

# NORTH DAKOTA LEGISLATIVE COUNCIL

## Minutes of the

### **ECONOMIC DEVELOPMENT COMMITTEE**

Wednesday, May 17, 2006  
Roughrider Room, State Capitol  
Bismarck, North Dakota

Representative Rick Berg, Chairman, called the meeting to order at 10:00 a.m.

**Members present:** Representatives Rick Berg, Donald L. Clark, Donald D. Dietrich, Mark A. Dosch, Eliot Glassheim, Bob Martinson, Kenton Onstad, Dan J. Ruby, Elwood Thorpe, Clark Williams; Senators April Fairfield, Nicholas P. Hacker, Randy A. Schobinger, John O. Syverson, Ryan M. Taylor, John M. Warner

**Members absent:** Representatives Dawn Marie Charging, Pam Gulleason, Jim Kasper, Lisa Meier, Eugene Nicholas; Senator Duane Mutch

**Others present:** See Appendix A

**It was moved by Representative Glassheim, seconded by Representative Dietrich, and carried on a voice vote that the minutes of the April 19-20, 2006, meeting be approved as distributed.**

#### **BUSINESS CLIMATE STUDY**

Chairman Berg welcomed the committee members and said this is where the real committee work begins for the interim. Up to this point, he said, the committee has been in the initial phase of the study in which the committee members gathered information from business leaders and economic developers. He said the committee is moving into the policymaking phase of this study, the traditional work performed by interim committees.

Chairman Berg said now that the initial information has been gathered and the consultants have begun to organize this information, the committee is faced with evaluating whether the action items are legislative in nature, administrative in nature, related to a study, require additional information, or require some other action.

Chairman Berg said committee activities at this meeting will focus on the key issue of workforce. He said once the committee receives information from experts in the field of workforce, it will be better situated to decide what actions to take. Additionally, he said, if committee members think an action item is missing under one of the key areas, it should be brought to the attention of the committee so the committee can consider this possible action item.

#### **Summarization of Key Issues**

Chairman Berg called on Mr. Rod Backman, Covenant Consulting Group, Bismarck, and Mr. Miles Friedman, Miles Friedman and Partners, Manassas,

Virginia, to summarize the key issues identified and the associated action items. Mr. Friedman participated in the presentation via telephone. The list of key issues and action items is attached as [Appendix B](#).

Mr. Backman and Mr. Friedman made a computer presentation summarizing the identified key issues and proposed action items. A copy of the presentation is attached as [Appendix C](#). Mr. Backman identified the key issues as workforce, attracting and retaining young people and young families, image, transportation, universities and vocational education, and international trade and other issues.

Mr. Friedman said under the key issue of workforce, one of the action items would include a kindergarten through grade 12 program that would support all forms of business education partnerships. He said the creation of an internship program is an example of one type of partnership but the partnerships would be broader than just an internship program. He said to implement this program, schools would need to target local businesses. He said the state and the smaller communities would have to recognize some of these targeted businesses may not be private sector industries.

In response to a question from Senator Fairfield regarding whether the kindergarten through grade 12 program is essentially a return to the old school-to-work program, Mr. Backman said the purpose for including the business partnership item was to address the need that was expressed in the focus groups that some students do not know what career opportunities exist in the state.

Representative Berg said times have changed. He said business leaders indicated there is a disconnect between the education system and students learning about career opportunities available in the state.

Mr. Friedman said the program that would form business and education partnerships would serve several needs, including job training, job opportunity, early recruitment, and career education. He said the need for more young professionals was a strong, reoccurring theme in the focus group discussions.

Mr. Friedman said under the key issue of image, the action item of providing training for service sector employees is in part an outgrowth of the committee program initiated last interim through which state government employees who deal with the public have

been receiving service and image training from the Department of Commerce.

Senator Warner said under the key issue of higher education, he would be excited about creating a business partnership utilization commission (BPUC). However, he questions how such a program would be funded. He said the Agricultural Product Utilization Commission (APUC) program is funded through a specialized tax. He questioned how a BPUC program would be funded and whether this would be a general fund item.

Mr. Backman said at this point, the BPUC action item has not included any discussion regarding funding.

