

**1999 SENATE APPROPRIATIONS**

**SB 2404**

1999 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2404

Senate Appropriations Committee

Conference Committee

Hearing Date 2/2/99; Rehearing 2/10/99

Tape Number	Side A	Side B	Meter #
1	x		125-3130
2/10/99 2		x	1114-2000
Committee Clerk Signature <i>Gaudia Anderson</i>			

Minutes:

**SENATOR NETHING:** Opened the hearing on SB 2404, A BILL for an Act to create and enact a new section to chapter 52-08 of the North Dakota Century Code, relating to work force training; and to provide an appropriation.

**SENATOR GRINDBERG:** District 41, to testify as sponsor of SB 2404. Testimony attached in which Sen. Grindberg outlined the benefits of SB 2404. The Governor has included \$1M for workforce training within his budget. Workforce training is receiving national attention as an important effort driving business expansion. There have been many achievements in less than one year in this public-private partnership. I think this is a wise-long term approach to work in with what Governor Schafer has put forward as well as looking beyond this next biennium. (testimony and supporting documentation attached) (tape 125-1140)

**SENATOR SOLBERG:** In addition to this \$1.3M, is there a commitment from the community colleges, the four colleges, or the Board of Higher Education?

**SENATOR GRINDBERG:** I believe there are commitments in the Bismarck community. I'm not aware of any from the other two--UND Devils Lake; UND Williston. We are considering private sector involvement in the southeast ND College of Science and their involvement with the Skills and Technology Training Center. I'm not aware of any other private sector involvement.

**SENATOR ST. AUBYN:** In terms of the fiscal note, the appropriation allows for \$1.3M, yet on the fiscal note it talks about the fiscal effect expenditures of \$1,180,000 and revenues of a little over \$2M. It looks as though that is going to generate more money than actually is required.

**SENATOR GRINDBERG:** There needs to be some clarification on the appropriation section. It is about \$1.2-\$1.3M per year or \$2.6M per biennium.

**SENATOR ANDRIST:** It is the nature of small communities to have a lot of mom and pop businesses that really won't tap into this very well. They have to do most of the training themselves. Did you contemplate exempting employers with a payroll below a certain amount or with so few employees they couldn't utilize this?

**SENATOR GRINDBERG:** I did. I felt the direction of the committee as it moved forward would be the best way to see how that came out with different opinions. The small mom and pop shops with one or two employees is going to be so insignificant they won't even know the difference. If they have two employees, with pay ranges of \$12-\$15.00/year if you base it on one head count. They also might benefit by tying in different programs. You have to recognize it from the big pictures. The unemployment fund collects from everyone, yet how many actually use it?

**SENATOR ANDRIST:** I am wondering if the program contemplates an outreach from these training centers as well as these in-house training programs so conceivably you could send someone into a smaller community that is still 50-70 miles away from the training center?

**SENATOR GRINDBERG:** We did learn in Cedar Rapids that there are a number of satellite facilities that have utilized old school buildings, for example, that have tied in distance learning through the main campus of Cedar Rapids, a 7-county area. I think there is merit to that discussion as we move forward. The southeast, the Catherine Center, is a classic example of how to strengthen that regional delivery system. (tape 1560)

**ROGER REIERSON:** Chairman of the Task Force for Improving Workforce Development and Training and President of Flint Communications, Fargo, to testify in support of SB 2402. (testimony attached) (tape 1560-2136)

**DAVID MARTIN:** Public Affairs Manager, Chamber of Commerce, Fargo/Moorhead, to testify in support of SB 2404. We are a bi-state regional business organization with more than 1600 member firms that collectively employ more than 67,000 people in our region. We are working on a variety of ways to help attract and retain qualified employees for our member firms and throughout our region. Trying to attract former residents back home to ND because it is a wonderful place to live and work. Working with our members to try to help them to have family-friendly and employee-friendly work places so employees will want to come into jobs and keep those jobs for a long period of time. When we were actively involved in developing the plan for developing a world class workforce training system in ND and we now support legislation needed to implement the plan. We do believe the plan will help insure the availability of a skilled workforce capable of helping meet expanding job opportunities in ND which in turn will help foster and sustain business and community development on a statewide basis. This will help provide economic opportunity for all North Dakotans. We appreciate the leadership Senator Grindberg, Representative Dorso and other of your colleagues in the legislature have provided in this arena. We also appreciate the emphasis Governor Schafer has placed on workforce training in his biennial budget proposal and the cooperation and support we believe you and your colleagues in the legislature will show in helping implement the plan by approving the needed legislation. We also applaud Chancellor Isaac and the State Board of Higher Education and the

ND University system key and active partners in development of a plan that will deliver world class training to help meet the needs of a global economy now and in the future. (tape 2136-2326)

**DALE ANDERSON:** Greater ND Association to testify in support in SB 2404. Senator Grindberg has done an outstanding job of building the kind of understanding necessary for this kind of issue. He began a couple of months ago visiting with different business groups to test the idea to determine if this was the type of program the business community could support from a cost perspective as it relates specifically to using unemployment surtax to fund workforce training. By and large the business community is very supportive of that idea. HB 1443, which we will have a chance to talk to you about after it receives House action, has a specific appropriation from the general fund as Roger Reiersen has talked about. GNDA supports the work of the task force, is part of the task force, and views this as a great opportunity to put together the recommendations and operations of HB 1443 and the long term funding possibilities in SB 2404. (tape 2326-2550)

**SENATOR TOMAC:** I have a concern that no where in here does it address any participation of tribal colleges. They are an integral part of the work force. In Section 1, subsection 3, it said the board needs to consist of 7 but no more than 15 members, was that discussed in the development of this recommendation as to what kind of participation level we can expect from tribal colleges?

**DALE ANDERSON:** The flexibility in this plan we're talking about, the Board of Higher Education implemented some aspects of it during their action last week. The designated region would provide for one community college that could set up an outreach program at, for example, one of the tribal colleges of a specific training program that the tribal college would have available. The designated college is a "broker", if you like, in the identification of what the needs are and then putting together who has the programs to meet those needs.

**SENATOR TOMAC:** Do you think with the limited number of funds, \$500,000 per community college - 4 if I understand it right - that would happen? (tape 2712)

**DALE ANDERSON:** Paying for the cost of training, etc. would be done by the employer. The business community would pay out what the cost of the training actually was. The dollars that are appropriated if HB 1443 is passed with the \$1M appropriation, each of the 4 colleges have put together excellent business plans in terms of using state, local, and private dollars in moving that forward. The dollars that are appropriated from the general fund to each of the designated colleges, they would then put together a marketing program and would go out and work with people and that is how the public dollars would be used.

**SENATOR TOMAC:** With respect to Senator Grindberg's point about Senator Andrist's question about small employers having to pay this tax, do you know roughly how many employers we have that have fewer than 4 employees in the state? And what kind of impact that would have to the fiscal note if we exempted those?

**DALE ANDERSON:** I don't have that number off the top of my head. I'm sure we could work with job service. It is my understanding, totally, there are approximately 340,000 employers in



the state. It is a valuable question and we will work with Job Service to get some information back to you.

**SENATOR TOMAC:** Do you agree with the premise of Senator Andrist's question that basically suggests small employers do not have direct benefit from this or not? (tape 2829)

**DALE ANDERSON:** I don't know that necessarily size affects who thinks their employees need training or not, I think that happens all across the board. It is going to be a selling project on the part of business. When the task force met on January 26, the other business representatives like Dave MacIver, the President of the Bismarck/Mandan Chamber was talking about some of the responses they've had to this proposal. Some employers have training programs available from their regional and national organizations, i.e. McDonalds, etc. It is certainly a question deserving of consideration from the task force perspective. We will take it back to them and take a look at it. (tape 3035)

**SENATOR NETHING:** Closed the hearing on SB 2404 (tape 3080)

=====  
2/10/99 (Tape 1200-2000)

**SENATOR NETHING:** Reopened the hearing on SB 2404.

**SENATOR GRINDBERG:** Presented the amendments and noted the inclusion of the tribal colleges as adopted in HB 1443, the Workforce Training Task Force is working on.

**SENATOR GRINDBERG:** Moved do pass amendments to SB 2404.

**SENATOR HOLMBERG:** Seconded the motion.

**ROLL CALL:** Motion carried by voice vote on amendments to SB 2404.

**SENATOR GRINDBERG:** Moved do pass SB 2404 as amended.

**SENATOR HOLMBERG:** Seconded the motion.

**ROLL CALL: 13 Yeas; 1 Nay**

**MOTION CARRIED TO DO PASS SB 2404 AS AMENDED.**

Yeas: Nething; Naaden; Solberg; Lindaas; Tallackson; Tomac; Robinson; Krauter; St. Aubyn; Grindberg; Holmberg; Kringstad; Andrist

Nays: Bowman

**CARRIER SENATOR GRINDBERG**

**SENATOR NETHING:** Closed the hearing on SB 2404.

FISCAL NOTE

Return original and 10 copies)

Bill/Resolution No.: \_\_\_\_\_ Amendment to: Eng. SB 2404

Requested by Legislative Council \_\_\_\_\_ Date of Request: 4-5-99

1. Please estimate the fiscal impact (in dollar amounts) of the above measure for state general or special funds, counties, cities, and school districts.

**Narrative:** Engrossed SB2404 as amended by the House of Representatives assigns collection of the Workforce Training Investment Fee (WTIF) to Job Service North Dakota but does not provide a source of funds or appropriation authority for Job Service to establish the collection system and to collect the first fee assessment. Thus, there would be no WTIF revenue collected.

2. State fiscal effect in dollar amounts:

	1997-99 Biennium		1999-2001 Biennium		2001-03 Biennium	
	General Fund	Special Funds	General Fund	Special Funds	General Fund	Special Funds
Revenues:	0	0	0	0	0	0
Expenditures:	0	0	0	0	0	0

3. What, if any, is the effect of this measure on the appropriation for your agency or department:

- a. For rest of 1997-99 biennium: 0
- b. For the 1999-2001 biennium: JSND 0, SBVTE 0, NDUS \$1,000,000
- c. For the 2001-03 biennium: Unknown

4. County, City, and School District fiscal effect in dollar amounts:

1997-99 Biennium			1999-2001 Biennium			2001-03 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
0	0	0	0	0	0	0	0	0

If additional space is needed, attach a supplemental sheet.

Signed Wayne G. Kindem

Typed Name Wayne G. Kindem

Department Job Service North Dakota

Phone Number 328-3033

Date Prepared: 4-6-99

**FISCAL NOTE**

(Return original and 10 copies)

Bill/Resolution No.: \_\_\_\_\_ Amendment to: SB 2404

Requested by Legislative Council \_\_\_\_\_ Date of Request: 2-12-99

1. Please estimate the fiscal impact (in dollar amounts) of the above measure for state general or special funds, counties, cities, and school districts.

**Narrative:**

(See attachment)

2. State fiscal effect in dollar amounts:

	1997-99 Biennium		1999-2001 Biennium		2001-03 Biennium	
	General Fund	Special Funds	General Fund	Special Funds	General Fund	Special Funds
Revenues:	0	0	0	2,163,000	0	3,624,000
Expenditures:	0	0	0	1,110,000	0	1,420,000

3. What, if any, is the effect of this measure on the appropriation for your agency or department:

- a. For rest of 1997-99 biennium: 0
- b. For the 1999-2001 biennium: 1,963,100
- c. For the 2001-03 biennium: unknown

4. County, City, and School District fiscal effect in dollar amounts:

1997-99 Biennium			1999-2001 Biennium			2001-03 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
	0			194,600			331,600	

If additional space is needed, attach a supplemental sheet.

Signed *Wayne G. Kindem*

Typed Name Wayne G. Kindem

Department Job Service North Dakota

Date Prepared: 2-15-99

Phone Number 328-3033

The amendments specify annual collection of the Workforce Training Investment fee. The initial Fiscal Note was calculated assuming quarterly collection. This change reduces the estimated administrative cost by \$25,000 in the 1999-2001 biennium and \$30,000 in the 2001-2003 biennium. This change also reduces the anticipated fee revenue in the 1999-2001 biennium by \$482,000 since seven quarters of revenue would be received in the 1999-2001 biennium with quarterly collection while only six quarters would be collected with annual collection.

The amendments remove the authority to obtain a loan to provide initial funds for cash flow purposes until sufficient fees are collected to support the program. This amendment would remove the source of funding to establish the fee collection system, initiate the first assessment of the fee, and finance the Higher Education initial and ongoing investment in the four two-year campuses workforce training division's infrastructure including staffing, operating costs, and equipment. Job Service and Higher Education need borrowing authority or an appropriation to begin the fee collection and program delivery infrastructure as envisioned by SB 2404. Job Service and Higher Education have no current source of providing the initial funding.

The amendments add language directing that the fee be assessed to "taxable wages" reported by "reimbursing" employers in addition to "tax-rated" employers. This change increases estimated fee revenue by \$558,000 in the 1999-2001 biennium and \$951,000 in the 2001-2003 biennium.

The increases are attributable to adding reimbursable employers. The portion of increase attributable to local government (school districts, county and city) reimbursable employers is \$194,600 for the 1999-2001 biennium and \$331,600 for the 2001-2003 biennium. The portion attributable to state government is \$144,700 for the 1999-2001 biennium and \$246,600 for the 2001-2003 biennium.

If the amendments were adopted, the total estimated revenues for the 1999-2001 biennium are \$2,163,000 and \$3,624,000 for the 2001-2003 biennium. Total estimated expenditures for the 1999-2001 biennium are \$1,110,000 (JSND \$110,000 - Higher Education \$1,000,000) and \$1,420,000 (JSND \$70,000 and Higher Education \$1,350,000).

**FISCAL NOTE**

Return original and 10 copies)

Bill/Resolution No.: SB 2404 Amendment to: \_\_\_\_\_

Requested by Legislative Council Date of Request: 1-27-99

1. Please estimate the fiscal impact (in dollar amounts) of the above measure for state general or special funds, counties, cities, and school districts.

**Narrative:** SB 2404 establishes a four-hundredths of one percent fee of taxable wages paid by employers to employees each calendar year. It is assumed that taxable wages for assessing the workforce training investment fee would be the same as established in Chapter 52-04 for unemployment tax purposes. The fee would be assessed quarterly. The workforce investment fee is projected to raise \$2,087,000 for the "99-01" biennium and \$2,735,000 for the "01-03" biennium. SB 2404 appropriates up to \$1,300,000 for the "99-01" biennium. The projected Job Service and Higher Education costs are \$1,180,000 for the "99-01" biennium and \$1,450,000 for the "01-03" biennium.

2. State fiscal effect in dollar amounts:

	1997-99 Biennium		1999-2001 Biennium		2001-03 Biennium	
	General Fund	Special Funds	General Fund	Special Funds	General Fund	Special Funds
Revenues:	0	0	0	2,087,000	0	2,735,000
Expenditures:	0	0	0	1,180,000	0	1,450,000

3. What, if any, is the effect of this measure on the appropriation for your agency or department:

- a. For rest of 1997-99 biennium: 0
- b. For the 1999-2001 biennium: 1,300,000
- c. For the 2001-03 biennium: 1,450,000

4. County, City, and School District fiscal effect in dollar amounts:

1997-99 Biennium			1999-2001 Biennium			2001-03 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
0			6,900			9,000		

If additional space is needed, attach a supplemental sheet.

