

# NORTH DAKOTA LEGISLATIVE MANAGEMENT

## Minutes of the

### WORKFORCE COMMITTEE

Wednesday, May 26, 2010

Room 370, Richard H. Barry Hall, North Dakota State University  
Fargo, North Dakota

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

**Members present:** Senators Tony S. Grindberg, Tim Flakoll, Ray Holmberg, Karen K. Krebsbach, Dave Nething, Larry J. Robinson, Mac Schneider; Representatives Donald L. Clark, Eliot Glassheim, Nancy Johnson, Lee Kaldor, Lisa Meier, Corey Mock, Lee Myxter, Michael R. Nathe, Ken Svedjan, Clark Williams

**Members absent:** Senators Tom Seymour, Ryan M. Taylor

**Others present:** Representative Al Carlson, member of the Legislative Management, was also in attendance.

See [Appendix A](#) for additional persons present.

**It was moved by Senator Nething, seconded by Senator Holmberg, and carried on a voice vote that the minutes of the March 30, 2010, and March 31, 2010, meetings be approved as distributed.**

Chairman Grindberg welcomed the committee members to the North Dakota State University campus. He reviewed the Workforce Committee's study charges and reviewed the tentative meeting schedule for the remainder of the interim. He said the committee will tentatively plan to meet in Bismarck on June 9, 2010, to participate in the North Dakota University System's interim study of the TrainND system, will meet in July in Bismarck, and will plan on holding its final meeting in September in Grand Forks. He said the July meeting will be an opportunity for members to request bill drafts and at the September meeting the committee will finalize any bill drafts requested.

Chairman Grindberg said he recently returned from the Council of State Governments meeting in New York, which he attended with Senator Holmberg. He said he attended meetings regarding the state of the economy, at which presenters spoke highly of North Dakota. He said the United States Chamber of Commerce recently released a document entitled *Enterprising States Creating Jobs, Economic Development, and Prosperity in Challenging Times*. He said this document shows North Dakota in a positive light.

Chairman Grindberg called on Mr. Craig Whitney, President and CEO, Chamber of Commerce of Fargo Moorhead, Moorhead, Minnesota, for comments regarding the committee's studies. Mr. Whitney said he recently began this position, having moved from

the Phoenix area. He stated the health of the Chamber of Commerce of Fargo Moorhead is better than that of the Phoenix area chamber of commerce. He said he is looking forward to the challenges of this new position, and upcoming chamber events include a health care forum, at which issues related to federal health care reform legislation will be addressed.

Chairman Grindberg called on Mr. Eric Johnson, CEO, and Mr. David Bartholomay, Vice President, Avenet Web Solutions, Minneapolis, Minnesota, for a presentation regarding the company's eFolio web-based portfolio management system. They made a computer presentation ([Appendix B](#)).

In response to a question from Representative Nathe, Mr. Johnson said in the case of the services provided by Avenet for Minnesota students through Avenet's partnership with the Minnesota State Colleges and University System, Avenet does not directly assist the students in preparing their eFolios. However, he said, Avenet could provide this assistance if that is what the contract with the client provided.

Dr. John Richman, President, State College of Science, Wahpeton, stated his institution uses an Avenet product for an accreditation system.

In response to a question from Senator Flakoll, Mr. Johnson said if a student is under age 18, access to that student's site would require a password. He said in the course of the online setup, data is requested regarding the user's age. He said to the extent this system is used in schools, the faculty provides a check and balance to ensure the appropriate content of the material.

In response to a question from Senator Flakoll, Mr. Johnson said there are Google analytics built into the eFolio program.

In response to a question from Senator Nething, Mr. Johnson said the eFolio services are only effective to the extent that students and jobseekers utilize the program. He said Avenet's eFolio product is the first and perhaps only product that has moved from education to the workforce. He said within the education arena Avenet is in the top seven service providers. He said he envisions the eFolio services as a lifelong tool that continues to grow with the student following graduation and entrance to the workforce.