Chairman Berg said for purposes of these action item discussions, he would like the committee to look at the value of the program first and then consider funding. He said too often legislators deal with the funding issue first and he does not want to rule out a valuable program based solely on premature funding discussions.

Under the key issue of trade, Mr. Friedman said last interim international trade was a high-priority item. He said trade continues to be an especially important item because it deals with market development for North Dakota businesses.

Senator Warner said he just heard a public radio story regarding kindergarten through grade 12 language programs to teach students Mandarin. He said sometimes the ability to control the agenda may be directly related to the ability to read the agenda.

### Workforce

Addressing the key item of workforce, the committee received testimony regarding the following three action items:

- Better prepare students of institutions of higher education for jobs in North Dakota through internships and other creative partnerships between institutions of higher education and businesses;
- Better prepare kindergarten through grade 12 students for jobs in North Dakota; and
- Job Service North Dakota unemployment and workforce services.

### Higher Education Internships

Chairman Berg called on Mr. James Burgum, Governor's office, for a presentation regarding how some of the workforce needs in the state may be addressed through preparation of students from institutions of higher education for jobs in the state through internships and other creative partnerships between institutions of higher education and businesses.

Mr. Burgum made a computer presentation to present the majority of the information to the committee. The computer presentation is attached as [Appendix D](#). In addition, he distributed to committee members the following written documents:

1. *Operation: Intern Update*, attached as [Appendix E](#);
2. *Operation: Intern Forecast*, attached as [Appendix F](#); and
3. *North Dakota University System Study of Employment of Internship Students After Graduation, Employment During Quarter of Internship and Fourth Quarter Following Graduation by Academic Year*, attached as [Appendix G](#).

As part of his computer presentation, Mr. Burgum reviewed the background of the Governor's internship program, provided an overview of the internship program, reviewed positive and negative experiences for the internship program, summarized data on the internship program, and made suggestions to enhance the internship program.

In response to a question from Representative Berg, Mr. Burgum said during the 2005 legislative session, state funding for the Governor's internship program was increased from \$75,000 to \$500,000. In addition, he said, the necessary changes were made to allow private funds to be used for the internship program.

In response to a question from Senator Warner, Mr. Burgum said that in theory, quality control for the internship program is provided through the North Dakota University System. He said the University System should be overseeing the internships if there are credits being awarded. He said whether this quality control currently exists is not known but the University System would be the appropriate actor to do this quality control function.

In response to a question from Senator Hacker, Mr. Burgum said that for purposes of the followup information on North Dakota education and training (FINDET), there are some limitations. He said the data indicates that paid internships result in a 15 percent increase in retention over unpaid internships and 40 percent of students with a paid internship are still employed with that same employer one year following graduation. However, he said, the determination of whether an intern is a paid internship is established by determining whether that student has any income, regardless of the source.

In response to a question from Representative Glassheim, Mr. Burgum said it would be preferred to improve the quality of the data collected.

In response to a question from Representative Onstad, Mr. Burgum said internships are performed at all times during the year, not just during summers. He said his instinct is that it is more of a challenge for rural communities to develop internships. He said possible ways for rural communities to address this issue is to provide funding for paid internships through community grants or improving the availability of housing.

In response to a question from Senator Taylor, Mr. Burgum said at a future meeting he would be able to provide the committee with information regarding the typical costs associated with a summer internship.

Senator Hacker said he thinks the primary value of internships is the experience the student gains, not the credit the student earns.

Mr. Burgum said the credit costs of internships may be a barrier. He said some students may not be signing up for internships because of the credit cost. However, he said, each institution of higher education does things differently so this may not be a barrier at every one of the universities.

In response to a question from Senator Syverson, Mr. Burgum said the FINDET data includes mandatory as well as optional internships.

Representative Berg said Mr. Burgum's presentation is very exciting. He said it makes sense to accelerate a student's job search by two years through this internship program, the act of which may result in an increased likelihood of keeping students in the state. He said he perceives there may be barriers in the higher education system but businesses have expressed the need and desire for a workforce and the internship program may be one of the missing links in providing the workforce.

Mr. Burgum said internships are very valuable, especially if a business has a need for an experienced workforce. He said one thing internships do is provide members of the workforce with a headstart.