Date Prepared: 2-1-99

Signed Wayne G. Kindem

Typed Name WAYNE G. KINDEM

Department JOB SERVICE NORTH DAKOTA

Phone Number 328-3033

Date: 2/10/99  
Roll Call Vote #: 1

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. SB2404

Senate APPROPRIATIONS Committee

Subcommittee on \_\_\_\_\_  
or  
 Conference Committee

Legislative Council Amendment Number 90440.0402

Action Taken DO PASS AMENDMENTS

Motion Made By Sen. Grindberg Seconded By Sen. Holmberg

Senators	Yes	No	Senators	Yes	No
Senator Nething, Chairman					
Senator Naaden, Vice Chairman					
Senator Solberg					
Senator Lindaas					
Senator Tallackson					
Senator Tomac					
Senator Robinson					
Senator Krauter					
Senator St. Aubyn					
Senator Grindberg					
Senator Holmberg					
Senator Kringstad					
Senator Bowman					
Senator Andrist					

Total (Yes) Unanimous No \_\_\_\_\_

Absent \_\_\_\_\_

Floor Assignment Amended

If the vote is on an amendment, briefly indicate intent:

Date: 2/10/99  
Roll Call Vote #: 1

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. SB 2404

Senate APPROPRIATIONS Committee

Subcommittee on \_\_\_\_\_  
or  
 Conference Committee

Legislative Council Amendment Number 90440.0402

Action Taken DO PASS AS AMENDED

Motion Made By Sen. Grindberg Seconded By Sen. Holmberg

Senators	Yes	No	Senators	Yes	No
Senator Nething, Chairman	✓				
Senator Naaden, Vice Chairman	✓				
Senator Solberg	✓				
Senator Lindaas	✓				
Senator Tallackson	✓				
Senator Tomac	✓				
Senator Robinson	✓				
Senator Krauter	✓				
Senator St. Aubyn	✓				
Senator Grindberg	✓				
Senator Holmberg	✓				
Senator Kringstad	✓				
Senator Bowman		✓			
Senator Andrist	✓				

Total (Yes) 13 No 1

Absent \_\_\_\_\_

Floor Assignment Sen. Grindberg

If the vote is on an amendment, briefly indicate intent:



REPORT OF STANDING COMMITTEE

SB 2404: Appropriations Committee (Sen. Nething, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (13 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). SB 2404 was placed on the Sixth order on the calendar.

Page 1, line 11, replace "However, job" with "Job"

Page 1, line 12, replace "may" with "shall", after "fee" insert "on an annual basis and may assess the fee", and after "contributions" insert "and taxable wages reported by reimbursing employers"

Page 1, line 14, replace "employees" with "employers"

Page 2, line 1, remove "or for assisting students to attain academic degrees"

Page 2, line 4, replace "are encouraged to" with "shall" and after "service" insert a comma

Page 2, line 5, remove "and" and after "board" insert ", and the tribal colleges in the state"

Page 2, line 12, after the period insert "If there is an Indian reservation within the region, the board must include at least one representative from an Indian-owned business, a tribal government, or a tribal college within the region."

Page 2, line 13, remove "Funds collected under subsection 1 must be allocated for use in the area of the"

Page 2, line 14, remove "state in which the funds were collected."

Page 2, line 17, after the period insert "Funds collected under subsection 1 must be allocated for use in the region of the state in which the funds were collected based upon covered employment in that region of the state."

Page 2, line 18, replace "Job service and the institutions" with "Each institution" and after "providing" insert "a"

Page 2, line 19, replace "programs" with "program" and remove "and"

Page 2, line 20, after "education" insert ", and the North Dakota work force development council"

Page 2, remove lines 22 through 27

Page 2, line 30, replace "\$1,300,000" with "\$1,963,100"

Page 3, line 1, remove "sections 1 and 2 of"

Renumber accordingly

**1999 HOUSE EDUCATION**

**SB 2404**

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2404

House Education Committee

Conference Committee

Hearing Date 3-9-99

Tape Number	Side A	Side B	Meter #
Tape # 2	x		0.1 to end
Tape # 2		x	0.1 to 12.7
Committee Clerk Signature <i>Joan Diers</i>			

Minutes:

Joint committee meeting with Appropriations on SB 2404. Those present of the House Education all fifteen members present.

Chairman R Kelsch : Called the committee to order and asked the clerk to read the title on SB 2404.

Rep Dorso: District 46. Senator Jefferies is here and is going to talk more in detail on 2404, I have another meeting scheduled in a few minutes so he was good enough to let me speak first and I will try not to steal too much of his testimony, just give you an oversight of how I think 2404 and HB 1443, which is already passed, fit together. You will remember 1443 is the work force training bill that is a new concept for North Dakota where we will be setting up a work force training thing through the higher education system in the community colleges, I think that bill has a lot of merit. One of the problems that I see with funding, to find the funding source that

will be consistent for the work force training effort that we need in North Dakota. Over the years most of the people in the schools understand that I have said that it is heart breaking to develop an effort, we have to find a better way for providing work force training. Now that is not the same as we talk about work force development but work force training which is shorter in duration and is more specific to jobs in North Dakota. And I have long felt that is where to a certain extent we have not given a state wide effort that we should be giving. I think that we have made some changes in this legislative session that will help us in that effort. It will help us to retain the companies that are here and end their economic woe and also that the work force training is a tool that we must have to attract companies to North Dakota. The problem for an example, I think it was in 1991, when we started work force 2000, we started out with 75 or 80 thousand dollars, and I remember, I was chairman of the conference committee on economic development. What you see is, the legislature over time has had trouble finding enough money for work force training. I think that work force training in 1443 is very important. We have to find a funding source, other than the general fund. The pressures that we get for general fund dollars to a certain extent impede the efforts in some of these regards. So 2404 is a bill that would allow the people that use this, as those folks in industry that use a lot of dollars but put their dollars and if we can set this up in such a way that the work force training effort had an ongoing funding mechanism, if that could be done, with a certain fund that would be dedicated to this effort for a number of biennium's, I think we could get this work force training off and running the way it should.

Page 3

House Education Committee  
Bill/Resolution Number Sb 2404  
Hearing Date 3-9-99

Rep Byerly: Rep Dorso, section one, number one, assess each employer a work force training investment fee, every employer in the state of North Dakota is going to pay this fee whether they would use it or not?

Rep Dorso: That is the way I read it.

Rep Bernstein: Define how much it is going to take, is there going to be a cut off, like right now it is around 15 thousand, the fee just goes to that point, it don't go on all the wages.

Rep Dorso: It is a just like a sur tax.

Senator Grindberg: District 41 sponsor of the bill (See attached testimony) . also see amendments attached.

Rep Belzer: You said the fee will be collected once a year, is it the large figure or is it going to be prorated quarterly?

Sen Grindberg: Yes, they can, they will have to work on modification, they can pay the first quarter for the entire year.

Rep Belzer: They'll pay if ahead of time?

Sen Grindberg: My understanding is that they are always behind in collections. This proposal would initiate this program in January of 2000 for 1999.

Rep Belzer: My question would be if they had 100 employees and it is \$6.24 and employee is it going to be a \$6,000 hit at one time or spread out over the year.

Sen Grindberg: Be a one time assessment.

Chairman R Kelsch : We have the amendments in front of us.

Sen Grindberg: Amendments were adopted in the senate but these are continued amendments to aline 2404 with 1443. Rep Grindberg then goes over the amendments 90440.0503 at length,

explaining the amendments. Job Service will need about 70 thousand dollars to initiate this program the first time in January 2000. Every April after that they will need about 20 thousand dollars to administer the program. Continues going over the handout.

Rep Gulleon: How do you see this working, the dollars are all collected and have to be distributed out, who decides who does the training? What do you see the process involved in that.

Sen Grindberg: Who does the training is kind of a moot point, the process is by the administrated marketing efforts with that particular business and so if it works like it is intended as we move this forward, the State School of Science would work with players involved to deliver that training, it might be an instructor at Bismarck State College, it might be one at Devils Lake, or it might be the private sector. The brokers of those trainers would work together to address that.

Rep Gulleon: So the dollars have to go back to that region, but the training does not necessarily have to take place there.

Sen Grindberg: Not necessarily.

Rep Timm: The fees are going to be collected in each region and those fees go back to that region, and I am assuming that they use those fees to operate the council or the advisory board. To me you are going to have stronger and weaker regions. The more wages in the region the more fees you are going to collect. Is there anything in here to split up the fees?

Sen Grindberg: One of the things we learned in Iowa is that you have critical mass. One region might have a higher need to have more training than another region based on that size. Numbers that are reflected in the business plan prepared by the task force that work with those four community colleges, assuming that there is one million dollars of general fund money to get it

going, percentages are reflective as to how it was distributed in the four regions. Those four regions would receive dollars reflected in two areas. One as proposed by the general fund and two in the area of local or regional funds.

Rep Haas :What estimates have been made as far as total amount of money that the four hundred of one percent will raise in the state.

Sen Grindberg: The current fiscal note is 1.9 to 2.2 million.

Rep Belzer: How much money is the local business' that want to use this training, how much will it cost them over and above this to use. What kind of cost is there after that?

Sen Grindberg: It will vary, depends on the type of training.

Rep Belzer: They will have to cover all those costs, the colleges won't eat up part of the cost?

Sen Grindberg: Yes, there is still is a fee for services .

Rep Belzer: And this money is all for administration, setting up programs and administering them.

Sen Grindberg: They will hire personnel, they will market aggressively, business and industry and to be able to acquire equipment needed for program development.

Rep Carlson: How do we respond to the premium payers, that now have an assessment on them, and they come back to us and say well we have Science and State Colleges and Lake Region who we assume that their function was as we funded them to provide skills for our modern day work force. But now you are telling me that we need to set another level of money to do additional work for something that I already thought that they were doing at these institutions. How do we respond to that?



Sen Grindberg: I will go back to my original remarks, I think that we have learned a lot, since this was established in 1993, it takes resources. You can't do training without resources. The task force has re-energized the whole process and it is time to reevaluate and step forward.

Rep Carlson: Tell me again, who are the institutions that have the primary responsibility?

Sen Grindberg: UND Williston, UND Lake Region, Bismarck State College, and North Dakota State College of Science.

Rep Lloyd: How is an employer going to treat this as a deduction on your federal income tax? Is this going to be automatic or what is the federal government treating this? Is this an actual reduction or an expense or how do we do it?

Sen Grindberg: I will have to check into that. The original discussions I had with Job Service would collect it the fee through the same form an unemployment. The federal department of labor says if you do that, we are going to require a very large administration fee. That certainly wasn't going to fly in this case. Some states do that, some states don't. What they have is a line reporting mechanism a sur charge for work force training needs and that modified the form. I'd have to find out.

Rep Aarsvold: This is an effort to add a fifth campus to the system in terms to technical training and specific skilled training center in Fargo, would you respond to this.

Sen Grindberg: This is a joint effort that the North Dakota State School of Science and North Dakota State University formed almost four years ago. It was a form of process and the intention that NDSU would provide administrative support and North Dakota State School of Science would bring the customized training. This would allow that to happen.

Rep Timm: The total amount of money collected from fees from the employers would go to administration, is that right. None of that money would go to the actual training of people?

Sen Grindberg: That is correct.

Rep Timm: Are these advisory board members, which could be up to fifteen of them, are they going to be paid expenses, per diem?

Sen Grindberg: No.

Rep. Mueller : Could you address the issue of enticement of out of state kinds of business into our state and how 2404 comes to play with that?

Sen Grindberg: One of the last points in my testimony is that this might be a good tool to entice more business' to move into the state. Thirty six other states are doing it.

Rep Bernstein: I understand you included equipment in that, would it be a possibility that some of the equipment would find its way into the skill center?

Senator Grindberg: It's is very possible.

Rep Berstein: Knowing what a welding equipment costs, how are you going to train people. Are you going to give the fundamentals and then go right on the job with that?

Senator Grindberg: That depends on the wishes of the client. Gave several examples of how the system might work.

Rep L Thoreson : Could you give me a brief explanation of the difference between a work force training program and a training program that we already have established at Wahpeton.

Senator Grindberg: The present program that we have established now as SSS has customized training has the responsibility to the customer training network to respond to the needs state wide. This purpose HB 1443 that re-energizes that effort.

Mike Seifert: Controller for Melroe Company of Bismarck. I'm here to support 2404 on behalf of Melroe. We currently employ 2100 people world wide. 1900 of those people are here in North Dakota. We have created 300 plus jobs in the last four years in the state. Our business continues to grow and prosper, it is more important now than ever to identify this concept and capabilities and people that are harder and harder to find every day. We believe to accomplish the following, to allow us to provide input to the educational community to help better identify the skills that are high in demand. We believe that the direct private sector representation and involvement will help customize certain training programs, allowing them to be more responsible to our needs. The communication that will occur between educational and private sectors will also allow North Dakota to establish a circumlocution development program that is more responsive than other education in our regions or in the country for that matter. It will also allow more North Dakotans to attract businesses with this new model. As many of you heard recently, we announced an 18 million dollar expansion. In the state of North Dakota roughly 10 million for our Bismarck factory, 8 million in Gwinner. Expansion of this magnitude, we are dependent in part on North Dakota's ability to meet our needs of human resources. We have been able to grow and to continue to grow a hard working and dedicated work force, we hope that our future expansion plans will not be directed outside of the state because of the unavailability of skills that we are looking for. In closing I would ask for your support. I would like to thank you for your time and am open to any questions that you might have.

Rep Aarsvold: Presuming that you are a business that would rarely or never take advantage of this kind of training, would you still support the principal of 2404.

Seifert Absolutely, I believe that you have an opportunity to communicate directly with the educational environment and better serve the the individual in training, since this is a very positive program. The dollars that we are looking at with our employees based in North Dakota will be about 10 to 15 thousand dollars a year. So that your small business operator should not be affected adversely whatsoever.

Rep Belzer: How would you feel as an employer that has to use this and probably will use this again, instead of this tax being spread out over everybody, as there are a lot of people that will never use it, how would you feel about paying a charge for individual that you put through the system of 50 dollars or one hundred dollars, to go to fund something like this as compared to taxing everybody for it.

Seifert: I guess I understand the bill to represent the collection of dollars available for administration but the pay for services of training.

Rep Belzer: I realize that you will be paying for training and services beyond that but instead of having this type of tax that goes on everybody, the individuals that use it, you know, for every job that uses it you put 50 dollars, how would you feel about that instead of having the tax spread out over a bunch of people that never will use it.

Seifer: I would be supportive to that, if you make available the opportunity to every business, so that it doesn't preclude somebody from not being able take advantage of that program.

Rep Belzer: As a business, you don't think that you would have a problem with that type of policy compared with to the tax on everybody.

Seifert: Other than you are going to lose some of the continuity and the formal procedures with these various boards from your private sector. It would become a one on one or as needed basis, less input into the decision making process.

Rep Belzer: I don't know why, it still would be the same board, everything would be set up the same, the only difference would be the people that would be using it, would be paying for it.

Rep Carlson: If you could clarify a couple of comments for me, you talked about you thought that the passage of this bill would allow more input of your company into the system. It would allow more customized training and more input into the educational environment. You don't think those things are possible under the existing trade and technical system that we have today?

Siefert: I believe they are possible today, we might break through a current design in engineering software and there might be some specific training needs that we would have for a specific group of people, that your existing structure could not accommodate with the resources that they have. Things are changing so rapidly, our educational requirements would go hand in hand.

Rep Gulleason: Currently Melroe does a good job of promoting extra training and such. They share in training costs, I'm really familiar with that, do you see this as being a replacement for that or above and beyond that, or how would your company, would they continue with the current programs they have.

Seifert: Absolutely, we just see this as an additional tool to help better communicate with the educational community.

Rep Hoffner: Have you used Bismarck State College today for this type of training needs?

Seifert: I'm not certain, in the last year or so, I can't answer that question.

Dale Anderson: Roger Reiersen, Chairman of the task force was unable to be here because of the weather. Mr Anderson read the testimony into the record. (See attached testimony) .see amendment 90440.0503 attached.

Rep Carlisle: On 1443 we took the money off, right?

Anderson: Right, section 8 which provided for the 1 million dollar general fund appropriation was removed by house amendment.

Carlisle: Is there talk on the Senate side of putting the money back in?

Anderson: The task force is working to get it put it back in.

Rep Nichols: With regard to these various regions, I assume that we would need to specialize and that we don't want a lot of duplication of effort. How do you see this process of each of these regions deciding what their areas should be and also if that can be accomplished then with regard with business or employer from one corner of the state having to send their employees a long distance because that is their area of expertise. How do you see those two things work.

Anderson: An excellent question. The focus of the local regional group for the research, boards providing impute should be as local as possible. That is why the task force came forward with four regional, so if anyone has a need they will contact that region. The training, the goal is to have the training delivered on site if possible.

Vice Chair Drovdal : We have certain areas in the state that are economically deprived, if this money goes back on the tax base for the region. The area of my concern is that the region that is in most need of development of advanced work force are getting the least amount of money to establish the program. Do you have anyway that we can address the economics of the area.

Anderson: The degree of analysis that was done so far indicates the dollars would be generated on the bases of what it would be, on the number of jobs that are currently developed and trained. So if that became a problem, I'm sure that the legislature would be helpful in trying to resolve that issue.

end of tape # 2 side A, begin tape # 2 side B

According to the business plan, they have put together. the dollars that they have available would be put together for this kind of thing.