In response to a question from Senator Schneider, Mr. Johnson said the Avenet eFolio system is complementary to LinkedIn and Facebook. He said it

can be used in conjunction with other services offered through higher education, certification, and competencies.

In response to a question from Representative Mock, Dr. Richman said the State College of Science uses the eFolio system for accreditation. He said it is his understanding that one of the agricultural programs at the University of North Dakota uses an eFolio program, which is not provided through Avenet. Additionally, he said, the State College of Science is just now expanding its eFolio services to include broader student use.

Senator Grindberg said he sees the potential value in having all North Dakota higher education graduates participate in an eFolio program. He said the data relating to graduates is potentially valuable to help the state discover education and workforce gaps. Mr. Johnson said an additional value to an eFolio product is that the state can use it to market job opportunities to North Dakota graduates who have since left the state.

In response to a question from Senator Nething, Mr. Johnson said there are a variety of models the state could use in implementing an eFolio system provided by Avenet. He said for example in Minnesota the eFolio product is education-based and is just now spreading to the workforce. However, he said, in Pennsylvania the Avenet product is workforce-based, and some universities are just beginning to use the program. He said if North Dakota were to utilize the eFolio program by Avenet, the program could be fully utilized in both education and workforce due in large part to the strong connectivity in North Dakota between workforce and education.

Mr. Johnson said if a state such as North Dakota were to contract with Avenet to use its product, the investment at the low end might cost several hundred thousand dollars. However, he said, there are several variables in the spectrum of services that might be offered through the eFolio product such as customer service and whether or how the eFolio product is integrated with other systems. He said all of these variables would have an impact on the cost of implementing the product.

In response to a question from Senator Flakoll regarding the approximate cost per student to use a product such as Avenet's eFolio, Mr. Johnson said it would be very tough to answer that question because the number of users may vary at any given time. He said although the Avenet eFolio service could be calculated on a per person basis, it is important to realize there would be some one-time costs and some ongoing costs that would make this calculation difficult.

Chairman Grindberg called on Dr. Marsha Krotseng, Vice Chancellor for Strategic Planning, North Dakota University System, for comments regarding the Avenet eFolio services. She distributed a document ([Appendix C](#)) regarding eFolio services used by the University System.

In response to a question from Representative Svedjan, Dr. Krotseng said if an eFolio product was utilized in North Dakota, it may be possible to link the program with the American College Test WorkKeys program.

Dr. Krotseng said she is aware of at least five institutions of higher education in the state which utilize an eFolio system. Mr. Randall Thursby, Chief Information Officer, North Dakota University System, Fargo, stated to his knowledge none of the campuses in North Dakota cooperate with each other in the utilization of an eFolio system.

Senator Nething raised the question of which North Dakota stakeholders would be most appropriate to lead a group in establishing a matrix of current eFolio services used in the state. Senator Grindberg said it may be appropriate to request the North Dakota Workforce Development Council to take the lead in this project.

In response to a question from Senator Flakoll regarding the relationship between an eFolio portfolio management system and the longitudinal data system, Dr. Krotseng said it is possible an eFolio product could supplement the longitudinal data system. Mr. Thursby said he envisions an eFolio system complementing the state longitudinal data system. He said the longitudinal data collected reflects what has already happened, whereas an eFolio program reflects real-time data.

Dr. Krotseng informed committee members that they would be receiving an invitation to participate in an upcoming workforce training forum that will be conducted by the State Board of Higher Education as part of the study on the status of the training activities provided by the four institutions of higher education assigned primary responsibility for workforce training in the state. She said the study is required under Section 2 of 2009 Senate Bill No. 2019. She said the members of the Workforce Committee will be representing the Legislative Assembly as required under the study charge. She said as part of the workforce training forum, participants will be requested to complete a short online survey.

Dr. Krotseng said it has been approximately 10 years since the workforce training system was created, and it seems appropriate to evaluate the system at this time. She said the information and valuable input that will be gathered at the workforce training forum will be used as a stepping stone to move forward and improve the system.