In response to a question from Representative Berg asking what would need to be done to increase internships by 50 percent, Mr. Burgum said he would like to come back to the committee and present additional information when the necessary data becomes available.

### **Kindergarten Through Grade 12 Career Education**

Chairman Berg called on Mr. Don Roloff, Department of Career and Technical Education, for a presentation regarding how some of the workforce needs in the state may be addressed through preparation of kindergarten through grade 12 students for jobs through creation of a program aimed at promoting partnerships between schools and local businesses and through providing early career counseling and education.

Mr. Roloff made a computer presentation, which provided an overview of the career education program used by the Grand Forks School District. A printed copy of the computer presentation is attached as [Appendix H](#). He said in addition to the overview provided in the computer presentation, the Grand Forks Public Schools has a web site dedicated to this program at [www.gfschools.org/careereducation](http://www.gfschools.org/careereducation).

Mr. Roloff said the Grand Forks program actually serves the eight school districts of Grand Forks, Central Valley, Emerado, Grand Forks Air Force Base, Larimore, Manville, Northwood, and Thompson. Overall, he said, the program reaches approximately 800 students at each grade level.

In response to a question from Senator Taylor, Mr. Roloff said to his knowledge there has been no discussion of expanding the program to additional school districts. He said that this is likely in part due

to funding issues. During the initial implementation of the program, he said, the schools partnered with Job Service North Dakota. He said when the program started, the federal government did provide some funding assistance.

Representative Glassheim said he is concerned how programs such as the one in Grand Forks fits in with the traditional basic requirements of education.

Mr. Roloff said the program in Grand Forks does not take away from the education process but instead is an integrated program. He said as a result of this program, students are better able to choose their electives and basic coursework. He said there are benefits to tying students' interests in coursework to practical applications with career interests.

Representative Berg said part of what this discussion is about is how the state is going to educate kindergarten through grade 12 students about North Dakota job opportunities.

In response to a question from Representative Onstad regarding guidance counselors versus career counselors and the issues faced by smaller schools, Mr. Roloff said approximately 177 schools in North Dakota have funded career counselors. He said under the Grand Forks model, there is a career center and this is an entirely different mindset from the career counselor or guidance counselor approach.

In response to a question from Representative Williams regarding funding needs and teacher training through inservice days, Mr. Roloff said implementation of a program, such as the one in Grand Forks, is done through a sequential approach because it is an institutional change. He said in implementing the Grand Forks program, the information first went to the teachers and then specific training of the teachers began. He said the implementation took several years and it succeeded in large part because the teachers bought into the concept.

Chairman Berg called on Mr. Wayne Kutzer, Department of Career and Technical Education, for comments regarding the Grand Forks career education program. Mr. Kutzer said in Grand Forks funding assistance was partially provided through a federal grant and the school districts provided funding as well. He said during the implementation, there was some preliminary summer training for educators.

In response to a question from Representative Berg, Mr. Roloff said the amount of time a student spends in an internship may range significantly based upon the nature of the job. For example, he said, in the case of a student participating as a job shadow, that student may follow an adult employee for two or three hours.

Mr. Kutzer said Grand Forks has been the leader in this career education program; however, West Fargo and Fargo are beginning to implement some of the elements of the Grand Forks program. Additionally, he said, other school districts around the state have recognized the success of the Grand Forks program and have implemented component pieces of the program.

### Job Service North Dakota

Chairman Berg called on Ms. Beth Zander, Job Service North Dakota, to make a presentation regarding how some of the workforce needs in the state may be addressed through new or existing workforce programs and through addressing the population of unemployed workers. She presented written testimony, a copy of which is attached as [Appendix I](#). Additionally, Ms. Zander distributed copies of the written document *Employment Growth: Oil Industry Focus*, which is available in the Legislative Council office. She also presented copies of the written documents *Compensation Guides*, *Benefits Guide*, *North Dakota Area Profiles*, *North Dakota Employment and Wages*, and *North Dakota Employment Projections 2012*, copies of which are available online at [www.jobsnd.com/publications/index.html](http://www.jobsnd.com/publications/index.html).