Rep Nelson : Carrying Vice Chair Drovdal's question a little further, in the area of the state that I represent, most of the growth in manufacturing and in industry, probably take place on the Indian Reservations. If I understand this right, obviously, in 1443 the Indian Reservations and its relationship with the work force training didn't get out to a very good start. In the funding of this I would guess they would also not have a part in paying for the administrative costs, would they?

Anderson: The administrative costs go to the four designated institutions in the four regions. The tribal colleges would be part of the delivery system.

Rep Nelson : I'm talking more about the tax that is assessed to the business, that are taking place on tribal property. They wouldn't be assessed the four tenths would they?

Anderson: I don't know, that is a question that Job Service would have to respond to.

Rep Nelson : That is the question that I would have. In the event that they wouldn't, I guess bringing some sense of ownership to the business' that are taking place on tribal property now, I think that would be an area of, especially from a regional standpoint, that of ownership and balance.



Anderson: That certainly is a point for making these regions as small as localized as possible. But large enough to provide the staffing.

Jim Hirsch: North Dakota Job Service. To answer the question on whether or not the employer on the reservation would be assessed, the answer is yes. This assessment fee would go against all public employers including reimbursable employers under the unemployment insurance law.

Robert Spencer: CEO of Northern Plains Electric Coop. (See attached testimony) .

Bill Shalhoob: Owner and operator of a motel in Bismarck. I am here to speak in support of 2404. When we talk about economic development in growing North Dakota, and we talk about the spread the fee, and we talk about, I view this as a partnership in the best tradition of those words. The start up capital is given by the state of North Dakota general fund, that forms one part of the partnership, the second part of that is the university system providing theirs and the third part is business in general sharing in the cost. And the running of this through the system that has been devised through the business plan. I think, that as we are going to move forward, and if we are going to grow North Dakota and that is what we are really talking about, providing opportunity for workers to learn, providing for opportunities for businesses to train people, there has to be assured source of revenue coming into this, and that is what this is supposed to do. I believe that as we go through this process, the fees that the universities and local boards, should provide as much overhead at lower cost as can possibly be done. I think overall the assessment fee should be as low as possible. And that the fee for the training should be as accurate as possible. I would envision as we move forward , as origin within the region, in terms of money and distribution, having little or no affect, if there is a need within the smaller communities and they contact their area and they can throw their resources out to that community, or pull the

people in, and if it is contact with Bismarck State College, that is best served by the State School of Science, they put them in contact with them and those people move from there, I think it is a win, win, win for the workers, for business and for the university system of North Dakota , and I urge your support.

Leroy Ernstein: I am here representing the North Dakota Motor Carriers Association. Trucking industry plays a very central role in our state's economy. We employ one out of every eleven workers. We project our salary for our industry generates in excess of five hundred and sixty three point nine million dollars a year. Trucks move over eighty five point eight per cent tons of manufactured freight each business day. And projections are that this industry will be transporting close to ten per cent of those goods by the year 2000. One of the problems that our industry has identified is a critical need for trained truck drivers. This is one of our main concerns in our industry. It is estimated that nationally within the next decade per year, our industry could need eighty thousand trained truck drivers per year. On a state wide basis we are looking at a need of five hundred drivers over the next year. And herein lies our problem, in checking with job service recently, it was indicated that ninety five companies were listed with that agency looking for qualified drivers. Now these are good jobs that are generated in this state, typical starting salary for a truck driver is in the neighborhood of twenty five thousand dollars a year. With several years of job training, we are looking at an average salary of between thirty and forty thousand dollars a year for a driver. Our association is currently working with the School of Science and the North Dakota University system in setting up a driving program in the state. We feel that the provisions that are contained within SB 2404 would provide the seed money to get this program started and under way. Once the program has been started has been started it would

pretty much be self sufficient. So for those reasons, the motor carriers association is in support of SB 2404.

Chairman R Kelsch : Anyone else in support of SB 2404, anyone in opposition to SB 2404?

Rep Bruce Eckre: District 25. (See attached testimony handed in) We already have four colleges, and we don't need a new tax. We don't need four new boards. In the last session, we created the skills center in Fargo and now we asked for more money again. I think that we are duplicating services. I understand that North Dakota wants to move ahead but I think we can do it without a new tax and without four new boards. The rest of the colleges have to come out of the general fund, so does k-12, but now we create a new task force, I don't think that's is correct. I don't think that is right. There are programs in the state that are being cut. So I urge you to proceed with caution, we probably have the resources right now to train, but we could, but I don't think we need four new boards and a new tax to do it with. So I just urge you to proceed with caution on this.

Chairman R Kelsch : Any questions for Rep Eckre? Thank you Anyone else wishing to appear in opposition of SB 2404? Seeing none, we will close the hearing on SB 2404.

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2404-3-9-99

House Education Committee

Conference Committee

Hearing Date 3-9-99

Tape Number	Side A	Side B	Meter #
Tape # 1		x	26.5 to 29.9
Tap # 1	x		15.7 to 20.8
Committee Clerk Signature <i>Joan Diers</i>			

Minutes:

Chairman R Kelsch , Vice Chair Drovdal , Rep Brandenburg , Rep Brusegaard , Rep Haas , Rep Johnson , Rep Nelson , Rep Nottestad , Rep L Thoreson , Rep Grumbo , Rep. Hanson , Rep. Lundgren , Rep. Mueller , Rep. Nowatzki , Rep. Solberg .

Chairman R Kelsch : Can we take up SB 2404, the bill we heard in the joint hearing.

Rep Nottestad : I move the amendments proposed for engrossed senate bill 2404 (90440.0504).

Rep Brandenburg : seconded the motion. .

Chairman R Kelsch : Committee discussion. Voice vote, motion carried.

We have the amended bill SB 2404 before us, what are the wishes of the committee? We can hold this. We can hang on to this one.

~~Page 2~~ page 2

House Education Committee  
Bill/Resolution Number SB 2404-3-9-99  
Hearing Date 3-17-99

FURTHER COMMITTEE ACTION

3-17-99

Chairman R Kelsch : We will call the House Education Committee back to order. We will not be taking up SB 2404. That bill is going to stay in Appropriations. Rep Haas has amendments and has passed them out to the committee. He will take the amendments to Appropriations.

Committee discussions on SB 2404.

Rep Haas : I discussed this with both bill sponsors and they agreed that the amendment was fine. The amendment states -- that if monies are appropriated out of the general fund for a general start up for this program, that it would be repaid to the general fund out of the four hundredth of one per cent tax that is going to be levied against the employer.

Chairman R Kelsch : Any questions for Rep Haas?

Committee discussion was held on the amendments.

Chairman R Kelsch : We will adjourn until 10:00 am on Monday.

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2404

Page 2, line 2, remove "customized"

Page 2, line 5, replace "shall cooperate with" with a comma

Page 2, line 6, after "state" insert "shall cooperate" and replace "customized" with "work force"

Page 2, replace lines 8 through 15 with:

- "3. Subject to state board of higher education policies, the president of an institution of higher education that is assigned primary responsibility for work force training shall appoint a work force training board consisting of representatives from businesses and industries located within the institution's delivery area. The work force training board must consist of at least seven but no more than fifteen members including at least one representative from labor and one representative from an Indian-owned business, the tribal government, or the tribal colleges within the designated region."

Page 2, line 20, after "employment" insert ", as defined by job service,"

Page 2, line 23, after the comma insert "state board for vocational and technical education,"

Page 2, replace lines 25 through 29 with:

**"SECTION 2. APPROPRIATION.** The funds provided in this section, or so much of the funds as may be necessary, are hereby appropriated out of any moneys in the special account created in section 1 of this Act, not otherwise appropriated, to the following entities for the purpose of administering the collection of the work force training investment fee and providing work force training programs under this Act, for the biennium beginning July 1, 1999, and ending June 30, 2001:

State board for vocational and technical education	\$1,823,100
Job service North Dakota	\$40,000"

Renumber accordingly

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2404

Page 1, line 2, after the semicolon insert "to provide for a transfer;"

Page 2, after line 24, insert:

**"SECTION 2. TRANSFER.** If the fifty-sixth legislative assembly appropriates any moneys from the general fund for the purpose of providing startup funds for work force training programs through institutions of higher education, an amount equal to the general funds appropriated must be transferred from moneys in the special account created in section 1 of this Act to the general fund."

Renumber accordingly



**1999 HOUSE APPROPRIATIONS**

**SB 2404**

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 2404

House Appropriations Committee  
*Joint hearing with House Education Committee*

Conference Committee

Hearing Date March 9, 1999

Tape Number	Side A	Side B	Meter #
1	x		0-end
1		x	0-13.0
Committee Clerk Signature <i>Casey Davis</i>			

Minutes:

*Joint hearing with House Education committee. Please refer to tape filed under that committee. Date 3-9-99.*

**SB 2404 - A bill for an act to create and enact a new section to chapter 52-08 of the ND Century Code, relating to workforce training; and to make an appropriation.**

**CHAIRMAN KELSCH** opened the hearing on SB 2404.

**IA: 0.5 REP. JOHN DORSO** introduced the bill. He stated that workforce training funds should come out of someplace other than the general fund.

**IA: 4.9 REP. BYERLY** asked if every employer in ND would pay this fee whether they access the training programs or not. Rep. Dorso said that the bill is written that way.

**IA: 7.3 SEN. TONY GRINDBERG** testified in support of the bill. He provided an explanation of the bill and the proposed amendments 0503. (See testimony.)

**IA: 14.2 REP. DELZER** asked if this fee would be collected as a one time assessment or four times per year. Sen. Grindberg said that it would be addressed at the first quarter of every year.

**IA: 20.3 REP. TIMM** noted that fees are collected from each region and are used to fund advisory boards, which would lead to stronger and weaker regions. He continued by asking if there is any way to split up the funds more equally. Sen. Grindberg said that the numbers prepared in the business plan are a reflection of how JSND would distribute the funds.

**IA: 22.1 REP. HAAS** asked for an estimate of funds. Sen. Grindberg replied that the conservative estimate now is \$1 million.

**IA: 23.0 REP. DELZER** asked how much it will cost local businesses over and above this. Sen. Grindberg said that it varies depending on the customized package put together. There is a fee for services.

**IA: 26.5 REP. LLOYD** asked how this would be treated on income tax. Sen. Grindberg said that he is unsure, but will check into it.

**IA: 27.9 REP. AARSVOLD** said that his constituents believe that this is an effort to add a fifth campus to the venture. Sen. Grindberg replied that the group was formed with the intention that NDSU provide the administration, and that NDSCS provide much of the training.

**IA: 35.0 MIKE SEIFER, Melroe Company,** testified in support of the bill. He said that the bill would allow ND to attract businesses, have more responsive training, and it would help businesses identify skilled individuals they are looking for.

**1A: 43.8 ROGER REIERSON's** testimony was distributed by Dale Anderson. Mr. Reierson is Chairman of the Task Force for Improving Workforce Development and Training, and President of Flint Communications in Fargo. His testimony was in support of the bill. (See testimony.)

**1A: 49.0 DALE ANDERSON, Greater North Dakota Association,** testified in support of the bill on behalf of GNDA.

**1B: 3.3 ROBERT SPENCER, General Manager and CEO of Northern Plains Electric Cooperative,** testified in support of the bill. (See testimony.)

**1B: 6.4 BILL CHALLOOB, Doublewood Inn,** testified in support of the bill.

**1B: 8.0 LEROY ERNSTEIN, ND Motor Carriers Association,** testified in support of the bill.

**1B: 11.3 REP. BRUCE ECKRE, Wahpeton,** testified in opposition to the bill. He said that funds for schools and universities come from the general fund, and there is an attempt to create this tax for a new entity. He urged the joint committees to proceed with caution.

**CHAIRMAN KELSCH** closed the hearing on SB 2404.

### General Discussion

- Committee on Committees
- Rules Committee
- Confirmation Hearings
- Delayed Bills Committee
- House Appropriations
- Senate Appropriations
- Other

Date March 25, 1999			
Tape Number	Side A	B Side	Meter #
2	x		51.1-end
2		x	0-15.9
Committee Clerk Signature <i>Casey Davis</i>			

Minutes:

#### SB 2404

**CHAIRMAN DALRYMPLE** opened discussion on SB 2404.

**2A: 51.1 CHAIRMAN DALRYMPLE** presented amendment 0505. It brings back much of the language from HB 1443. This bill with the amendment would not require the passage of HB 1443. He continued by explaining the amendment. The fiscal note is around \$1.5 million. It would provide a funding mechanism which would relieve the state of any further hit on the general fund.

**2B: 4.4 REP. HOFFNER** asked why NDSCS is not listed in Section 1. Joe Morrissette, Legislative Council, replied that those listed under Section 1 have a name change.

**2B: 6.3 REP. MONSON** noted that page 2 of the amendment excludes public school employees, and asked how it affects private schools. Chairman Dalrymple said they could not think of any workforce training that would affect teachers.

**2B: 7.8 REP. MONSON** asked if it specifies where the training will take place. Chairman Dalrymple said it does not. That is not in the bill.

**2B: 9.3 REP. CARLISLE** asked how many employers or employees are affected by defining small businesses. Chairman Dalrymple said that the fiscal note is affected by  $\frac{1}{4}$ . This was followed by a brief discussion of whether it is discriminatory to separate businesses with 25 or more employees.

**2B: 11.1 REP. TIMM** noted that there are federal laws that classify by number of employees. OSHA, for example, considers businesses by number of employees.

**2B: 12.1 REP. MONSON** asked about seasonal employers. No one was able to provide an answer.

**CHAIRMAN DALRYMPLE** closed discussion.

## General Discussion

- Committee on Committees
- Rules Committee
- Confirmation Hearings
- Delayed Bills Committee
- House Appropriations
- Senate Appropriations
- Other

Date March 31, 1999			
Tape Number	Side A	B Side	Meter #
1	x		3.0-21.4
Committee Clerk Signature	<i>Roxanne Kohl</i>		

Minutes:

**Chairman Dalrymple opened the discussion on Senate Bill 2404.**

**1A: 3.0 Chairman Dalrymple** explanation of amendment **90440.0506** changes to the bill.

**1A: 6.6 Rep. Gulleson** asked if we had figured out how this affects a seasonal employer. **Chairman Dalrymple** replied yes we have had that question. We found in statute about a 2 1/2 page definition in the code of what an employee is so we decided to just stay with that. We decided we didn't want to reinvent the definition of an employee.

**1A: 7.4 Rep. Delzer** asked where the language is that excludes school districts. **Chairman Dalrymple** replied it is page 2, the amendment for page 1 line 7 of the bill.

**1A: 7.8 Rep. Timm** asked if there are still four regional boards. **Chairman Dalrymple** replied yes. They say they will all be volunteers and interested in Work Force training with no reimbursement.

**1A: 8.6 Rep. Delzer** asked how this affects private schools. **Chairman Dalrymple** replied if they have more than 25 employees they would not be exempt the way it stands. The cities and

counties did not initially have any problem with the bill. The counties have now changed their mind. If the school districts are going to be exempt, the counties would like to be exempt too.

**1A: 9.4 Rep. Carlson** asked if it is still set up so the \$1 million now and \$1.7 next biennium is still all administrative money, there is actually no trading involved to solve the administration setting up the organization and administering it. **Chairman Dalrymple** replied if you look at the business plan put together by BSC, which is the only one out there so far, I would say it is probably half administration and half direct cost of providing the training. Looking at the plan it looks like: not quite half of it would be considered direct training expenses, there is some overhead for Work Force training managers, support staff, administration, small business coordination, about 20% marketing and travel to employers. What is not on this operating statement is the use of the facilities and other support services provided by the campus that are not direct cash expenses. That would also be in there. The employers are not going to get a free service either. They will still have fees to pay and other expenses. This is not going to be a free program for them.

**1A: 11.7 Rep. Monson** asked if the state would have to pay for all their employees too. **Chairman Dalrymple** replied yes, about \$50,000 a year. **Rep. Monson** asked if he sees the state using this training and get anything out of it. **Chairman Dalrymple** replied the usage would be less than a private employer.