Dr. Krotseng commented regarding issues relating to resident and nonresident students. She distributed the May 2010 *Current Issues in Higher Education* ([Appendix D](#)). She said this document addresses the benefits of nonresident students to the state and to the University System.

In response to a question from Representative Glassheim, Dr. Krotseng said that as the longitudinal data system is implemented, there should be more data available regarding retention of out-of-state students following graduation. She said she is not

certain what the residency requirements are for foreign and other out-of-state students but will provide this data at a future meeting.

In response to a question from Senator Schneider regarding the number of foreign students in the state and data regarding retention, Dr. Krotseng said she will provide this data to the committee members at a future meeting. Senator Flakoll said he believes there is approximately an 18 percent retention rate of foreign students following graduation.

In response to a question from Representative Nathe regarding the number of nonresident students versus the number of resident students who receive tuition waivers, Dr. Krotseng said she will check and see if this data is available.

Chairman Grindberg called on Mr. Jim Hirsch, Director, Division of Workforce Development, Department of Commerce, for a computer presentation ([Appendix E](#)) regarding an update on the activities of the North Dakota Workforce Development Council. Additionally, Mr. Hirsch's written testimony is attached as [Appendix F](#).

In response to a question from Senator Flakoll regarding what steps are being taken to provide students with career information under North Dakota Century Code Section 54-60-18--the career specialist initiative, Mr. Hirsch said information is being provided regarding which jobs are open and pay ranges of different jobs, as well as the educational requirements for these jobs. He said the Department of Commerce website serves as a clearinghouse to link students to relevant information, such as directing students to the websites of our community colleges.

In response to a question from Representative Kaldor, Mr. Hirsch said the data regarding net workforce migration is based on United States Census Bureau data.

Senator Nething said the legislative opportunities Mr. Hirsch raises relating to positively impacting the talent pipeline in North Dakota seem very valuable. He said it seems important for the North Dakota Workforce Development Council to have a plan to introduce legislation to further these opportunities.

Chairman Grindberg called on Ms. Maren Daley, Executive Director, Job Service North Dakota, for comments regarding the Workforce 20/20 program. Ms. Daley provided a written handout ([Appendix G](#)). She said during the 2011 legislative session, Job Service North Dakota will seek to change the current Workforce 20/20 requirement that requires that 50 percent of the Workforce 20/20 funding must be used for projects for new or expanding businesses in North Dakota.

Ms. Daley said as of this date, five Workforce 20/20 applications have been declined or put on hold because they did not provide for new or expanding businesses.

In response to a question from Representative Kaldor regarding how Job Service North Dakota tracks distribution of Workforce 20/20 funds as it relates to new or expanding businesses, Ms. Daley

said Job Service North Dakota tracks this data with every application. She said there are some challenges in tracking this data, such as the situation in which an application is approved but then not used. She said Job Service North Dakota tries to reasonably track this data and to comply with the funding requirements.

Ms. Daley said proposed legislative changes for 2011 will seek to provide a more workable framework that continues to recognize priorities but also makes funding available as appropriate.

Representative Glassheim questioned whether it might be possible to deal with the Workforce 20/20 issues before the end of the current biennium. Ms. Daley said she seeks the guidance of the Legislative Council and the Legislative Assembly as it relates to legislative intent of the Workforce 20/20 funding provision.

Representative Svedjan questioned whether there is anything the Legislative Assembly can do to address Workforce 20/20 funding issues. He said he views the holdup in projects as being an unintended consequence of the legislative funding language.

Senator Grindberg said it might be helpful for Job Service North Dakota to request an Attorney General's opinion regarding the funding. Additionally, he said, it is possible that by January 2011, the economic conditions in the state may have changed, and there may be no issues relating to the Workforce 20/20 funding.

Senator Nething said by January 2011 the Legislative Assembly and Job Service North Dakota should have a better idea of the state of the situation relating to Workforce 20/20 funding. He said at that point, if necessary, emergency legislation can be passed to adjust the issue before the end of the biennium.

