

Workforce 20/20 Report 2013-2015 Biennium



Helping train today's workers for new technologies.

Workforce 20/20 Training Program Background

The North Dakota legislative assembly enacted the Workforce 2000 Training Program in 1991 to help North Dakota employers train and upgrade their workers' skills. This state-funded training program was renamed Workforce 20/20 in 2005 and is designed to fill gaps left by federally-funded training programs.

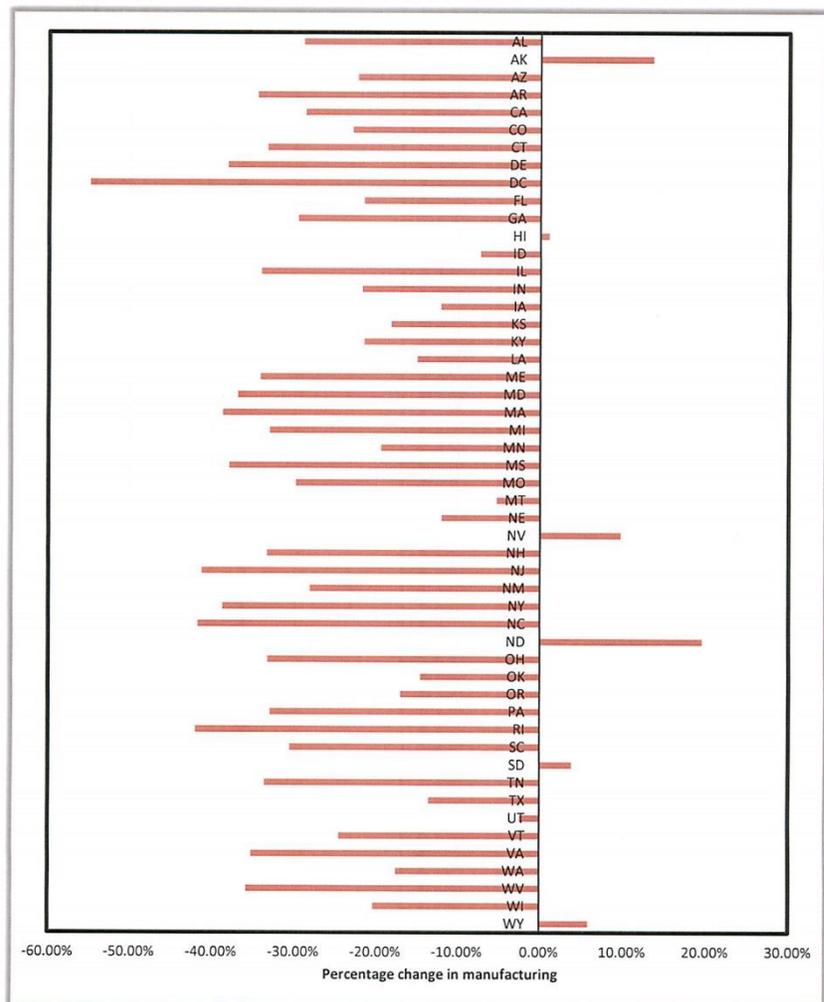
Over the past thirty years, rapid advances in technology, global competition, and the introduction of new work methods have placed an ever-increasing burden on North Dakota's employers to employ highly-skilled workers. Workforce 20/20 funding gives the employer access to training funds that can keep their businesses competitive in today's technologically advanced and global economy. Workforce 20/20 funding is available to assist with upgrading current workers' skills by reimbursing a portion of the cost for new technologies and production methods.

North Dakota's Economy

When most states were experiencing weakened economies, North Dakota's economy enjoyed unprecedented growth with contributions made by the energy, manufacturing, value-added agriculture, wholesale trade, and professional and technical service sectors. Some western North Dakota counties progressed into the oil industry at record speeds. High paying jobs in the oil fields caused pay rates and living costs to increase across the state.