**1A: 12.8 Rep. Carlisle** moved to adopt the amendment .0506. **Rep. Hoffner** 2nd the motion. **On a Voice Vote the motion carried.**

**1A: 13.3 Rep. Bernstein** moved to further amend to exclude the parochial and private schools. They already pay extra just to go there. Doesn't think we should penalize them further. **Rep. Delzer** 2nd the motion. **On a Voice Vote the motion carried.**

**1A: 14.6 Rep. Carlisle** moved for a **DO PASS AS AMENDED**. **Rep. Hoffner** 2nd the motion.

**1A: 14.8 Rep. Carlson** said he would not support this legislation. The concept is just a new tax and most for administration. Further discussion on spending regarding colleges. **Rep. Delzer** said he would not support legislation for same reasons as Rep. Carlson and does not like the idea of setting up more boards.

**1A: 16.8 Rep. Hoffner** will support bill. Thinks it is critically needed and good direction to move towards. Further discussion on support for bill. **Rep. Carlisle** agreed with Rep. Hoffner and will BSC will utilize business plan a lot.

**On a Roll Call Vote the motion carried.**

11 voting YES

9 voting NO

Carrier: **Rep. Carlisle**

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2404

Page 1, line 1, replace "a" with "five" and replace "section" with "sections"

Page 1, line 2, after the semicolon insert "to amend and reenact subsection 6 of section 15-10-01 and subsection 13 of section 15-10-17 of the North Dakota Century Code, relating to name changes of institutions of higher education; to repeal section 15-11-02.1 of the North Dakota Century Code, relating to supervision of the college at Devils Lake;"

Page 1, after line 3, insert:

**"SECTION 1. AMENDMENT.** Subsection 6 of section 15-10-01 of the North Dakota Century Code is amended and reenacted as follows:

6. The following ~~junior colleges and off-campus educational center:~~ Bismarck state college, ~~university of North Dakota~~ Lake Region state college, and ~~the university of North Dakota~~ Williston ~~center~~ state college.

**SECTION 2. AMENDMENT.** Subsection 13 of section 15-10-17 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

13. To establish a retirement program as an alternative to chapter 15-39.1 for employees of institutions under its control subject to the following guidelines:
  - a. Benefits under the program shall be provided through annuity contracts purchased by the board but which shall become the property of the participants;
  - b. The cost of the annuity contracts shall be defrayed by contributions made pursuant to rules of the state board of higher education;
  - c. Eligible employees appointed before July 1, 1973, shall participate in the alternate retirement program only by their individual election. When the electing eligible employee is a member of the teachers' fund for retirement, the employee's assessments and employer's contributions together with interest credited at the current rate for one-year certificates then being paid by the Bank of North Dakota shall be transferred to the employee's account in the alternate program. Such election shall be made prior to July 1, 1980, and shall relinquish all rights the eligible employee or the employee's beneficiary may have to benefits provided in chapters 15-39 and 15-39.2;
  - d. Employees of Bismarck state college and ~~university of North Dakota~~ Lake Region state college coming under the jurisdiction of the board who are members of the teachers' fund for retirement may elect prior to July 1, 1985, to continue membership in the teachers' fund for retirement in lieu of the alternate retirement program. If an employee does not elect to continue membership in the teachers' fund for retirement, membership in that fund will terminate and the employee will become a member of the alternate retirement program established by the board effective July 1, 1985. An employee of the above-named

colleges who becomes a member of the alternate retirement program may elect prior to July 1, 1985, to have the employee's assessments and employer's contributions in the teachers' fund for retirement with interest transferred by the board of trustees of the teachers' fund for retirement to the employee's account in the alternate retirement program. If an employee elects to transfer the employee's assessment and employer's contributions together with interest to the alternate retirement program, the employee relinquishes all rights the employee or the employee's beneficiary may have to benefits provided in chapters 15-39, 15-39.1, and 15-39.2; and

- e. Employees of institutions under the control of the state board of higher education who are members of the public employees retirement system and who become entitled to participate in the alternate retirement program are entitled to a special annuity purchase in the alternate retirement program in accordance with this subdivision. An eligible employee who consents to have that employee's contribution included is entitled to have that employee's contribution and employer's contribution, with interest, in the public employees retirement system fund, used by the retirement board of the public employees retirement system to purchase for that employee an annuity in the alternate retirement program in lieu of any other rights under the public employees retirement fund. However, before the employer's contribution may be used for an annuity purchase, the employee's combined years of service with the public employees retirement system and the alternate retirement program must equal or exceed the years of service necessary to be eligible for retirement benefits under the public employees retirement system. An employee who transferred from the public employees retirement system prior to March 30, 1987, and who received a refund of that employee's contribution is entitled to have the employer's contribution, with interest, used to purchase an annuity even if that employee did not purchase an annuity in the alternate employee program with the employee's contribution. If an employee makes the election allowed under this subdivision, that employee relinquishes all rights the employee or any of the employee's beneficiaries may have had to benefits provided under chapter 54-52.

The board shall provide for the administration of the alternate retirement program and establish rules therefor consistent with the foregoing guidelines. Nothing in this subsection shall be construed in derogation of any existing retirement programs approved by the board."

Page 1, underscore line 6

Page 1, line 7, replace "Job" with "Except for employers with fewer than twenty-five employees and public school districts, job" and underscore "service North Dakota shall assess each employer a work force training"

Page 1, line 8, underscore "investment fee of", replace "four" with "three", and underscore "one-hundredths of one percent of taxable wages paid by the"

Page 1, underscore lines 9 through 18

Page 1, line 19, underscore "investment account" and insert immediately thereafter "under the control of the state board for vocational and technical education" and underscore "and used to provide work force training programs at"

Page 1, underscore line 20



Page 1, line 21, underscore "force training", remove "as defined by the state board of higher education", and underscore ". Administrative"

Page 1, underscore lines 22 through 24

Page 2, underscore lines 1 through 4

Page 2, line 5, underscore "education shall cooperate with job service," and insert immediately thereafter "the state board for vocational and technical education," and underscore "the work force 2000 advisory board,"

Page 2, underscore line 6

Page 2, line 7, underscore "state" and insert immediately thereafter ", and shall allocate funds appropriated from the work force training investment account in consideration of work force training demand" and underscore the period

Page 2, replace lines 8 through 24 with:

**"SECTION 4.** A new section to chapter 52-08 of the North Dakota Century Code is created and enacted as follows:

**Institution to serve work force needs.** Subject to state board of higher education policies, the president of an institution of higher education that is assigned primary responsibility for work force training shall establish a division or other unit within the institution to serve the work force needs of business and industry and to serve as a broker in arranging the delivery of training.

**SECTION 5.** A new section to chapter 52-08 of the North Dakota Century Code is created and enacted as follows:

**Work force training board - Formation.** Subject to state board of higher education policies, the president of an institution of higher education that is assigned primary responsibility for work force training shall appoint a work force training board consisting of representatives from businesses, labor, and industries located within the institution's delivery area. The work force training board must consist of at least seven but no more than fifteen members including at least one representative from one of the following: an Indian-owned business, the tribal government, or the tribal colleges within the designated region.

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

**Preparation of business plan - Revolving loans.** Subject to state board of higher education policies, the president of an institution of higher education that is assigned primary responsibility for work force training shall prepare an annual business plan that must include provisions for use of the training capacity of the tribal colleges within the designated region, in consultation with the work force training board. The work force training board shall approve the business plan and make recommendations for funding of the business plan to the state board of higher education. The state board of higher education may establish for each institution of higher education assigned primary responsibility for work force training a revolving loan fund for work force training program startups using the borrowing authority provided for in section 15-10-16.1.

**SECTION 7.** A new section to chapter 52-08 of the North Dakota Century Code is created and enacted as follows:

Performance measurements for work force training. Subject to state board of higher education policies, the president of an institution of higher education that is assigned primary responsibility for work force training shall develop, in consultation with the work force training board, performance measurements for work force training. The measurements must include requirements for being time-sensitive and results-oriented and must determine how well the training needs of business and industry are being met.

**SECTION 8. REPEAL.** Section 15-11-02.1 of the North Dakota Century Code is repealed."

Page 2, line 26, replace "special" with "work force training investment" and remove "created in section 1 of this Act"

Page 2, line 27, replace "\$1,963,100" with "\$1,000,000" and replace "job service North Dakota for the" with "the institutions of higher education assigned primary responsibility for"

Page 2, line 28, remove "purpose of" and after "under" insert "sections 3 through 7 of"

Page 2, line 29, after the period insert "Any excess funds collected for deposit in the work force training investment account must remain in the account."

**SECTION 10. APPROPRIATION - TRANSFER.** There is hereby appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$400,000, or so much of the sum as may be necessary, to be transferred to the work force training investment account for the purpose of providing startup funds for work force training through institutions of higher education. An amount equal to the general funds appropriated under this section must be transferred from moneys in the work force training investment account to the general fund before June 30, 2001."

Renumber accordingly

V  
3/31/99  
1084

HOUSE AMENDMENTS TO ENGROSSED SENATE BILL NO. 2404 APP 4-1-99

Page 1, line 1, replace "a" with "five" and replace "section" with "sections"

Page 1, line 2, after the semicolon insert "to amend and reenact subsection 6 of section 15-10-01 and subsection 13 of section 15-10-17 of the North Dakota Century Code, relating to name changes of institutions of higher education; to repeal section 15-11-02.1 of the North Dakota Century Code, relating to supervision of the college at Devils Lake;"

Page 1, after line 3, insert:

**"SECTION 1. AMENDMENT.** Subsection 6 of section 15-10-01 of the North Dakota Century Code is amended and reenacted as follows:

- 6. The following ~~junior colleges and off-campus educational center:~~ Bismarck state college, ~~university of North Dakota—~~ Lake Region state college, and ~~the university of North Dakota—~~ Williston ~~center~~ state college.

**SECTION 2. AMENDMENT.** Subsection 13 of section 15-10-17 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

- 13. To establish a retirement program as an alternative to chapter 15-39.1 for employees of institutions under its control subject to the following guidelines:
  - a. Benefits under the program shall be provided through annuity contracts purchased by the board but which shall become the property of the participants;
  - b. The cost of the annuity contracts shall be defrayed by contributions made pursuant to rules of the state board of higher education;
  - c. Eligible employees appointed before July 1, 1973, shall participate in the alternate retirement program only by their individual election. When the electing eligible employee is a member of the teachers' fund for retirement, the employee's assessments and employer's contributions together with interest credited at the current rate for one-year certificates then being paid by the Bank of North Dakota shall be transferred to the employee's account in the alternate program. Such election shall be made prior to July 1, 1980, and shall relinquish all rights the eligible employee or the employee's beneficiary may have to benefits provided in chapters 15-39 and 15-39.2;
  - d. Employees of ~~Bismarck state college and university of North Dakota—~~ Lake Region state college coming under the jurisdiction of the board who are members of the teachers' fund for retirement may elect prior to July 1, 1985, to continue membership in the teachers' fund for retirement in lieu of the alternate retirement program. If an employee does not elect to continue membership in the teachers' fund for retirement, membership in that fund will terminate and the employee will become a member of the alternate retirement program established by the board effective July 1, 1985. An employee of the above-named

colleges who becomes a member of the alternate retirement program may elect prior to July 1, 1985, to have the employee's assessments and employer's contributions in the teachers' fund for retirement with interest transferred by the board of trustees of the teachers' fund for retirement to the employee's account in the alternate retirement program. If an employee elects to transfer the employee's assessment and employer's contributions together with interest to the alternate retirement program, the employee relinquishes all rights the employee or the employee's beneficiary may have to benefits provided in chapters 15-39, 15-39.1, and 15-39.2; and

- e. Employees of institutions under the control of the state board of higher education who are members of the public employees retirement system and who become entitled to participate in the alternate retirement program are entitled to a special annuity purchase in the alternate retirement program in accordance with this subdivision. An eligible employee who consents to have that employee's contribution included is entitled to have that employee's contribution and employer's contribution, with interest, in the public employees retirement system fund, used by the retirement board of the public employees retirement system to purchase for that employee an annuity in the alternate retirement program in lieu of any other rights under the public employees retirement fund. However, before the employer's contribution may be used for an annuity purchase, the employee's combined years of service with the public employees retirement system and the alternate retirement program must equal or exceed the years of service necessary to be eligible for retirement benefits under the public employees retirement system. An employee who transferred from the public employees retirement system prior to March 30, 1987, and who received a refund of that employee's contribution is entitled to have the employer's contribution, with interest, used to purchase an annuity even if that employee did not purchase an annuity in the alternate employee program with the employee's contribution. If an employee makes the election allowed under this subdivision, that employee relinquishes all rights the employee or any of the employee's beneficiaries may have had to benefits provided under chapter 54-52.

The board shall provide for the administration of the alternate retirement program and establish rules therefor consistent with the foregoing guidelines. Nothing in this subsection shall be construed in derogation of any existing retirement programs approved by the board."

Page 1, underscore line 6

Page 1, line 7, underscore "1.", replace "Job" with "Except for employers with fewer than twenty-five employees and schools, job", and underscore "service North Dakota shall assess each employer a work force training"

Page 1, line 8, underscore "investment fee of", replace "four" with "three", and underscore "one-hundredths of one percent of taxable wages paid by the"

Page 1, underscore lines 9 through 18

Page 1, line 19, underscore "investment account" and insert immediately thereafter "under the control of the state board for vocational and technical education" and underscore "and used to provide work force training programs at"

Page 1, underscore line 20

Page 1, line 21, underscore "force training", remove "as defined by the state board of higher education", and underscore ". Administrative"

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HOUSE AMENDMENTS TO ENGROSSED SENATE BILL NO. 2404 APP 4-1-99

Page 2, underscore lines 1 through 4

Page 2, line 5, underscore "education shall cooperate with job service," and insert immediately thereafter "the state board for vocational and technical education," and underscore "the work force 2000 advisory board,"

Page 2, underscore lines 6 and 7

Page 2, remove lines 8 through 15

Page 2, line 16, replace "4." with "3." and underscore "The state board of higher education shall establish up to four regions reflecting the"

Page 2, underscore lines 17 through 19

Page 2, line 20, underscore "collected based upon covered employment in that region of the state." and insert immediately thereafter "The state board for vocational and technical education may reallocate up to twenty percent of the funds collected in any region to another region based upon the increased need for work force training funds in that region."

Page 2, line 21, replace "5." with "4." and underscore "Each institution of higher education providing a work force training program shall"

Page 2, line 22, underscore "submit a report annually to the", remove "legislative council, the governor, the", underscore "state board", and remove "of"

Page 2, line 23, replace "higher" with "for vocational and technical", underscore "education", remove the comma, and underscore "and the North Dakota work force development council regarding"

Page 2, underscore line 24

Page 2, after line 24, insert:

**SECTION 4.** A new section to chapter 52-08 of the North Dakota Century Code is created and enacted as follows:

Institution to serve work force needs. Subject to state board of higher education policies, the president of an institution of higher education that is assigned primary responsibility for work force training shall establish a division or other unit within the institution to serve the work force needs of business and industry and to serve as a broker in arranging the delivery of training.

**SECTION 5.** A new section to chapter 52-08 of the North Dakota Century Code is created and enacted as follows:

Work force training board - Formation. Subject to state board of higher education policies, the president of an institution of higher education that is assigned primary responsibility for work force training shall appoint a work force training board consisting of representatives from businesses, labor, and industries located within the institution's delivery area. The work force training board must consist of at least seven but no more than fifteen members including at least one representative from one of the

following: an Indian-owned business, the tribal government, or the tribal colleges within the designated region.

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

**Preparation of business plan - Revolving loans.** Subject to state board of higher education policies, the president of an institution of higher education that is assigned primary responsibility for work force training shall prepare an annual business plan that must include provisions for use of the training capacity of the tribal colleges within the designated region, in consultation with the work force training board. The work force training board shall approve the business plan and make recommendations for funding of the business plan to the state board of higher education. The state board of higher education may establish for each institution of higher education assigned primary responsibility for work force training a revolving loan fund for work force training program startups using the borrowing authority provided for in section 15-10-16.1.

**SECTION 7.** A new section to chapter 52-08 of the North Dakota Century Code is created and enacted as follows:

**Performance measurements for work force training.** Subject to state board of higher education policies, the president of an institution of higher education that is assigned primary responsibility for work force training shall develop, in consultation with the work force training board, performance measurements for work force training. The measurements must include requirements for being time-sensitive and results-oriented and must determine how well the training needs of business and industry are being met.