Ms. Zander briefly reviewed some of the activities Job Service North Dakota is involved in to address workforce needs in the state. She said labor market information is key to helping employers and job seekers make good decisions. She said Job Service North Dakota services are demand-driven.

Ms. Zander said Job Service North Dakota workforce services include training programs, such as Workforce 20/20 and the federal Workforce Investment Act (WIA), through which training funds are made available to employers and employees and in high-demand occupations, primary sector businesses, and growing industries.

Ms. Zander said proactive workforce activities being taken by Job Service North Dakota include pilot projects in Dickinson and Grand Forks in which services are provided to individuals delinquent in child support payments. She said in support of these efforts, Job Service North Dakota is currently in the examination stages of a training program for the state's unemployed and underemployed which would also double as a feeder program to fill job listings. Although Job Service North Dakota does not have the capacity to expand these services beyond its current resources, she said, these programs can serve as a model for success in tapping the state's labor pool reserves.

Representative Berg said Job Service North Dakota is essentially the state's frontline in providing job training. He said there is a need to change and to be more responsive to employment needs. He said the committee has heard testimony from business leaders indicating this need and an example of job training needs can be found in the circumstances surrounding Alien Technology's move to Fargo. He said in order to address the needs of Alien Technology and other similar situations, we need to align higher education with the needs of the workforce and he envisions Job Service North Dakota as a conduit to this alignment.

Ms. Zander said the efforts taken by Job Service North Dakota to address the needs of the oil industry may provide a good model of responsive techniques

that can be used to address business workforce needs.

In response to a question from Representative Berg, Ms. Maren Daley, Job Service North Dakota, said Job Service North Dakota regularly surveys employers in the state to determine their needs. She said this is very valuable data.

Ms. Daley said services Job Service North Dakota can provide in meeting workforce needs include a current program through which Job Service North Dakota has business consultants who have been assigned to review the workforce needs of specified businesses and industries, such as Alien Technology. However, she said, the United States Department of Labor is the primary funding source of services provided through Job Service North Dakota and, as committee members are well aware, the federal funds are changing and the approved usage of these federal funds is changing as well.

In response to a question from Representative Ruby, Ms. Daley said Job Service North Dakota works with Mr. Burgum to help promote internships. She said typically there are unemployment insurance exemptions for internship situations either due to the fact the student exemption applies or because the student's base requirements are not met.

Representative Glassheim said he questions how you meet the industry needs that require significant amounts of education, such as fulfilling nursing shortages.

Representative Berg said there is a struggle between being reactive and proactive. He said the state needs to be more proactive in order to get a headstart on workforce training needs. He said the state needs to have a long-term, proactive model in place.

Representative Berg requested Job Service North Dakota provide data regarding projected job growth by industry as well as data regarding the number of chronically unemployed and the reason for this unemployment.

Ms. Daley said approximately 70 percent of the currently unemployed in this state is what they call "job-attached," which means these are individuals who experience a short term of unemployment. She said this means there is approximately 30 percent of the unemployed population in the state that is non-job-attached. She said in looking at the data for these non-job-attached individuals since 2003, approximately 3,000 of these individuals had more than one unemployment claim filed.

Representative Berg requested information for a future meeting regarding who makes up this 30 percent non-job-attached classification and why.

### COMMITTEE DISCUSSION Higher Education Internships

Representative Berg said over the last two and one-half years, a tremendous amount of work has taken place regarding internships. He said with this foundation established, the next step should be to



determine how to bring this program to the next level. In order to be successful, he said, the internships are going to need to be driven by the business sector.

In response to a question from Senator Warner regarding data collection needs of the internship program, Mr. Burgum said he is not certain what steps need to be taken to collect more meaningful data regarding the internship program. He said it is possible all it will take to start collecting this data is a statement of legislative intent.

Representative Dosch said he thinks the higher education system needs to have internships as part of the curriculum.

Mr. Burgum said within the higher education system, many disciplines already require internships. He said perhaps it would be valuable to perform a survey to get better data regarding which programs are already requiring these internships.

Representative Berg said implementing internships within higher education is going to require cultural changes. As these changes occur, he said, we need to be sure the business sector is driving these changes. Representative Berg said he would like to know what it would take to increase internships from 37 to 50 percent.