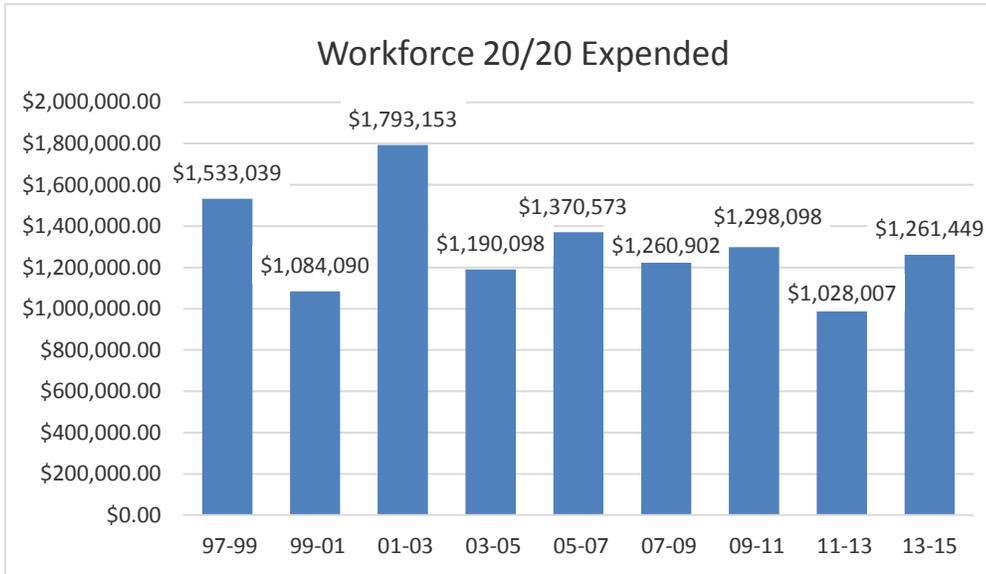
Today, North Dakota's challenge is finding people to fill positions with a low unemployment rate and a high labor force participation rate. In order to support the increased demand for a skilled workforce and the growing number of businesses, the Workforce 20/20 program gives North Dakota a valuable tool to attract and retain employers and employees. The North Dakota Legislature's appropriation to the Workforce 20/20 program for the 2013-2015 biennium enabled Job Service to award \$1,110,745.37 in Workforce 20/20 funds to employers to train 1,290 ND participants.

As shown in the chart to the right; ND has been able to grow manufacturing while other states had significant losses in the industry, in part, due to funding assistance from the Workforce 20/20 program. North Dakota grew state manufacturing by adding over 3,400 jobs at a growth percentage of 19.53% between the years of 1998 and 2014.



Workforce 20/20, Funds Expended; Historical Overview 1997 – 2015

The North Dakota Legislative Assembly appropriates Workforce 20/20 program funds and returns unspent funds to the General Fund at the end of each biennium.



During the 2013-15 biennium, \$1,541,924.00 was allocated. Final biennium spending was \$1,110,745.37 on training and \$150,703.98 on administrative costs at a total of \$1,261,449.35.

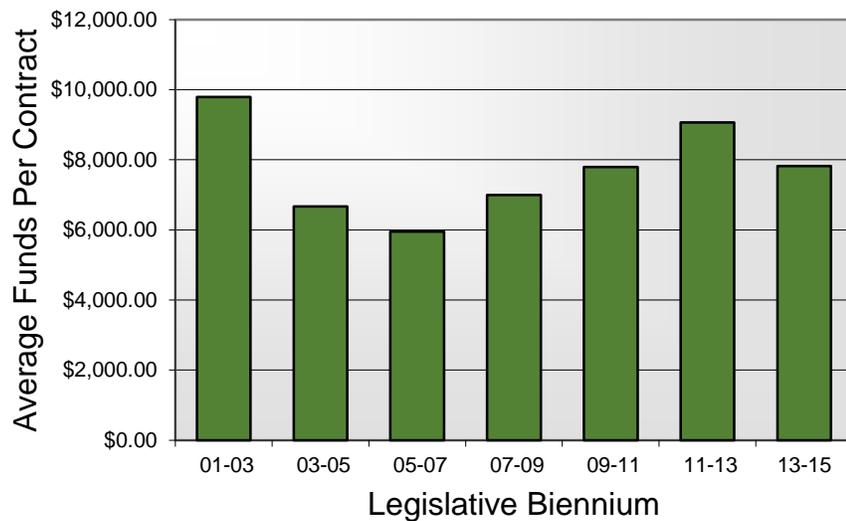
Job Service North Dakota operates within the administrative fee guidelines. The process is to re-obligate training funds as agreements come back with unspent obligations. This

biennium closed with \$140,728.94 returned to the General Fund due to insufficient time for re-obligation in the biennium.

Workforce 20/20, Average Contract Reimbursement Awarded 2001 – 2015

The average cost was lower during this biennium compared to the last biennium due to increased agreements for efficiency training, such as Lean concepts.

Funding for the 2013-15 biennium allowed the program to invest in 142 training contracts with an average investment of \$7,822.15 per contract.