**SECTION 8. REPEAL.** Section 15-11-02.1 of the North Dakota Century Code is repealed."

Page 2, line 26, replace "special" with "work force training investment" and remove "created in section 1 of this Act"

Page 2, line 27, replace "\$1,963,100" with "\$1,000,000" and replace "job service North Dakota for the" with "the institutions of higher education assigned primary responsibility for"

Page 2, line 28, remove "purpose of" and after "under" insert "sections 3 through 7 of"

Page 2, line 29, after the period insert "Any excess funds collected for deposit in the work force training investment account must remain in the account."

**SECTION 10. INITIAL FUNDING - REPAYMENT.** The Bank of North Dakota shall provide a loan of not more than \$400,000 to provide initial funds for deposit in the work force training investment account for work force training through institutions of higher education. The loan must be repaid from funds collected under section 3 of this Act by December 31, 2002."

Renumber accordingly



Date: 3-31-99  
 Roll Call Vote #: 1

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
 BILL/RESOLUTION NO. 2404

House APPROPRIATIONS Committee

Subcommittee on \_\_\_\_\_  
 or  
 Conference Committee

Legislative Council Amendment Number ~~90440.0506~~ 90440.0507

Action Taken DP AS AMENDED

Motion Made By CARLISLE Seconded By HOFFNER

Representatives	Yes	No	Representatives	Yes	No
Chairman Dalrymple	✓		Nichols	✓	
Vice-Chairman Byerly		✓	Poolman	✓	
Aarsvold	✓		Svedjan	✓	
Bernstein		✓	Timm		✓
Boehm		✓	Tollefson		✓
Carlson		✓	Wentz	✓	
Carlisle	✓				
Delzer		✓			
* Gulleeson	✓				
Hoffner	✓				
Huether	✓				
Kerzman	✓				
Lloyd		✓			
Monson		✓			

Total (Yes) 10 11 No 9

Absent \_\_\_\_\_

Floor Assignment REP. CARLISLE

If the vote is on an amendment, briefly indicate intent:

~~FAIL~~

REPORT OF STANDING COMMITTEE

SB 2404, as engrossed: Appropriations Committee (Rep. Dalrymple, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (11 YEAS, 9 NAYS, 0 ABSENT AND NOT VOTING). Engrossed SB 2404 was placed on the Sixth order on the calendar.

Page 1, line 1, replace "a" with "five" and replace "section" with "sections"

Page 1, line 2, after the semicolon insert "to amend and reenact subsection 6 of section 15-10-01 and subsection 13 of section 15-10-17 of the North Dakota Century Code, relating to name changes of institutions of higher education; to repeal section 15-11-02.1 of the North Dakota Century Code, relating to supervision of the college at Devils Lake;"

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established by the board effective July 1, 1985. An employee of the above-named colleges who becomes a member of the alternate retirement program may elect prior to July 1, 1985, to have the employee's assessments and employer's contributions in the teachers' fund for retirement with interest transferred by the board of trustees of the teachers' fund for retirement to the employee's account in the alternate retirement program. If an employee elects to transfer the employee's assessment and employer's contributions together with interest to the alternate retirement program, the employee relinquishes all rights the employee or the employee's beneficiary may have to benefits provided in chapters 15-39, 15-39.1, and 15-39.2; and

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Renumber accordingly

**1999 SENATE APPROPRIATIONS**

**SB 2404**

**CONFERENCE COMMITTEE**

1999 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB2404C

Senate Appropriations Committee

✓ Conference Committee

Hearing Date April 13, 1999

Tape Number	Side A	Side B	Meter #
1	2036-2420		
Committee Clerk Signature <i>Kathy C. Kottelrock</i>			

Minutes:

**SENATOR GRINDBERG:** Opened the conference committee on SB2404.

**ROLL CALL:** Present; Senator Grindberg, Senator Holmberg, Senator Robinson, Representative Dalrymple, Representative Carlisle, Representative Hoffner.

**SENATOR GRINDBERG:** What I'd like to do is have an explanation of the changes to SB2404 in the House. Then I think it will be up to the committee to decide. We do have a bill that passed yesterday that has everything in it that the task force has been working on, HB1443. That will be on the calendar in the Senate this afternoon and I imagine it will pass, if not we'll have to figure out what to do. The concept has passed almost unanimous both times. So, I think this bill we could put it in it's particular place and kill it once it gets to the Senate floor.

**SENATOR HOLMBERG:** The House members may not be aware but, Job Service, which also was part of this whole discussion was passed this morning unanimously in the Senate, HB1017.

**REPRESENTATIVE DALRYMPLE:** My only thought here is whether you would want to actually see the Governor's signature on HB1443 before you took final action on this bill. I assume that the Governor will sign but, there was some talk earlier in the session that there may be some problems with it. Just for the sake of feeling sure, you could just wait for the signature.

**SENATOR HOLMBERG:** That bill won't go to him at the earliest until tomorrow. We won't pass the bill this afternoon and he has at least three days and then there's a weekend so, I don't know if we will still be around. We can act on it here and leave this on the bottom of the calendar until we get towards the end of the process.

Page 2

Senate Appropriations Committee

Bill/Resolution Number SB2404C

Hearing Date April 13, 1999

**SENATOR HOLMBERG:** I would like to make a motion that the Senate accede to the House amendments. The House put it in good shape if this was the vehicle.

**REPRESENTATIVE DALRYMPLE:** Seconded the motion.

**ROLL CALL: 6 YEAS; 0 NAY.**

Motion carried.

**SENATOR GRINDBERG:** Closed the conference committee on SB2404.

(Bill Number) SB 240.4 (, as (re)engrossed):

Your Conference Committee

Attendance	SENATORS	Vote
P	Grindberg	Y
P	Holmberg	Y
P	Robinson	Y

Attendance	REPRESENTATIVES	Vote
P	Dalrymple	Y
P	Carlisle	Y
P	Hoffner	Y

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from) the (Senate/House) amendments on (SJ/HJ) page(s) \_\_\_\_\_ - \_\_\_\_\_

and place \_\_\_\_\_ on the Seventh order.

, adopt (further) amendments as follows, and place \_\_\_\_\_ on the Seventh order:

having been unable to agree, recommends that the committee be discharged and a new committee be appointed.

((Re)Engrossed) \_\_\_\_\_ was placed on the Seventh order of business on the calendar.

DATE: 4, 13, 99

CARRIER: \_\_\_\_\_

LC NO. \_\_\_\_\_ . \_\_\_\_\_ of amendment

LC NO. \_\_\_\_\_ . \_\_\_\_\_ of engrossment

Emergency clause added or deleted \_\_\_\_\_

Statement of purpose of amendment \_\_\_\_\_

(1) LC (2) LC (3) DESK (4) COMM.

Insert LC: .

**REPORT OF CONFERENCE COMMITTEE**

**SB 2404, as engrossed:** Your conference committee (Sens. Grindberg, Holmberg, Robinson and Reps. Dalrymple, Carlisle, Hoffner) recommends that the **SENATE ACCEDE** to the House amendments on SJ page 1105 and place SB 2404 on the Seventh order.

Engrossed SB 2404 was placed on the Seventh order of business on the calendar.



**1999 TESTIMONY**

**SB 2404**

# North Dakota Legislative Assembly

North Dakota Legislative  
Assembly  
2832 39 1/2 Ave  
argo, ND 58104

Phone: 701-232-4691  
FAX: 701-293-7819  
email: TGrindbe@state.nd.us

SB 2404  
2/2/99

# 1

Monday, February 1, 1999

Senator Dave Nething, Chairman Senate Appropriations &  
Members of Appropriations Committee

56th Legislative Assembly

RE: S.B. 2404

Chairman Nething, Members of committee, I am Tony Grindberg, State Senator, District #41, Fargo. I appear before you today in support of S.B. 2404.

I wish to compliment the efforts and leadership of the ND University System, GNDA and business community for their efforts to bring forward legislation which addresses a very important issue-Workforce Development/Training. In my opinion, Workforce Development is the premier issue for North Dakota's growth as we move into the 21st century. The support for developing job training legislation this legislative session and continuing the broader concept of "Workforce Development" is a strong and sensible approach.

In early 1998 the Federal Reserve office in Minneapolis featured a book titled "Prosperity" A number of legislators from North Dakota had the opportunity to hear the authors describe their book at the Midwest Higher Education Summit this past June in Chicago. Bob Davis and David Wessel predict that America's coming 20 year economic boom will be attributed to three prime areas: **Globalization, Technology and Community Colleges**

Recently, Newsweek Magazine featured North Dakota as having a Goldilocks economy. As our state's economy grows, where will the trained workers of tomorrow get their experience and training?? The following is a breakdown of my testimony of S.B. 2404:

- **Explanation of S.B. 2404**
  - Intent of Bill
  - Funding Option-Long Term Approach/Governor Schafer-\$1 Million

- **Background Job Training Task Force- GNDA Report**
  - David Birch-Quote “North Dakota has done a wonderful job of advancing its four-part economy as outlined in the Vision 2000 report. In order to sustain the growth in your economy and to take advantage of the outstanding work you have done, now you must focus your attention on training a world-class workforce for your state.” November 19, 1997
  - Kirkwood Community College-May-98
    - \*Private Sector Boards \*Private Sector Support \*Entrepreneurial
    - \*Customer Driven \*Regional \*Adjunct Instructors
    - \*Risk Oriented \*Responsive \*Accountable
  - 1993 CTN Established-North Dakota North Dakota State College of Science
- **National Efforts-CUED**
  - Economic Development & Workforce Development Trends
  - Demographics & Economy
  - States Recognizing the Need (Alabama, California, Hawaii, Texas, South Carolina, South Dakota, Nebraska, Nevada, Rhode Island, Delaware, Minnesota, Wyoming & Washington)
- **Letters of Support**
  - Melroe, Fargo, Gwinner & Bismarck
  - Cass Clay Creamery, Fargo, Mandan & Grand Forks
  - TMI Systems, Dickinson
- **Additional Comments**
  - Public/Private Partnership
  - ND’s Current Investment (**Workforce 2000 & New Jobs Training**)
    - \*See Brochures
    - \*Simplified Approach-Non Bureaucratic
    - \*Long Term Funding Plan
    - \*Government will contribute 30%
  - Private Sector Involvement-Regional Workforce Training Boards
  - Regional Approach -Less Windshield Time!!
  - Copy of my Memo, dated, January 4, 1999

Mr. Chairman, S.B. 2404 is an attempt to address a serious need to grow the states workforce by creating a strong public/private partnership. H.B. 1443 is the bill the task force is bringing forward will to be heard tomorrow. S.B. 2404 is a wise long term funding option that will strengthen the four regions assigned responsibility for customized training in ND that will link all the expertise of the ND University System and private sector to grow North Dakota’s economy.

Thank you for your kind attention and I would be happy to answer any questions you may have.

Tony Grindberg  
 Senator  
 District 41

# North Dakota Legislative Assembly

North Dakota Legislative  
Assembly  
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argo, ND 58104

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## Memorandum

COPY

*To: Dale Anderson, GNDA & Russ Staiger,  
Bismarck/ Mandan EDC*

*From: Tony Grindberg*

*cc: Dave McIver, Bismarck Chamber of  
Commerce and John Campbell, Chamber  
of Commerce Fargo/Moorhead, Fraine  
Zeitler & Dennis Johnson, North Dakota  
Workforce Development Council*

*Date: Monday, January 4, 1999*

*Subject: GNDA Task Force Report-Additional  
Funding options Senate Bill: \_ \_ \_ \_*

“WORKFORCE AVAILABILITY AND DEVELOPMENT IS THE #1 ISSUE FOR  
EMERGING AND GROWING COMPANIES IN THE STATE OF NORTH DAKOTA”

The following is information I feel could provide for a excellent funding model for our community colleges outlined in the GNDA task force report, released in November 1998. As a member of the funding sub-section of the task force I feel this would make be a wise long term solution to growing North Dakota's workforce. I learned about this idea at a Workforce Development Conference(CUED) in Indianapolis in December-1998.

California adopted this approach and Indiana and Illinois are considering the same approach. Because the nation's unemployment rates are low and are projected to remain low (Economy and Demographic Trends) States are focusing on workforce development issues. Job Training will be at the center stage for our economy to compete globally in the future. Funds are being allocated thru the State's unemployment fund for job training. In California \$80 million dollars is generated annually and is coordinated through the community college system. (This is approximately \$10 per year/ per worker in the State)

I see the benefits of this approach as a very viable solution for ND. Listed below are a number of advantages with this partnership idea:

1. Employer Funded Employers participation on regional boards will have a decision in how their money is spent for training services. This will keep the decisions local and will benefit business in a positive manner. Regional workforce boards should

be given encouragement and autonomy in the development and implementation of their plans. Micro-management and state mandates will hinder creativity and innovation.

2. The fund can be designed to fluctuate with the economy. Unemployment rates remain low, funding stays in place. The number of jobs per region increases, the fund grows, etc.

3. Long term approach to Job Training. The process of legislative appropriation is no longer needed. This will allow the operation of the community college to be much more flexible and entrepreneurial..

4. There will be a lot of similarities in Federal Legislation that calls for Economic Development Corporations involvement with Workforce Development. The structuring of boards could use the same type of approach when implementing regional boards and this type of approach would ensure proper representation.

5. Accountabilitiy mechanisms would be through annual reports and a state agency acting as overseer. The approach would be 100% performance based.

Governor Schafer is recommending \$1 million for funding of the #4 regions listed in the GNDA report. Each of the 2-year colleges are working on their business plans to be released this month. If the ND legislative adopts this funding plan it would mean approximately \$3.00 a year for each worker in ND. ND has 340,000 workers

My bill will be officially introduced the week of January 18, 1999. I would appreciate your thoughts and suggestions by January 15, 1999. The following will be a part of my bill:

1. Funding Plan will be 100% performance based
2. Allow customized training to be flexible and entrepreneurial
3. Link Business, State, Community Colleges and Economic Development with a partnership. ND Job Service through its Workforce 2000 program could be the entity for coordination.
4. Have a cap on the amount from the fund for administration expense
5. Regional boards will include private sector control
6. Funding for the #4 regions will be determined by size of workforce
7. Funding will be formulated through employer unemployment insurance fund
8. Primary focus will be incumbent worker training and funds will support retention and creation of high wage/high skill jobs for employers.

# workforce 2000

*Making Employee  
Training Affordable*



Administered by Job Service North Dakota

# A VALUABLE RESOURCE

## *for North Dakota Businesses*

As employers in North Dakota implement new technology and work methods, the need for highly skilled workers is increasing. Workforce 2000 is a state-funded program that assists in meeting these demands.

Since its enactment by the 1991 North Dakota Legislature, the Workforce 2000 Training Fund has helped employers provide retraining and upgrade training to support the introduction of new technologies and work methods into the workplace. Often this results in high-wage and high-skill jobs that enhance the economy and benefit workers through increased earning potential and employment opportunities.



## OBJECTIVES

### *of the Training Program*

Workforce 2000 provides funding assistance to employers for current workers and new employees. First, companies can access assistance to help upgrade the skills of current workers when new technologies and/or work methods are introduced or when training is required for continued employment. Second, it is available to companies that are expanding or locating to the state to help with training new employees. These objectives will help communities attract and retain companies and make North Dakota a better place to work, live, and do business.

Training funded under Workforce 2000 is limited to North Dakota residents who are or will be employed in the state. Workforce 2000 is a funding source to assist in reducing the cost of training. Customized training suited to the specific needs of the company is available through North Dakota's customized training network, state universities and colleges, and the state's local vocational centers.

Funds are available regardless of the company's size. Equitable access to funds is provided to both urban and rural areas. Workforce 2000 requires a minimum of paperwork and provides a good return on the public investment. Projects must emphasize job skill and basic skill training.



# IT'S EASIER THAN YOU THINK *To Get Funding*

Businesses and industries that bring new revenue to the state by selling a majority of products and services outside of North Dakota will be given priority for funding. Businesses that sell products or services in the local area are eligible, but need to demonstrate compelling economic benefit to the community or state.

Small companies or those located in rural areas are especially encouraged to participate. All businesses making requests for Workforce 2000 funding assistance are asked to participate in the cost of training. In-kind contributions can be considered matching funds. These can include: training space, equipment, or supplies; employee wages and fringe benefits while in training.