Senator Syverson said universities in the state typically have construction projects underway and perhaps these construction projects would be valuable opportunities for students to participate and get real life experiences.

Senator Warner said one of his daughters had a pharmacy internship requirement as part of her education. He said her internship was for six weeks and was very burdensome and expensive.

Representative Onstad said he is supportive of internships but wants to make sure rural needs are recognized. He said rural communities sometimes need special consideration in areas, such as primary sector businesses and housing needs.

Senator Hacker said rural communities may require more creative solutions that are driven by that particular community.

Representative Berg said when dealing with internships, there are several barriers, one of which may be the need to remember the rural perspective. He said as the committee considers the internship and the career education issues, the questions that need to be addressed include how the state will get businesses to partner with education as well as how to remove barriers that may exist for students, educators, and businesses.

Representative Glassheim said perhaps rural communities need to consider an option, such as providing students a stipend.

Mr. Burgum said the community of Cando has made great strides in addressing internship needs of the community. He said one thing he especially likes about what Cando has done is it has made a local investment in internship needs of local businesses. He said the committee needs to remember that some

communities will be embracing the internship program and others will not and that it is a local decision.

Representative Berg said that when the committee considers internships, the committee needs to recognize that internships are available across the whole spectrum of jobs, including the trades as well as doctoral level programs. He said he likes the idea of a reverse scholarship, through which the top 1 or 2 percent of high school graduates or college seniors could be invited back to a community for an internship. In rural areas, he said, there would clearly be benefits from linking students with local businesses, both at the public education and higher education levels.

Representative Thorpe said he supports elective internships.

### **Kindergarten Through Grade 12 Career Education**

Representative Williams said he hears the committee members voicing apprehension regarding career education in kindergarten through grade 12. He said up until approximately 20 years ago, a school's mission was academic in nature; however, over time this has resulted in discipline problems. Some of the discipline problems are because the students are not engaged in their education and they view education as being redundant. He said vocational education provides career awareness and what might be perceived as appropriate education for students. He said as part of career education, students are able to learn the skills in which they are interested. He said the committee needs to provide schools with the ability to get the students the career education they need as well as an appropriate education.

Representative Berg said it is a reality that kindergarten through grade 12 student enrollment is decreasing and small towns have a vested interest in keeping their youth in their town.

Representative Dosch said the Grand Forks career education program seems to have hit the nail on the head.

Senator Hacker said perhaps regional leaders need to support the concept of kindergarten through grade 12 career education.

Senator Syverson said he thinks it is a disservice to North Dakota students to limit career training to job opportunities in the state. He said our public school system should be preparing our students for all opportunities available, not just those available in our state. He said some kids who leave North Dakota will return to North Dakota at a later time and will bring their expertise with them.

Representative Berg asked why the Grand Forks schools implemented their career education program. He said if the state were to implement a program based on the Grand Forks model, it would be important to know what elements would need to be different, what elements would need to be the same,

and whether educators across the state would buy into the program and support the program.

Representative Glassheim said as it relates to preparing kids for careers, he thinks language skills are imperative. He said if a child learns a language such as Mandarin or Spanish, that student would have a job skill that applied regardless of the specific job. He said related to this language education issue is the fact that we may have barriers set up in our teacher certification program that prevent qualified and talented individuals from teaching these languages.

Representative Ruby said he is impressed with the Grand Forks career education program. He said he thinks it is important that career education not be presented too narrowly. For example, he said, he supports letting students see why language skills are so practical, perhaps by sitting in on export or trade discussions. In doing so, he said, a student might recognize that engineering is a worldwide career. He said he recognizes the education received in kindergarten through grade 12 should not be limited to vocational education but he thinks the Grand Forks program is cognitive of this and he would support expanding the Grand Forks program statewide.

Mr. Kutzer said he agrees that academics need to remain strong; however, different students learn differently and our education system needs to recognize this and be prepared to teach our students accordingly. On that note, he said, the education system should prepare students for the jobs they want, not just limiting career education to those jobs available in North Dakota. However, he said, the students do need to know what opportunities exist in this state. For example, he said, how many people recognize that there is a world-class diamond-cutting business in North Dakota? The career education system is a complex system, he said, and we need to prepare our students broadly.