Chairman Grindberg called on committee counsel to present the results of the survey of centers of excellence private sector partners. Committee counsel said the centers of excellence were contacted via e-mail and requested to forward the online survey link to each of the center's private sector partners. She said as of this date, most of the centers had complied with this request; however, survey responses are still trickling in. She said the online survey will be kept open to give the private sector partners an opportunity to complete the survey. She distributed a copy of the survey response data ([Appendix H](#)) that has been collected.

In response to a question from Senator Schneider, committee counsel said she can try to gather information to provide at a future meeting regarding how many private sector partners participate in the centers of excellence program. In response to a question from Representative Svedjan regarding some of the comments provided in the survey, committee counsel said the survey responses were anonymous, and unless a private sector participant voluntarily identified himself or herself, we are not able

to identify who made which comments or which survey responses.

Chairman Grindberg called on Mr. Shane C. Goettle, Commissioner, Department of Commerce, regarding the North Dakota Economic Development Foundation's strategic plan for economic development and related accountability standards, measurements, and benchmarks to evaluate the Department of Commerce's effectiveness of implementing the strategic plan. Mr. Goettle's written testimony is attached as [Appendix I](#).

Mr. Goettle said the North Dakota economic development performance measures for 2010 through 2020 were approved by the North Dakota Economic Development Foundation on May 6, 2010.

In response to a question from Senator Holmberg, Mr. Goettle said the performance measures will be reevaluated annually and adjustments will be made accordingly.

In response to a question from Senator Holmberg regarding goal No. 3--to accelerate innovation and entrepreneurship in targeted industries and emerging technologies, Mr. Goettle said in tracking the reportable data, there are several variables related to intellectual research which will need to be finalized.

In response to a question from Representative Meier, Mr. Goettle said as it relates to goal No. 6--enhancing North Dakota's image, he is not certain of the exact amount of money spent to advertise North Dakota; however, as currency values have changed to make North Dakota a favorable destination for Canadians, more advertising money has been shifted to target Canadians.

In response to a question from Senator Krebsbach regarding goal No. 1--creating, attracting, and retaining quality jobs in the workforce in targeted industries and high-demand occupations, Mr. Goettle said he is not certain what the current population data is relating to the number of births versus the number of deaths. He said he can get this information and provide it at a future meeting.

Chairman Grindberg called on Mr. Goettle and Mr. Thomas P. Miller and Mr. Jim Wheeler, Thomas P. Miller and Associates, Indianapolis, Indiana, to comment regarding the Department of Commerce and Centers of Excellence Commission best practices review of the centers of excellence program.

Mr. Goettle distributed the *Centers of Excellence Annual Report for 2009*, a copy of which is on file in the Legislative Council office.

Mr. Miller and Mr. Wheeler made a computer presentation ([Appendix J](#)) regarding the centers of excellence best practices review that will be conducted. They said the centers of excellence best practices review should be completed and prepared for presentation to the committee at its upcoming July meeting.

Chairman Grindberg called on Mr. Mark Nisbet, Chairman, Centers of Excellence Commission, Fargo, to introduce Mr. G. Michael Alder, Chairman, National Centers of Excellence, Birmingham, Alabama. He

said Mr. Alder will be a presenter at tomorrow's Centers of Excellence Summit.

Mr. Alder made a computer presentation ([Appendix K](#)). He said he commends the Legislative Assembly for its vision in investing in the centers of excellence program. He said when the committee receives the centers of excellence best practices review report from Thomas P. Miller and Associates, he encourages the committee not to get too concerned with fitting North Dakota's centers of excellence program into a mold and attempting to micromanage the program. He said a centers of excellence program such as North Dakota's needs to be given time to mature; therefore, he encourages the Legislative Assembly to be patient.

Mr. Alder said the North Dakota centers of excellence program seems to be making good headway, as it is still a very young program. He said it is very important in looking at centers of excellence programs to realize that most states have centers of excellence programs that relate to economic development not research. He said there is no problem with these programs focusing on economic development, it is just that all parties involved need to recognize the focus, and it is helpful to clarify this focus.