## REQUIREMENTS *for Training Projects*

- 1.** Projects must emphasize job skill training or basic skill training. Only training for permanent jobs or occupations which have significant career opportunities and require substantive instructions will be considered for funding.
- 2.** For projects that train new employees for business expansion and startups, trainees who successfully complete training must be given priority in hiring by the participating business.
- 3.** If the occupation for which training is being conducted is covered by a collective bargaining agreement, union concurrence is required.
- 4.** If new job openings are created through upgrade training, the sponsoring company should give priority consideration to individuals eligible for other state and federal job training programs.
- 5.** Costs for training needs assessments and the preparation of an application are the responsibility of the company.
- 6.** Only direct training costs can be reimbursed under Workforce 2000 and can include the following:
  - a. Instructor wages, per diem and travel
  - b. Tuition and registration fees
  - c. Curriculum development and training materials
  - d. Lease of training equipment and training space
  - e. Miscellaneous direct training costs



*Requirements continued on next page.*





N O R T H D A K O T A

# New Jobs Training Program

*No-Cost Job Training  
for New and Expanding  
Businesses*



Presented by Job Service North Dakota

## Program

# Overview and Mission

The North Dakota New Jobs Training Program provides incentives to businesses and industries that are creating new employment opportunities through business expansion or relocation to the state. The program provides a mechanism for companies to secure no-cost funding to help offset the cost of training new employees for business expansion and/or startup. The program was established by the 1993 North Dakota Legislature.

## North Dakota New Jobs Training Program Funding Assistance

Under the New Jobs Training Program, the business obtains funds in the form of a loan or repayable grant. The loan can be obtained from a commercial lender, local development corporation, Bank of North Dakota, or other qualified lender. Repayable grants could be issued by the state, a city, or a local development corporation.

The loan or grant, plus interest, is repaid through the capture of the state income tax withholding generated from the new job positions that are created. *The withholding credit is based on the new job position and not individuals in the position.* The new job position may have any number of individuals in the position during the life of the project. State income tax withholding can be captured for up to a 10-year period, or until the loan is repaid, whichever comes first.



## Your **Business** may Qualify

If your business is locating to the state or is a business that is expanding, you may qualify for funding. The initial criteria is that the business must be a "primary sector" business, defined as one that adds value to a product, process or export service, resulting in the creation of new wealth, excluding production agriculture. Eligible new job positions that can be included under a North Dakota New Jobs Training agreement must pay at least \$7.50 per hour, plus benefits, by the end of the first year of employment.

Other qualifying criteria include:

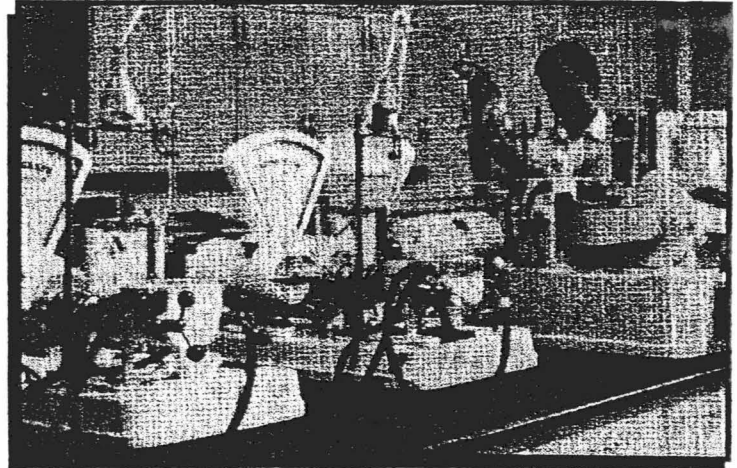
- ✘ Businesses locating to the state must create a minimum of five new jobs. Expanding businesses must increase the level of employment by at least one employee.
- ✘ Your business must not be closing or reducing its operations in one area of the state and relocating the same operation to another part of the state.
- ✘ Your business must have an economically and socially desirable purpose.

## Calculation of

# State Income Tax Withholding Credit

The amount of state income tax withholding available to a project is based on:

- ✘ The number of new positions created.
- ✘ The wage rate paid to individuals filling the new job positions.
- ✘ A withholding formula, provided by the North Dakota State Tax Department, is applied to the actual annual salary of the new jobs being created.
- ✘ The formula considers the individual's average tax liability, using a varying number of exemptions.
- ✘ The formula is applied to the annual gross wages of the new jobs created and is then multiplied by the number of new positions in each pay category.
- ✘ This figure is then multiplied by 10, the maximum number of years of the project, to establish the maximum state income tax withholding available under a North Dakota New Jobs Training Project.



### *Determining the loan amount:*

1. The employer provides the lender with the amount of state income tax withholding available.
2. Based on the interest rate charged and draw-down schedule established by the employer, the lender amortizes the total amount of state income tax withholding back to determine the loan amount.

### *Early Repayment*

If the employer creates the number of new jobs identified in the North Dakota New Jobs Training Agreement, at the wage rates projected, most loans will repay themselves in less than the 10-year project period. Early repayment takes place when:

- ✘ Average tax liabilities are used to calculate the amount of state income tax withholding credit available, but the *actual* withholding reported is used to credit loan repayments.
- ✘ Most individuals have more state income tax withheld than their actual tax liability.
- ✘ The agreement does not build in salary increases during the 10-year period, resulting in larger withholdings.

SB 2404  
2/2/99

#2



Task Force for Improving Workforce  
Development and Training

**STATEMENT BY ROGER REIERSON, CHAIRMAN, TASK FORCE  
FOR IMPROVING WORKFORCE DEVELOPMENT AND TRAINING  
AND PRESIDENT, FLINT COMMUNICATIONS, FARGO REGARDING  
SB 2404, NORTH DAKOTA SENATE APPROPRIATIONS  
COMMITTEE, FEBRUARY 2, 1999.**

**Chairman Nething and members of the Senate Appropriations Committee. I am Roger Reierson, Chairman, Task Force for Improving Workforce Development and Training and President, Flint Communications, Fargo. Thank you for this opportunity to provide testimony regarding SB 2404.**

**BUILDING A WORLD-CLASS WORKFORCE**

**During the past 10 years, the North Dakota Legislature has enacted a large number of successful measures to help North Dakota be more competitive in a new, global marketplace. Dr. David Birch told the North Dakota Business Conference in November 1997, in assessing the progress North Dakota has made since 1986 said that "You've done a remarkable job of changing your future," – "creating over 40,000 jobs." However, you have a new challenge: "to build a world-class workforce."**

**Subsequently, a task force was formed, which I had the privilege to chair. The Task Force consisted of individuals representing the governor's office, legislative leadership, business, education and government. GNDA accepted an invitation to coordinate the work of the task force regarding workforce training and prepare recommendations for consideration by the 1999 North Dakota Legislative Session.**

In cooperation with...

College Technical Education Council • Customized Training Network • Department of Economic Development & Finance • Department of Human Services  
Greater North Dakota Association • Job Service North Dakota • North Dakota State Board for Vocational Technical Education • North Dakota University System  
North Dakota Workforce Development Council • Office of the Governor • State Legislative Leadership • Vision 2000 Leadership

**The Task Force was facilitated by Mr. Steve Ovel, Executive Director, Governmental Relations, Kirkwood Community College, Cedar Rapids, Iowa. Kirkwood Community College is considered one of the premier examples of a delivery system in the United States that works. The group spent six months examining North Dakota's workforce training system. Based on their research, the group concluded that major changes are needed to meet the workforce training demands for business and industry. The task force developed a plan that will meet the needs of North Dakota.**

**The plan defines four primary success characteristics for workforce training found among successful programs around the country. They are defined regions, administrative structure, funding sources and relationships and collaboration.**

**The recommendations for the new delivery system are included in the plan first presented during the North Dakota Business Conference on November 17, 1998, and which has been distributed to you and your legislative colleagues.**

## **IMPLEMENTATION**

**The recommendations to implement the new delivery system will be considered by North Dakota State Board of Higher Education and the North Dakota Legislature. The items requiring legislative debate and action is contained in HB 1443, which has been assigned to the House Education Committee for hearing on February 3, 1999, beginning at 1:00 p.m. The North Dakota Board of Higher Education took positive action on the proposals in their area of responsibility during a telephone conference call meeting on January 28, 1999.**

**Funding sources is one of the four success factors identified in the plan. There is a wide array of funding mechanisms being used among states with successful workforce training systems. The most successful training programs have a combination of funding involving the state taking the lead with input from**



**business and industry, county and city governments, and educational institutions.**

**Governor Schafer placed a high priority on workforce training during his budget address on December 10, 1998. Governor Schafer stated: "I recommend providing \$2 million in new funding to the Department of Vocational Education to upgrade our workforce training plan. Companies need specialized-training resources in this state. The Greater North Dakota Association coordinated a task force from education, business, government and industry to design the necessary plan."**

**Governor Schafer continues: "It's a good plan – a plan that builds on the existing resources of our higher education system. The workforce development system will foster partnerships between business and education and make our universities more responsive to the demands of the marketplace."**

**Schafer concluded: "I strongly recommend funding this plan. Let's ignite this initiative and start training North Dakotans for the jobs of the future." Governor Schafer recommended \$1 million in new general funding for workforce training in the State Board for Vocational and Technical Education Budget, HB 1020 for the 1999-2001 biennium.**

**SB 2404 provides a long term funding mechanism for workforce training in North Dakota. The Task Force reviewed SB 2404 during their meeting on January 26, 1999. The group concluded that:**

- 1) The Task Force acknowledged Governor Schafer for his leadership to include \$1 million in new general fund money to implement the new workforce training system recommended by the Task Force;**
- 2) The Task Force will work for passage of HB 1443 with \$1 million appropriation through the Board for**

**Vocational and Technical Education Budget for the  
1999-2001 biennium;**

- 3) The Task Force complimented Senator Grindberg for his creativity for identifying a long term funding mechanism for workforce training;**
- 4) The Task Force identified short term and long term financing needs as the new plan is implemented;**
- 5) The Task Force expressed concern about how some aspects of SB 2404 would operate, indicating a strong preference for the operational components in HB 1443; and**
- 6) The Task Force will work with Senator Grindberg utilizing SB 2404 as a long term funding mechanism for a plan to provide business and industry in North Dakota with the most competitive workforce in the nation.**

**Thank you Chairman Nething and members of the Senate Appropriations Committee for this opportunity to testify on behalf of the Task Force for Improving Workforce Development and Training regarding SB 2404. I welcome your questions.**

FILE:bdmotion

**Proposed Motion for Implementing Recommendations of the  
Task Force for Improving Workforce Development and Training  
State Board of Higher Education  
January 16, 1999**

It is proposed that the State Board of Higher Education adopt the following recommendations of the Task Force on Improving Workforce Development and Training and enact necessary implementing policies. The primary purpose of the recommendations and policies is to transition the two-year colleges in North Dakota into a role and function in line with the future education and workforce training needs of the state. To this end, the Board of Higher Education will:

1. Request the President of the State Board of Higher Education communicate with the Chairman of the Task Force and report that the State Board of Higher Education is taking action to implement the Task Force recommendations with the trust that the other components and specific recommendations called for in the Task Force Report will also be enacted in total and as agreed to by the full Task Force.
2. Request the President of the State Board of Higher Education commend Governor Schafer for the support the Governor has provided to the workforce training initiative through public comments and by including funding for this initiative in the budget proposal for the 1999 Legislative session.
3. Establish four workforce training service regions in North Dakota. The four regions are to result from combining State Planning Regions (SPR) One and Two into a service region for the northwest quadrant of the state; combining SPR Three and Four into a service region for the northeast quadrant; combining SPR Five and Six into a service region for the southeast quadrant, and; combining SPR Seven and Eight into a service region for the southwest quadrant;
4. Establish UND-Lake Region and UND-Williston as independent colleges effective July 1, 1999;
5. Change the name of UND-Lake Region to Lake Region State College;
6. Change the name of UND-Williston to Williston State College;
7. Assign primary responsibility for workforce training in the four service regions to the following two-year campus located within each region: Bismarck State College, North Dakota State College of Science, Lake Region State College, and Williston State College. Assigning primary responsibility means these colleges will serve as marketers, brokers, and coordinators for



workforce training in each of the service regions. The two-year colleges listed will be responsible for the coordination of workforce training while all colleges and universities within the University System will be involved in and will have responsibilities for the delivery of workforce training;

8. Direct the two-year colleges listed to establish strong and effective partnerships with: the other colleges and universities within the University System, private and tribal colleges, private sector businesses, local development organizations, state agencies, vocational centers, and secondary schools with vocational education programs. The purpose of the strong partnerships is to provide high quality and responsive service to employers and maximize the use of education and training resources of the University System and the state;
9. Direct the four-year colleges and universities within the North Dakota University System to support and collaborate with the two-year colleges in the delivery of workforce training in a manner that will be complimentary and take advantage of the centers of specialization and the expertise available on all colleges and universities within the System. The four-year colleges and universities are to continue to play the major role in workforce development (distinguished from workforce training) as defined by the Task Force and described in the Task Force Report;
10. Direct the CEOs of the two-year colleges listed to establish a workforce training division within each of these colleges specifically designed to serve the needs of business and industry. The workforce training division is to be customer-driven and entrepreneurial;
11. Direct the CEOs of each of the colleges listed to form a local workforce training advisory board. The advisory board is to represent the region's business sectors and a majority of the members are to be from the private business sector. The advisory board will advise the college president regarding the workforce training needs in the training region and report to the State Board of Higher Education on a regular basis regarding the status of workforce training in the region.
12. Establish performance measures, under the direction of CTEC and approved by the State Board of Higher Education, to be used at the end of FY-2001 in determining the effectiveness and practicality of having the four two-year colleges listed continue as independent colleges and with primary responsibility for workforce training;
13. Direct the Chancellor to continue pursuing changes in statutes, policies, and operating practices which would allow campuses to operate in a more entrepreneurial, flexible, and business like manner. These changes would include, but not be limited to, reducing overburdensome reporting and auditing requirements and developing a less cumbersome approval process for campuses to receive and expend tuition income.

SB 2404  
2/2/99

# 4



# Task Force for Improving Workforce Development and Training

## DESCRIPTION OF THE NEW WORKFORCE TRAINING SYSTEM IN NORTH DAKOTA

### I. Significant Redesign

The new workforce training system being developed in North Dakota involves a major change in how workforce training will be provided. The new system is built around a single goal and four key components.

### II. Goal

*To provide business and industry in North Dakota with the most competitive workforce in the nation.*

### III. Key Components of the New System

#### 1. Designated Service Regions

There will be four delivery regions in the state defined by the boundaries of the State Planning Regions. The four delivery regions will result from combining State Planning Regions 1&2, 3&4, 5&6, and 7&8.

#### 2. Primary Responsibility

The following colleges will be assigned primary responsibility for workforce training in each of the four regions:

- NW Region (State Planning Regions 1 & 2) – UND-Williston
- SW Region (State Planning Regions 7 & 8) – Bismarck State College
- NE Region (State Planning Regions 3 & 4) – UND-Lake Region
- SE Region (State Planning Regions 5 & 6) – North Dakota State College of Science

**Special unit** A special unit (workforce training division) within each of these four colleges will be created that is specifically designed to serve the needs of business and industry. The divisions will be charged with being customer driven, entrepreneurial, responsive, time sensitive, flexible, risk oriented, quality driven, leadership driven, change oriented and accountable.

#### 3. Financial Support

Financial support for the new workforce training system will be from a combination of state, local, institution, and private sources. In addition, a revolving loan fund for training program start-up funds will be established. Access to this revolving loan fund by workforce training divisions will be quick and efficient.

In cooperation with...

College Technical Education Council • Customized Training Network • Department of Economic Development & Finance • Department of Human Services  
Greater North Dakota Association • Job Service North Dakota • North Dakota State Board for Vocational Technical Education • North Dakota University System  
North Dakota Workforce Development Council • Office of the Governor • State Legislative Leadership • Vision 2000 Leadership

#### 4. Collaborative Relationships

Strong partnerships among various agencies and also strong partnerships between education institution(s) providing training and individual businesses being served will be developed.

### IV. The Two Major Functions of Workforce Training

#### 1. Field Activities Function

This function consists of contacting business and industry, getting to know their training needs, developing trusting and effective working relationships, and arranging training. This function also consists of working closely with local development organizations, vocational centers, high schools that have training programs, private sector trainers, and other state and local agencies involved in workforce training in the community and region.