Representative Onstad said another issue to be taken into account in considering job opportunities in the state is that there will be large numbers of job openings due to retirements associated with an aging workforce.

In response to a question from Senator Taylor regarding how we might implement the Grand Forks career education program on a broader basis, Mr. Kutzer said joint powers agreements may be good vehicles to consider utilizing in providing the program throughout the state. He said he agrees the Grand Forks program should be used as a model to implement statewide but the committee needs to recognize that statewide implementation would require a huge financial commitment from the state and the school districts.

Representative Berg said he supports exposing kids to career opportunities in the state and making kids aware of what is in their own backyards. He said clearly there are barriers to implementing a career education program and the committee needs to consider how to diffuse this potential backlash and clear up misperceptions.

Mr. Kutzer said that one way to address perception issues is to make sure parents and students are both involved in learning about career opportunities in the state. He said it is important to help a student understand the entire range of opportunities, keeping in mind the student's potential, which means that with kids with some of the same interests, some of those kids may be interested in construction and others might be interested in architecture.

Senator Hacker said he thinks it is important to remember that a student's education goals are not necessarily based on earning capacity but may instead be driven by a passion.

Representative Glassheim said he would like to receive more information on the Grand Forks career education program. For example, he said, he would like to know how the Grand Forks teachers feel about the program. He said he needs to better understand the program and how the whole program is actually implemented.

Representative Ruby questioned why the committee is spending so much energy questioning whether something that is working in reality will work in theory.

### **Job Service North Dakota**

Ms. Zander said the three issues being addressed by the committee today--career education, internships, and Job Service North Dakota--are all interrelated and complex. She said in evaluating who makes up the reoccurring unemployed, in larger population areas these people are everybody. She said these individuals are unemployed for a variety of reasons, including that they may lack the hard skills, soft skills, or desire to work. She said some people learn these hard skills, soft skills, and desire early through their public education. She said as the committee moves forward it will be important to continue to be informed about federal budget cuts associated with workforce services.

In response to a question from Representative Glassheim regarding the proposed federal budget cuts, Ms. Zander said although not finalized, it is likely the budget cuts will affect the WIA programs, which address long-term and short-term workforce needs. She said WIA services help workers with decisionmaking.

Ms. Zander said when Job Service North Dakota makes future workforce projections, this data is provided to guidance counselors within the kindergarten through grade 12 education system, it is provided to labor market staff, and it is provided to economic developers. She said this data is very valuable.

Representative Berg said in considering workforce needs, there will be a need to market and recruit workers. He said the handout prepared by Mr. James Hirsch, Department of Commerce, may provide some guidance in this area. He said Mr. Hirsch was not able to attend the meeting but may be available to present additional information at a future meeting. A

copy of Mr. Hirsch's document is on file in the Legislative Council office.

Senator Fairfield said at a future meeting she would like to have Mr. Hirsch provide the committee with additional information regarding North Dakota talent strategies. Additionally, she said, at a future meeting it may be helpful to receive population data from Mr. Richard W. Rathge, North Dakota State Data Center.

Representative Glassheim said for purposes of workforce, housing shortages may be a major issue, especially for smaller communities.

Representative Berg said 2005 legislation included amending rural housing association laws which has provided some assistance in addressing rural housing shortages.

Representative Onstad said although the housing association legislation was helpful, this is only one program. He said the Legislative Assembly will also need to address home ownership in the rural communities as well as the gap that exists between the costs associated with constructing a home and the amount for which that home can be secured.

Representative Berg said this gap issue will become more noticeable as housing construction costs go up.

Mr. Backman said the committee may wish to request additional information from Mr. Burgum and prepare a legislative draft once the necessary background information is available. He said for purposes of career education and Job Service North Dakota services, the committee may wish to gather more information on which programs are working, which programs are not working, and what actions could be taken to improve the services.

Chairman Berg said the tentative date for the next committee meeting is Wednesday, June 21, 2006, at the State Capitol.

No further business remaining, Chairman Berg adjourned the meeting at 2:40 p.m.

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Jennifer S. N. Clark  
Committee Counsel

[ATTACH:9](#)