In response to a question from Senator Holmberg, Mr. Alder said it is a reality that in a centers of excellence program failure comes, and it comes quite often. He said a successful centers of excellence program needs to be transparent. For example, he said, in Pennsylvania the citizens of the state understand the program, and they therefore accept the fact that failure will occur.

In response to a question from Representative Johnson regarding federal and state technology partnership program funds (FAST grants), Mr. Alder said the FAST grants will offer states matching funds. He said the program will offer a state/federal partnership under which federal money will get the benefit of state oversight, and the federal money will be used to help resource-constrained states.

In response to a question from Senator Nething regarding possible tax benefits of centers of excellence, Mr. Alder said he does not believe North Dakota tracks tax consequences of its centers of excellence program, but again he reminded the committee to give young centers of excellence time to mature.

In response to a question from Representative Glassheim, Mr. Alder said the best practices review being performed by Thomas P. Miller and Associates could include return on investment statistics. He said it is his belief centers of excellence are not corporate welfare but are instead investments in research and development.

Representative Kaldor said some skeptics believe that the private sector should be responsible without using state funds. He said he seeks information to respond to these skeptics. Mr. Alder said centers of excellence programs are used as a gap closer. He

said the programs help companies take a product of research to the marketplace.

In response to a question from Senator Robinson, Mr. Alder said approximately 44 states have centers of excellence programs. However, he said, not all states identify their programs as centers of excellence programs. He said each of these programs is similar in that it is a technology deployment program. He said the committee members may be interested in reviewing the data available at his website--[www.nationalcoe.org](http://www.nationalcoe.org).

Senator Robinson said he thinks North Dakota centers of excellence have done a good job in job collection data and in keeping the Legislative Assembly informed and educated. He said he thinks it would be very helpful for legislators to actually see each of the centers of excellence, and perhaps this could be accomplished by interim committees conducting meetings at the centers across the state.

Mr. Alder said he agrees with Senator Robinson that it is important for legislators to actually see the centers and how they are functioning. He said it might be realistic to have legislators review one center per year.

Chairman Grindberg called on Dr. Bill Krivarchka, Director, Eastern North Dakota Area Health Education Center, Mayville, and Ms. Mary Amundson, North Dakota Area Health Education Center, University of North Dakota School of Medicine and Health Sciences, Grand Forks, for comments regarding the status of the workforce activities of the North Dakota area health education centers. They distributed written testimony ([Appendix L](#)) and written material, which is on file in the Legislative Council office.

Dr. Krivarchka said that health education centers are not new, and North Dakota is the 49<sup>th</sup> state to implement area health education centers. He said the Eastern North Dakota Area Health Education Center, located in Mayville, was the first area health education center in North Dakota and was established 15 months ago.

Dr. Krivarchka said the primary purpose of the area health education centers is to get health care services

to rural North Dakota. He said once medical providers are in a rural community, the medical providers become a part of the community.

Dr. Krivarchka said some of the area health education center activities include kindergarten through grade 12 students participating and learning about career opportunities in health care fields. Additionally, he said, the area health education centers assist health care profession students to locate in rural communities. For example, he said, assistance is provided in helping nursing students do rotations in rural communities.

In response to a question from Senator Nething regarding what the Legislative Assembly is being asked to do to assist the North Dakota area health education centers, Dr. Krivarchka said eventually the program will need state funding. He said the program costs \$850,000 per year in matching funds. He said at this point in establishing a program in the state, he has been in contact with state agencies to help secure this funding.

In response to a question from Representative Kaldor, Ms. Amundson said it is her hope that the area health education centers can work with rural communities to help high school graduates be better-prepared to enter health care fields. She said it is a tough challenge for North Dakota to essentially grow its own health care professionals, and this can in part be accomplished by planting the seed in the minds of kindergarten through grade 12 students.

In response to a question from Senator Robinson, Dr. Krivarchka said rural communities are going to have to invest in helping medical providers, such as dentists, start up rural practices.

No further work remaining, Chairman Grindberg adjourned the committee meeting at 4:15 p.m.

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Jennifer S. N. Clark  
Committee Counsel

ATTACH:12