Two distinct categories of staffing are required within this function. They include: (1) individuals (workforce training managers) who work with business and industry and with the various organizations as described above, and; (2) individuals who provide office backup support including contacting instructors to provide the training, preparing contracts, and arranging financing. Persons in this category handle the various logistics involved in arranging for the delivery of training, along with the necessary follow-up and evaluation for each training event.

**Primary responsibility** The two-year colleges listed earlier will have primary responsibility for this function of workforce training.

#### 2. Delivery of Training Function

This function includes the actual instructing or training for business and industry. It represents "the content component" and draws upon the resources available throughout North Dakota as well as from sources outside the state. It includes the expertise from the various centers of specialization within the University System, vocational centers and high schools, and also the expertise within other public agencies and organizations and the private sector.

It is anticipated, based upon the more successful training systems in the United States, that a significant number of instructors conducting the training will be adjunct or contract trainers. Existing University System faculty will have the opportunity to conduct training based upon their interests, availability, and areas of expertise in relation to the training needs of business and industry.

**Primary responsibility** All colleges within the University System, as well as trainers from other public and private colleges and organizations, will be involved in the actual delivery of training.

## V. **How the New System Will Work**

**Field activities** The workforce training divisions of the two-year colleges listed will employ field staff (workforce training managers) who will be responsible for contacting business and industry, developing effective working relationships, determining training needs and arranging training. These individuals will operate from locations within the respective service regions which are the most cost-effective, convenient and accessible to business and industry. The location, time, and content of the training will be determined by the business and industry receiving the training.

**Delivery of training** As each training need is determined, the training division of the college will collaborate with the four-year colleges and universities, and with other private and public training providers, in arranging the training. As such, the divisions will serve as brokers in arranging the delivery of training.

**Local workforce training board** The workforce training divisions will be locally-driven through a local workforce training board for each designated region. The respective workforce training boards will function under the governing policies of the State Board of Higher Education.

## VI. **Expectations and Benefits of the New System**

The new workforce training system will provide a number of benefits to employers, employees, and communities in North Dakota. The more significant of the benefits include:

- The various workforce training programs and activities being offered by various educational and training organizations in the state will be included in a training system that is much more coordinated, responsive and effective.
- Businesses will know who to contact to arrange training and will also know who has primary responsibility for workforce training in each region. The central contact and the entity with the primary responsibility will be the two-year college in the region.
- Businesses which are large enough to justify the cost will be able to receive customized training to fit their specific training needs.
- Opportunities will be provided for businesses that are too small to justify customized arrangements to attend training events with other businesses needing similar training.
- Employees will have opportunities to enhance their knowledge and skills and, in turn, their employability. They will also have the opportunity to remain current in an environment of rapid change.

- A more comprehensive and coordinated workforce training system will significantly enhance the business retention, expansion, and attraction efforts of communities.
- The new workforce training system will help transition the two-year colleges into a role and function which is more in line with the current and future education and training needs of the state.
- The increased coordination will more effectively draw upon the specialized resources and expertise available at the four-year and research institutions in the state.
- The four-year colleges and universities will continue to play the major role in workforce development (distinguished from workforce training) as defined by the Task Force on Improving Workforce Development and Training and described in the Task Force Report. Implementation of the new training system will not preclude the four-year institutions from continuing to deliver the traditional courses for workforce development and continuing education.
- Workforce training managers will be knowledgeable and skilled in working with individual businesses in identifying training needs and sources of training which best suit the companies being served.
- There will be less duplication and an increase in efficiency in the training system due to having only one person, representing a number of potential training sources, calling on individual businesses.
- Businesses will have an opportunity to provide input to the workforce training available to them through the local workforce training board in the region.
- An increase number of businesses will be referred to local Job Service offices, local development organizations, the Manufacturing Technology Partnership, and regional councils, to explore expansion or development opportunities including funding support for training. Potential funding support for workforce training in North Dakota includes the Workforce-2000 fund, the New Jobs Training Program, Jobs training Partnership Act, and local development corporation funds.
- Employees receiving training will have increase opportunities to receive certificate or degree credit through the educational institution or organization providing the training.

## VII. **Role and Purpose of Workforce Training Divisions**

The training divisions of the two-year colleges listed will have primary responsibility for assuring that employers in all areas of North Dakota have access to and the opportunities for high quality training that meets or exceeds their needs and expectations.

## VIII. **Performance Measures**

**Specific measures** Performance measures for workforce training will be developed. The measures will be results-oriented and based upon how well the training needs of business and industry are being met as determined by the companies in the region and by the local workforce training boards. Specific measures will include:

- The number and percent of businesses in the region receiving training.
- Number and percent of businesses requesting repeat or additional training.
- Levels of satisfaction with training events with results provided by employers and employees receiving training.
- Number of referrals for training and results of those referrals.
- Revenue generated from training fees.
- Cost per employee trained.

**Additional indicators** In addition to the specific performance measures listed, additional performance indicators will be provided and will include:

- Training provided in relation to the economic development priorities of the region as determined by the local workforce training board for the region. (It is anticipated that these priorities will reflect the input of local development organizations, college advisory boards and committees, targeted industry analysis, and business retention and expansion studies).
- Types of businesses and organizations served, such as: primary sector businesses (manufacturing, energy, value-added agriculture, and exported services), non-exported service businesses, and public sector (local and state agencies, and education).
- Measurable impacts from training (to the extent information can be obtained) such as: increase efficiency or productivity of the business, number of new jobs created, increases in wages, job retention, and impact on population retention and/or expansion.

# North Dakota Legislative Assembly

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Tuesday, March 9, 1999

Representative Jack Dalrymple, Chairman House Appropriations  
Representative RaeAnn Kelsch, Chairman, House Education and members of the  
committee

56th Legislative Assembly

## **SENATE BILL-2404**

Good Morning, Chairman and members of the joint committee. I am State Senator Tony Grindberg representing District #41 in Fargo. I appear before you today as prime sponsor of S.B. 2404 and ask for your support.

I wish to provide you with a overview of my testimony and explanation of S.B. 2404. My comments will be in the order as follows:

1. Opening Comments
2. Explanation of S.B. 2404 (Amendments to be handed out)
3. "Task Force for Improving Workforce Development and Training"
4. Review "Fact Sheet" & Letters of Support
5. Questions & Answers

Chairman Dalrymple, Chairman Kelsch and members of the committee thank you for your attention and consideration of this proposed legislation. In my opinion S.B. 2404 will allow the four regions to become world class with their efforts to train North Dakota workers

Tony Grindberg  
Senator



FACT SHEET  
**WorkForce Training**  
Senate Bill 2404

**Issue:** The North Dakota Legislature established the Customized Training Network during 1993 session. In early 1998 the ND University System office began to analyze states that had successful job training efforts. Iowa stood out as the leader in the upper mid-west and after a one day visit to Kirkwood Community College(Cedar Rapids) in May of 1998, a taskforce was formed with a goal of providing business an industry in North Dakota the most competitive workforce in the nation. The report "DEVELOPING A WORLD-CLASS TRAINING SYSTEM IN NORTH DAKOTA" was released in November of 1998.

**Purpose:** Senate Bill 2404 will provide a long term funding plan for the four regions identified for Workforce Training in ND. The taskforce concluded in late January that general fund dollars to implement the program this year and have S.B. 2404 fund the efforts in the four regions beginning in 2000 was a wise long term approach. Initial general fund dollars will allow the regions to implement their business plans now and passage of S.B. 2404 will prevent future general fund requests for training efforts outlined in the task force report. This funding option will open up and promote better communication channels between education and business that exist today, leading to curriculum development that is more responsive to business needs than institutions in other parts of the country

**Benefit:**

- \*Business & Industry with responsive effective training programs
- \*Regional Workforce Training Boards-Private Sector "Local Control"
- \*Government Agencies
- \*State of ND-Tax base Growth
- \*Regional Public/Private Partnerships

**Support:** Greater North Dakota Association, GNDA  
Economic Development Association of ND, EDND  
Melroe, Gwinner & Bismarck  
Case Corporation, Fargo & Valley City  
TMI Systems, Dickinson  
Cass Clay Creamery, Fargo, Mandan, Grand Forks  
Chamber of Commerce, Fargo  
Association of General Contractors, AGC  
ND League of Cities  
ND Association of Counties  
ND Rural Electric Cooperatives  
ND Association of Builders



**MELROE**  
**INGERSOLL-RAND**

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Melroe Company  
112 North University Drive  
P.O. Box 6019  
Fargo, ND 58108-6019  
Phone: (701) 241-8700  
Fax: (701) 241-8704

28 January 1999

Senator Tony Grindberg  
Fax: 701 328-2872

Dear Senator:

I am writing in support of your bill for an act to create and enact a new section to Chapter 52-08 of the North Dakota Century Code, relating to workforce training.

Melroe Company employs just short of 2100 employees worldwide, with almost 1900 employees working in North Dakota. Our business and employment in North Dakota continues to expand. We have added more than 300 additional new jobs in North Dakota over the last four years in Gwinner, Bismarck and Fargo.

This business expansion has required us to search for and add professional, technical and factory personnel. As you are aware, it is becoming more and more difficult to fill our skill needs for continued expansion.

Your bill would assist employers such as Melroe/Ingersoll-Rand in securing the specific talents and skills we need for our particular industry. We support your bill because of the following:

1. Training could be focused on specific skills needs that are in high demand. As demands change, so could the training. With rapid changes in technology, this happens quite often.
2. With direct business involvement and input with focused training institutions, training could be customized and more responsive to industry needs.

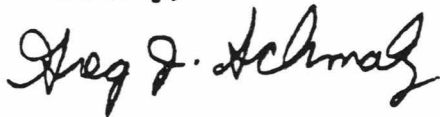


3. This may open up and promote better communication channels between education and business than exist today, leading to curriculum development that is more responsive to business needs than institutions in other parts of the country provide.
4. If this model works, the state will have a very valuable marketing tool when attempting to attract additional businesses to North Dakota.

Melroe Company has been in business in North Dakota for over 50 years. We've been able to grow and expand because of the very innovative, hard working and dedicated workforce we have been able to attract here in this state. We hope that any future expansion plans we have will not be directed out of North Dakota because of an unavailability of the human resources we need.

Melroe Company supports your bill and other attempts made to make North Dakota an excellent place to do business.

Sincerely,



Greg J. Schmalz  
Vice President, Human Resources

GJS}mm



Greater North Dakota Association

February 11, 1999

Senator Tony Grindberg  
Senate Appropriations Committee  
North Dakota Senate  
State Capitol  
Bismarck, ND 58504

Dear Senator Grindberg:

The purpose of this letter is to communicate GNDA's support for SB 2404. SB 2404 provides a long-term funding mechanism for workforce training, based on employer funds.

During the past 10 years, the North Dakota Legislature has enacted a large number of successful measures to help North Dakota be more competitive in a new, global marketplace. Dr. David Birch told the North Dakota Business Conference in November 1997, in assessing the progress North Dakota has made since 1986 that "You've done a remarkable job of changing your future, - 'creating over 40,000 jobs.' However, you have a new challenge: to build a world-class workforce."

Subsequently, a workforce training task force was formed. The task force consisted of individuals representing the governor's office, legislative leadership from both political parties, business, education and government. GNDA accepted an invitation to coordinate the work of the task force regarding workforce training and prepare recommendations for consideration by the 1999 North Dakota Legislative Session.

The group spent six months examining North Dakota's workforce training system. Based on their research, the group concluded that major changes are needed to meet the workforce training demands for business and industry. The task force developed a new plan that will meet those needs and involves a major change in how workforce training will be provided.

The plan defines four primary success characteristics for workforce training found among successful programs around the country. They are defined service regions, primary responsibility, financial support and collaborative relationships.

(over)

The components for the new delivery system are presented in the plan first presented during the North Dakota Business Conference on November 17, 1998, and which has been distributed to you and your legislative colleagues.

The recommendations to implement the new delivery system needed to be considered by the North Dakota Legislature and the North Dakota State Board of Higher Education. The items requiring legislative debate and action are contained in HB 1443, which the House Education Committee heard, adopted amendments and passed on a vote of 13-2 on February 3, 1999, and was re-referred to the House Appropriations Committee. The House Appropriations Committee held a hearing on February 8, 1999. Section 8 of HB 1443 recommends a \$1 million general fund appropriation to the State Board for Vocational and Technical Education for the purposes of contracting with institutions of higher education assigned primary responsibility for workforce training. This is the \$1 million general fund recommendation for workforce training in Governor Schafer's proposed budget. The North Dakota Board of Higher Education took positive action to approve the Task Force proposals in their area of responsibility on January 28, 1999.

Funding sources is one of the four success factors identified in the plan. There is a wide array of funding mechanisms being used among states with successful workforce training programs. The most successful training programs have a combination of funding involving the state, local, education, and business and industry. Business and industry will pay the direct cost of all training it receives.

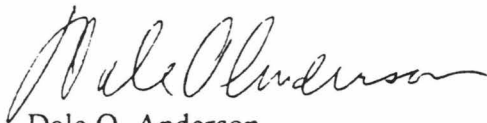
Governor Schafer placed a high priority on workforce training during his budget address. Governor Schafer stated: "Companies need specialized training resources in this state. The Greater North Dakota Association coordinated a task force from education, business, government and industry to design the necessary plan."

Governor Schafer continues: "It's a good plan – a plan that builds on the existing resources of our higher education system. The workforce development system will foster partnerships between business and education and make our universities more responsive to the demands of the marketplace."

In addition to HB 1443, GNDA believes that SB 2404 as amended provides a workable, long-term funding mechanism for workforce training using employer funds.

For that reason, GNDA urges a do pass on SB 2404.

Sincerely



Dale O. Anderson  
President



TMI SYSTEMS DESIGN CORPORATION

50 South Third Avenue West  
Dickinson, ND 58601-5595  
(701) 225-6716 / (800) 456-6716  
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<http://www.tmisystems.com/>

**FAXED**  
January 29, 1999

Senator Tony Grindberg  
State Capital  
Bismarck, ND  
Fax: 701-328-2872

Re: SB 2404

Dear Senator Grindberg:

The TMI companies employ about 330 people. Our business and employment are growing. A major concern for our company is the unmet customized training need confronting our people. The rapid technological and market changes our business is experiencing has made training a priority for TMI to remain competitive. North Dakota is lacking an adequate delivery system for customized work force training.

We support Senate Bill 2404 because it provides a funding base to the University System for it to develop a system to offer work force training. It is essential that the University System be empowered to deliver customized work force training for the continued economic development and diversification of the North Dakota economy.

TMI is pleased to support this legislation.

Sincerely Yours,

Dennis W. Johnson  
President and Chief Executive Officer



**CASE CORPORATION**  
3401 FIRST AVENUE NORTH  
P.O. BOX 6006  
FARGO, NORTH DAKOTA 58108  
(701) 293-4400  
FAX (701) 293-4550

February 1, 1999

Senator Tony Grindberg  
State Capitol  
600 E. Boulevard  
1<sup>st</sup> Floor  
Bismarck, ND 58505-0001

Dear Senator:

I write this to support State Senate Bill No. 2404, attempting to secure funding to provide industry focused training for the State of North Dakota, and the businesses within.

Case Corporation as a whole employs over 1,300 people statewide. We have manufacturing operations in Fargo and Valley City, and field and sales support throughout the state. Clearly, this employment base also provides a multiple of additional trickle-down and supplier-related jobs in the state. Although the agricultural economy is slow, Case Corporation's presence in North Dakota has doubled since 1992, and Case has invested significant capital for capacity and process improvements. Employment demands of both Case Corporation and our suppliers in the state require trained technical and professional personnel. It is my opinion that this bill, along with other state initiatives, will provide residents of North Dakota the opportunity to gain skills that will enable them to meet our needs, and improve their standard of living.

The ability of a state to provide focused skills training, custom tailored to the needs of specific industries, provides incentives for firms to grow and expand, as they understand that an adequate supply of productive workers will be available. It also enhances the ability of the state to market itself as a good business opportunity for new companies.

Case Corporation has been in business for over 150 years. Case Corporation has always had a presence in North Dakota in agricultural product sales, even more so when you consider the 1984 acquisition of the assets of the International Harvester agricultural division. In 1986, Case Corporation started manufacturing in North Dakota when it bought the assets of Steiger Tractor, Inc. and Valley City Electronics, and again in 1995

when it purchased Concord. Case has grown significantly, and will continue to grow in communities that provide an efficient and effective environment that will allow Case Corporation to remain a cost competitive producer. Recent examples of this are the closure of our Wausau, Wisconsin plant, and the relocation of the industrial wheel loader production to the Fargo tractor plant, and seeders from our Hamilton, Ontario plant to Case Concord.

