job development authority law. Additionally, she said, the Cavalier County Job Development Authority has never taken an equity position on a project. She said the idea of taking an equity position has been discussed but never acted upon.

In response to a question from Representative Zaiser, Ms. Goodman said examples of the Cavalier County Job Development Authority activities include providing an interest rate buydown to a trucking company and working with a telemarketing company to come into the community.

Chairman Grindberg called on Mr. Duke Rosendahl, Hazen Community Development, Inc., for

comments regarding the study of job development authorities. Mr. Rosendahl provided written testimony, a copy of which is attached as [Appendix F](#).

Mr. Rosendahl said Hazen Community Development, Inc., contracts with the city of Hazen to provide job development authority services. He said one of the unmet needs for cities is the need for education on how to create communities people want to live in.

In response to a question from Senator Nething, Mr. Rosendahl said one-half of the one-cent local sales tax is used for infrastructure, which includes tax relief.

Senator Grindberg called on Mr. Russell Staiger, President, Bismarck-Mandan Development Association, for comments regarding the committee's job development authority study. Mr. Staiger provided written testimony, a copy of which is attached as [Appendix G](#).

In response to a question from Senator Seymour, Mr. Staiger said it is common for the Bismarck-Mandan Development Association to work with the North Dakota Congressional Delegation in putting together economic development projects.

In response to a question from Representative Keiser regarding whether it is good public policy for a job development authority to get into the equity business, Mr. Staiger said it is difficult to see how the smaller communities can take an equity position because of the low amount of funds available to these job development authorities.

REPORTS

Chairman Grindberg called on Mr. Gordon LaFrance, Department of Commerce, Division of Community Services, for the annual report on renaissance zone progress. Mr. LaFrance provided written information, a copy of which is attached as [Appendix H](#).

Mr. LaFrance said the report covers the period from July 2006 through June 2007. He said during this period, eight cities have joined the renaissance zone program. Additionally, he said, by the end of calendar year 2007 there will be several additional communities joining the program. Mr. LaFrance said the program appears to be working well.

In response to a question from Senator Grindberg requesting whether it would be possible to track the property tax impact of the renaissance program, Mr. LaFrance said he would seek to gather that data for the next annual report.

In response to a question from Representative Keiser, Mr. LaFrance said there has been some interest in utilizing the new renaissance zone satellite provision which was enacted in 2007; however, none of the renaissance zones have formally used this provision. He said it is likely that the renaissance zones are trying to finish their current construction season before actually pursuing increases in zone boundaries.

Chairman Grindberg called on Ms. Lisa Feldner, Statewide Longitudinal Data System Committee, for a status report of the committee's activities and the committee's upcoming report on the status of the plan for a longitudinal data system. Ms. Feldner provided written testimony, a copy of which is attached as [Appendix I](#).

INTERIM PLANNING

Representative Glassheim said for purposes of the job development authority study, instead of filling future meetings with testimony from representatives of job development authorities it might be more valuable to survey the job development authorities in order for the committee to gather data.

Senator Grindberg said it is up to the committee to determine whether to receive additional information on the job development authority study or to rely on the information received by the committee today.

Representative Keiser said the history of the job development authority study runs deeper than just the information received by the committee today. He said some job development authorities in the state take equity positions as part of economic development, and he thinks the committee should consider whether taking equity positions is an appropriate activity for these authorities.

Senator Holmberg said the history of the study is interesting in that 2007 Senate Bill No. 2145 actually expands the authority of job development authorities to include taking equity positions, and this study was attached questioning whether job development authorities should even exist. He recommended the committee not spend too many resources on this study.

Senator Seymour said he thought the equity position provision for the job development authorities was meant primarily to deal with the situation of default of a business in which the authority invested funds. Senator Nethong said he believes the equity position provision for the job development authorities is being taken upfront by these job development authorities and not just being taken in the case of default.

Representative Ekstrom said for purposes of the population study, she would prefer to read the background memorandum before deciding how to move forward. She said there have been some interesting recommendations made through activities such as the Great Plains Populations Symposium. Additionally, she said, it might be helpful to receive population and demographic information from Mr. Richard Rathge from the State Data Center.

Chairman Grindberg said he is considering holding the next meeting in late October in Gwinner. He said if the committee meets in Gwinner, it might be possible to spend some of the committee's time speaking with high school students regarding their plans following high school graduation.

Representative Froseth said for purposes of the workforce studies, perhaps the North Dakota

University System could survey college seniors to see which students are leaving and why they are leaving the state.

Representative Ekstrom said the data indicates fewer North Dakota high school students will be entering our higher education system. Therefore, she said, perhaps the focus could include having more North Dakotans return to the state and also looking for new North Dakotans.

Senator Nethong said it is not unique to North Dakota to have young people leaving the state.

Representative S. Meyer said her district suffers from lack of workforce, specifically Dunn County and its lack of welders and truckdrivers. She said as the committee moves forward, it may wish to have the energy sector involved, including a report on that energy sector's needs and whether the North Dakota University System is taking the necessary steps to meet these needs.

Representative Ruby said the committee should consider how to attract people to the state as well as considering productivity of our existing workforce.

Senator Nethong said in Williston the higher education system is doing great things to train oilfield workers and perhaps the committee would consider touring the training facility to see this work.

Representative Keiser said consideration of the individual is very important as it relates to workforce. He said it is a reality that a high number of job applicants are unable to pass drug tests, and this issue requires a broad range of solutions, not just a single solution exists to treat drug issues.

Senator Grindberg said the market forces will be the strongest solutions of the workforce.

Representative Ekstrom said in moving forward, the committee needs to ask where North Dakota should go. The state has always focused on agriculture and tourism, she said, however it is important to note that energy is becoming a bigger and bigger player in the state.

Representative Zaiser said one of North Dakota's realities is that it will have to deal with a stable population.

Representative Glassheim said it might be helpful to see if the former United States Labor Secretary Robert Reich may be available to speak to the committee.

Senator Grindberg said as the committee moves forward, it needs to be asking what is the state's role in workforce and what are the private sector needs. He said it is important to keep the discussion at a macrolevel and recognize we have a good system, but the system does not do any good if the pipeline is empty.

Representative Ruby said kids today have many options, including a large range of two-year and technical education options.

Representative Froseth said it is interesting to hear the testimony from MDU and that it is not having the same workforce problems as other sectors in the state

because it takes affirmative steps to address the workforce issues.

No further work remaining, Chairman Grindberg adjourned the meeting at 3:45 p.m.

Jennifer S. N. Clark
Committee Counsel

ATTACH:9