Workforce 20/20, Expenditures on New and Expanding Industry 2013 - 2015

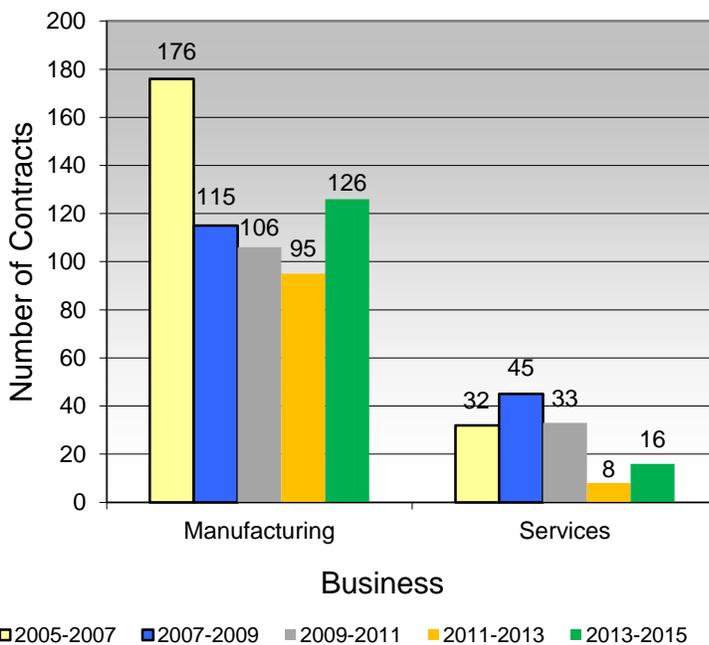
In an effort to enhance the growth potential of existing companies and expand the overall economic growth and development in North Dakota, the Workforce 20/20 program focuses on new and expanding businesses. During the 2013-15 biennium, 45%, or 586 of the 1,290 workers trained met this priority. 19% of the biennium's agreements went to rural businesses, another program focus.

Type of Business	Contracts Awarded	Workers [†] Trained	Expenditures Total	Percent of Total Expenditure
Expanding	73 10 Rural	537	\$415,979.55	37.57%
New	8 5 Rural	49	\$113,936.60	10.59%
<i>Subtotal New/Expanding</i>	<i>81</i>	<i>586</i>	<i>\$529,916.15</i>	<i>48.16%</i>
Existing	61 12 Rural	704	\$580,829.22	51.84%
Total	142	1,290	\$1,110,745.37	100.00%

[†] "Workers Trained" may include instances of the same employee receiving more than one training.

Workforce 20/20, Contracts by Business Type 2005 - 2015

By statute, the funding priority for Workforce 20/20 is applicants/employers who;

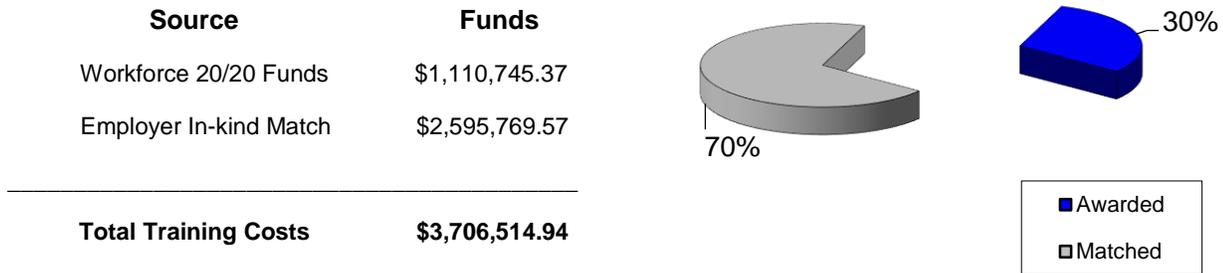


- (1) Are compatible with statewide economic development strategies,
- (2) Demonstrate business and community financial support and participation,
- (3) Coordinate activities and resources with other training programs,
- (4) Provide program follow-up and evaluation,
- (5) Provide training in occupations that pay not less than 200 percent of the federal and state minimum wage,
- (6) Provide training for unemployed and employed North Dakota residents for new and expanding businesses.

As shown to the left, the business sector with the most potential for promoting statewide economic development and growth during the last five biennium has been the manufacturing sector. High-tech service sector training was approximately 11% of the funded training during the 2013-2015 biennium. This sector showed an increase due to focus on the energy industry. Energy industry training was approximately 14% of the total biennium funding or \$159,347.36.