It is my belief, as a board member of the Skills and Training Technology Center in Fargo, that this bill will enable North Dakota to fill an educational niche that will aid all employers in the state.

Case Corporation supports Senate Bill No. 2404, and believes it is a good investment in the people, economy, and State of North Dakota.

Best regards,



Erik A. Olson  
General Plant Manager



January 29, 1999

Senator Tony Grindberg  
Fax 701-328-2872

Dear Senator Grindberg:

I am writing to support your bill relating to work force training.

Cass Clay Creamery, Inc., is a dairy co-op based in Fargo with production facilities in Fargo, Grand Forks and Mandan and numerous distribution centers throughout the state. We employ 320 people, of which about 260 are located in North Dakota.

Cass Clay has been in business for over 65 years. Because we have a great number of employees who have been with us for 20+ years, we find it difficult when these long-time employees choose to retire because we are not seeing the number and quality of candidates for specific type jobs that possess the necessary skills. Very recently, we have experienced a lack of potential employees in the maintenance and technical office type positions, such as computer programming. We strongly feel that training in these areas can be focused on particular job requirements that would be beneficial to us as an employer. We are also aware that technology in computers is changing rapidly so that our existing employees also need to be updated on a periodic basis in order to maintain a high level of efficiency in their job field.

It is our position that even with our extremely low unemployment rate, there are many people who could benefit from a plan such as yours that would enable even more of our work force to become in tune to our company's needs as they change or are improved. We also believe that training afforded to potential employees in a number of skilled areas would be an effective marketing tool in attracting other businesses to our state.



Cass Clay Creamery, Inc., supports your efforts in making our state a better place to do business and investing in North Dakota's most valuable asset - its people.

Sincerely,

A handwritten signature in black ink, appearing to read "David Ystebo". The signature is written in a cursive style with a large initial "D".

David Ystebo  
Human Resources

DY/at

# Workforce news points to challenge

There was a time when an Otter Tail County unemployment rate of 2.5 percent would have had community leaders turning cartwheels for joy. These days, while a low rate of unemployment is still good news in the short term, it is no longer purely good news. The area's workforce is already so fully employed that some businesses and industries are feeling a pinch when it comes to finding qualified workers. It is a situation that will intensify in years to come, presenting new challenges to our region's economy.

Long dismissed as an artifact of Minnesota's "hot" economy, the state's labor force shortage is now being recognized as a function of the state's aging population and its limited ability to grow a workforce by attracting people from other states to live here. What is more, projections are that the trends driving today's workforce shortage will intensify for the next 10 to 20 years. That's more of a shock to outstate employers than to those in the metro area, who have long had more jobs to fill than there are workers to fill them. But now even outstate areas which have long had relatively high unemployment are beginning to feel the workforce pinch.

For now, individual workers are benefitting from the higher wages and improved benefits with which employers compete for employees. Long term, however, a workforce shortage is likelier to send the region's economy into a nose dive as employers scale back or leave the region entirely because they are unable to find employees.

Thursday's news on unemployment is just the latest sign, then, that the region's 50-year focus on creating jobs needs to turn more toward growing the workforce and improving the workforce's productivity. Those are new directions for what is commonly called "economic development," and charting a course in those new directions won't be easy. But it will be essential to find and follow that course.

Communities and regions which best recognize and respond to the next decade's trends will be the most successful in the future. Our region's leaders should resolve to be among the trend-setters in recognizing these new opportunities.



## **Council for Urban Economic Development**

1730 K Street, N.W., Suite 700, Washington, D. C. 20006 • Telephone (202) 223-4735 • Fax (202) 223-4745  
Jeffrey A. Finkle, President, [jfinkle@urbandevelopment.com](mailto:jfinkle@urbandevelopment.com)  
[mail@urbandevelopment.com](mailto:mail@urbandevelopment.com) [HTTP://CUED.ORG](http://CUED.ORG)

Senator Tony Grinberg  
North Dakota State Capitol  
600 East Boulevard  
Bismark, North Dakota 58501

Dear Senator Grinberg:

The Council for Urban Economic Development (CUED), founded in 1967, is the leading full service economic development membership association, serving more than 2,300 economic development professionals. CUED provides information to its members who build local economies through tools used to create, attract and retain jobs. As such, CUED is in a unique position to be aware of important trends and concepts in the broad field of economic development.

Workforce Development, the term used to mean the training of workers to either be eligible for specific employment positions or be better qualified for employment generally, has long been a significant aspect of economic development activities nationwide. The availability of a trained or trainable workforce in any community is virtually always a leading consideration of any business in its location or expansion decisions. Our current economy presents a challenging dichotomy. While unemployment is at a historic low level and employers in most industries are experiencing shortages, there remain large segments of society that have chronic unemployment or under-employment. These are mainly unskilled workers or people whose skills are badly out of date. A lack of well-trained workers already plagues many U.S. companies, which are forced to turn down lucrative contracts because they don't have the necessary employee base. Unless something is done now, things don't figure to improve. During the next 10 years, 1.3 million new high-technology jobs will open up, according to the U.S. Department of Labor, yet only a small number of workers are being trained with the skills to fill them.

Many programs and initiatives at both the federal and state levels have been created to try to deal with this problem. Although workforce development and training programs have existed for many years as an integral part of most local economic development activities, these programs have increased in size and complexity in recent years. Many states, particularly those with urban centers and rural areas with significant pockets of high unemployment, have become very aggressive in developing workforce training programs. The details and emphasis of the programs vary greatly from jurisdiction to jurisdiction but a common element in each program is the requirement to raise substantial amounts of funding to cover the ever increasing costs.

The passage at the federal level of the Workforce Investment Act (WIA) has provided new opportunities to state and local governments to streamline their workforce training programs both in terms of administration and funding. The WIA does many things but three elements are especially important to states in developing or changing workforce programs. The WIA

consolidates many existing federally funded programs such as; Welfare to Work, Work Opportunity Tax Credit, Dislocated Worker Training, numerous youth training programs, and many others into a single locally administered system of training which is driven largely by the local business community needs and potential.

The second major feature of WIA is a much stronger tie between the local business community, economic development professionals, and the workforce training process and program. The business community and the economic development professionals are an integral part of the early stage planning and implementation of a state and local workforce development program, helping to ensure a strong linkage between the employment-demand and the worker-supply sides. Also included in this point is the fact that the WIA permits a greater degree of local governance of the program. Local Workforce Investment Boards develop local plans, designate one-stop centers, determine training providers, and negotiate performance standards.

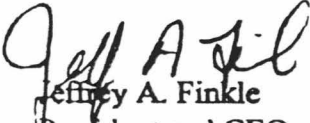
The third important factor of WIA is that it permits a far more flexible federal funding source for the states and local governments to use — a source based on the “block grant” approach. While details of this will not be available until the WIA regulations come out, the purpose is clearly to provide the necessary flexibility to integrate fund sources from private employers, state and local governments, and the federal government as efficiently as possible.

Funding sources, other than federal sources, have been quite extensive in states around the country. CUED’s review is not all encompassing but we have been able to determine the following funding activities out of forty-two states responding to a survey (our data is about one year old):

1. Direct state appropriations are used in 24 states;
2. Some type of use of unemployment compensation funds collected by the state are utilized by 36 states for worker training;
3. 37 states have formed Job Training Coordinating Councils (also known as Private Industry Councils) which are responsible for utilizing all available federal funds as well as promoting the services to private fee paying clients as much as possible.

This would appear to be an ideal time to develop or expand a workforce training program at the state level because of the new administrative and funding flexibilities which result from the passage of the Workforce Investment Act. CUED will follow closely the publication of the WIA regulations and encourage its members to comment on them as appropriate. We will also monitor the implementation of the final regulations as they are put into practice.

Sincerely yours,

  
Jeffrey A. Finkle  
President and CEO



Task Force for Improving Workforce  
Development and Training

**STATEMENT BY ROGER REIERSON, CHAIRMAN, TASK FORCE FOR IMPROVING WORKFORCE DEVELOPMENT AND TRAINING AND PRESIDENT, FLINT COMMUNICATIONS, FARGO, REGARDING ENGROSSED SB 2404, NORTH DAKOTA HOUSE APPROPRIATION AND EDUCATION COMMITTEES JOINT HEARING, MARCH 9, 1999.**

**Chairman Dalrymple, Chairman Kelsch, and Committee members. I am Roger Reiersen, Chairman, Task Force for Improving Workforce Development and Training and President, Flint Communications, Fargo. Thank you for this opportunity to provide testimony in support of amendments to engrossed SB 2404.**

**A HISTORICAL PERSPECTIVE**

**During the past 10 years, the North Dakota Legislature has enacted a large number of successful measures to help North Dakota be more competitive in a new, global marketplace. Dr. David Birch told the North Dakota Business Conference in November 1997, in assessing the progress North Dakota has made since 1986, "You've done a remarkable job of changing your future ... creating over 40,000 jobs. However, you have a new challenge: to build a world-class workforce."**

**BUILDING A WORLD-CLASS WORKFORCE**

**The Task Force for Improving Workforce Development and Training was formed in May 1998 to seek solutions to this new challenge. The Task Force consisted of state leaders representing the governor's office, legislative leadership, business, education and government.**

In cooperation with...

College Technical Education Council • Customized Training Network • Department of Economic Development & Finance • Department of Human Services  
Greater North Dakota Association • Job Service North Dakota • North Dakota State Board for Vocational Technical Education • North Dakota University System  
North Dakota Workforce Development Council • Office of the Governor • State Legislative Leadership • Vision 2000 Leadership

**This diverse group spent six months examining North Dakota's workforce training system, researching the best practices of other states and soliciting advice and assistance from one of the premier workforce training systems in the nation.**

**Based on their research, the group concluded that major changes are needed to meet the workforce training demands for business and industry. The task force developed a plan that will meet the needs of North Dakota business and industry.**

## **THE PLAN**

**Access to workforce training is essential. Communities, businesses and employees in all regions of the state need access to workforce training to remain viable and to expand employment opportunities.**

**The plan defines four primary success characteristics for workforce training found among successful programs around the country. They are defined service regions, primary responsibility, financial support, and collaborative relationships.**

**The recommendations for the new delivery system are included in the plan first presented during the North Dakota Business Conference on November 17, 1998, which was previously distributed to you and your legislative colleagues.**

## **IMPLEMENTATION**

**The recommendations to implement the new delivery system were to be considered by the North Dakota Legislature and the North Dakota Board of Higher Education. The items requiring legislative debate and action are contained in HB 1443, which was amended by the House of Representatives by deleting the \$1 million funding request. The Senate Appropriations Committee is scheduled to**

**hear Reengrossed HB 1443 on March 9 regarding the \$1 million funding request. The North Dakota Board of Higher Education took positive action on implementing the plan in their area of responsibility.**

## **FINANCIAL SUPPORT**

**Financial support is one of the four success factors identified in the plan. There is a wide array of funding mechanisms being used among states with successful workforce training systems. The most successful training programs have a combination of state, local, education, and business and industry funding sources. Business and industry will pay the direct cost of all training it receives.**

## **SB 2404 – A LONG TERM FUNDING MECHANISM**

**SB 2404 provides a long term funding mechanism for workforce training in North Dakota financed through employer funds. The Task Force reviewed SB 2404 during their meeting on January 26, 1999. The group concluded that:**

- 1) The Task Force acknowledged Governor Schafer for his leadership to recommend \$1 million in new general fund money to implement the new workforce training system developed by the Task Force;**
- 2) The Task Force will work for passage of HB 1443 with a \$1 million general fund appropriation through the Vocational and Technical Education Board Budget for the 1999-2001 biennium;**
- 3) The Task Force recognized Senator Grindberg's creativity for identifying a long-term funding mechanism for workforce training;**



- 4) The Task Force identified short-term and long-term financing needs as the new plan is implemented;**
- 5) The Task Force expressed concern about how some aspects of SB 2404 would operate, indicating a strong preference for the operational components and funding in HB 1443.**

**Senator Grindberg worked with the Task Force on amendments to SB 2404. The bill is a long-term funding mechanism for the plan to provide business and industry in North Dakota with the most competitive workforce in the nation.**

**The outcome of the discussions is the amendment that Senator Grindberg introduced today. The Task Force supports this amendment and engrossed SB 2404, as amended, as a long-term funding mechanism to provide business and industry with the most competitive workforce in the nation.**

**Thank you Chairman Dalrymple, Chairman Kelsch and Committee members for this opportunity to testify on behalf of the Task Force for Improving Workforce Development and Training regarding engrossed SB 2404, as amended. I welcome your questions.**



Testimony of Robert Spencer on behalf of  
North Dakota Association of Rural Electric Cooperatives  
In support of SB 2404  
Joint House Education and Appropriations Committees  
March 9, 1999

Mr. Chairman, Madam Chairman and committee members. My name is Robert Spencer and I am the General Manager and CEO of Northern Plains Electric Cooperative, with offices in Cando and Carrington. On behalf of the North Dakota Association of Rural Electric Cooperatives, I rise to support passage of SB 2404, the long-term funding mechanism for workforce training in North Dakota.

North Dakota's 19 distribution cooperatives and five generation and transmission cooperatives have long been community leaders in economic development. Throughout this past decade, the state's electric and telephone cooperatives have created and implemented a comprehensive program of economic development focused on growing rural North Dakota. In my own cooperative service territory, the RECs have assisted with the development of enterprises such as Dakota Growers Pasta Company and AgGrow Oils of Carrington, the North American Bison Cooperative in New Rockford, Noodles by Leonardo and Integra Castings in Cando, and Farmers Choice Pasta in Leeds. We are presently working with an information technology business whose expansion into our part of the state will provide some "hi tech" employment opportunities for some of our rural residents that may otherwise have to relocate.

In our rural economic development work we have come to recognize that workforce training is a crucial need. For example, the job skills needed in today's agricultural processing facilities are highly technical and require continuing education. We anticipate a bright future for agricultural processing facilities in the state. Our rural development program

currently has projects underway that have great potential to add value to North Dakota production of beef, pork, small grains, and corn. If successful, these projects will need skilled workers in rural areas throughout the state.

In addition, several of our cooperatives, including my own, report that current businesses in their communities have limited growth potential because the labor pool is inadequate or under trained. We feel that tailored training opportunities, which are readily accessible to the employees, will go a long way to helping us address those business needs.

In summary, for a small price for individual business, this bill will greatly help our efforts and commitment to grow the economy of rural North Dakota, just as it will help those organizations who are committed to grow the economies of our state's major cities.

Attachment: 1998 NDAREC Resolution on Jobs Training

Resolution on Jobs Training  
North Dakota Association of Rural Electric Cooperatives  
October 2, 1998

The need for the state of North Dakota to develop a comprehensive approach to jobs training has reached a level where it can no longer be ignored. We see that businesses across the state are facing shortages of skilled workers which limit their ability to expand. We commend the Growing North Dakota Committee for calling attention to this need, and ask the Governor's office and the state legislature to continue to provide job training programs which will ensure the availability of a skilled work force for expanding our job opportunities.

**Prepared by Rep. Bruce Eckre  
25th District - Wahpeton, ND**

Members of the House Education and House Appropriations Committees. We have four junior colleges in different geographic areas of North Dakota that already can do workforce training at the direction of the State Board of Higher Education. We don't need four new boards (more bureaucracy) and a new tax on business through Job Service.

During the last legislative session, the Legislature created the Skills Training Center in Fargo, ND; 50 miles from NDSCS in Wahpeton. Wahpeton can and has in the past done exactly what the Skills Training Center is doing now (more duplication). The Skills Center funding should be given to the State Board of Higher Education and distributed to the four junior colleges where specialized training is needed by businesses in North Dakota.

For over thirty years NDSCS has gone around the state of North Dakota and trained workers wherever and whenever they were needed. They didn't need to build another building to do it. (Skills Center)

I don't believe you need:

1. A new tax on businesses in North Dakota;
2. A trade school in Fargo (Skills Center) that has its own board and executive director;
3. Four new state boards.

I urge the committee to allow the current set-up we have in place to continue and to allow the State Board of Higher Education and the individual colleges to handle the situation when work training comes up. Thank you.