Workforce 20/20, Value of Matching Contributions from Employers 2013 – 2015

North Dakota Century Code Section 52-08.1-03 requires companies to participate with in-kind contributions. Examples of matching funds are employees' wages and portions of the training fees not covered by Workforce 20/20 reimbursements. During the 2013-15 biennium, the Workforce 20/20 program invested an average of **\$978** per trainee and the employer's in-kind contribution averaged \$2,012 per trainee. Employers matched an average of \$2.33 for every reimbursement dollar received from Workforce 20/20. This was a slight decrease from the \$2.95 per funded dollar the previous biennium.

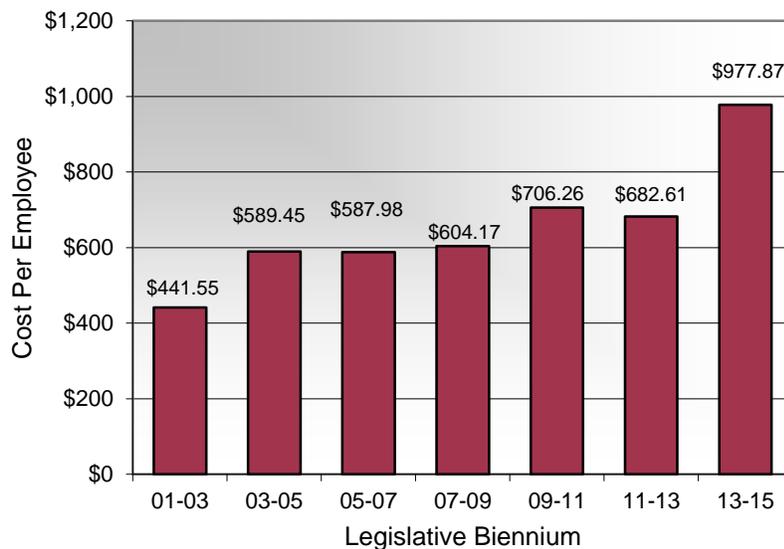


Workforce 20/20, Financial Impact for North Dakota

Using the North Dakota income tax withholding calculator and the average hourly wage rate of \$27.60 earned by the trainees one year after training, it takes North Dakota approximately **14 months, to recover the \$978 Workforce 20/20 investment** through state income tax withholdings from employees who received training. However, due to overtime pay, commissions, and bonuses, the recovery period through state income taxes can be much shorter. Also, the return on investment calculation does not consider increased collections of state sales taxes, motor vehicle excise taxes, fuel taxes, property taxes, or other excise taxes trainees may pay as a result of earning higher wages.

Workforce 20/20, Cost per Employee; Historical Overview 2001– 2015

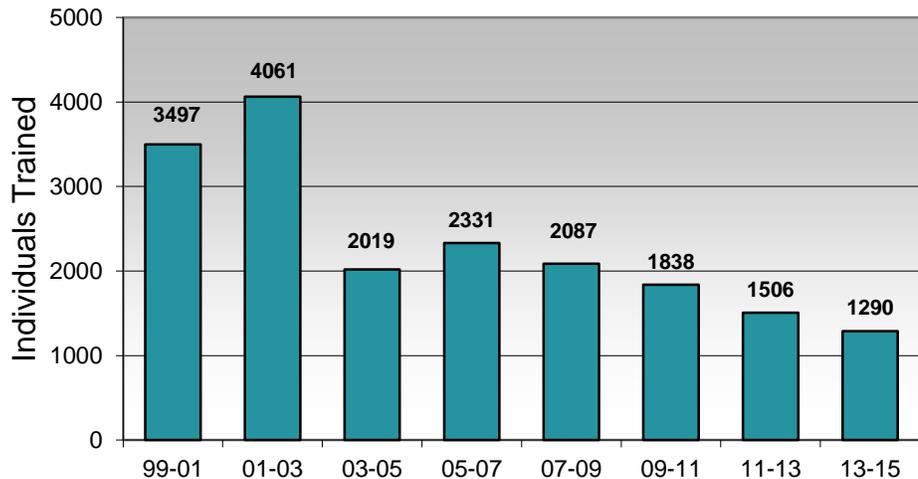
Workforce 20/20 cost per employee varies from year to year based on the amount of funds expended, the number of employees trained, and the cost of training.



Workforce 20/20, Individuals Trained each Biennium 1999 – 2015

Since inception of the program, employers have used Workforce 20/20 funding to train 28,076 employees. The chart to the right shows unduplicated training participants for each biennium. The number of employees trained with Workforce 20/20 funds each biennium is dependent on the funding available and the economic viability of the employers' proposals.

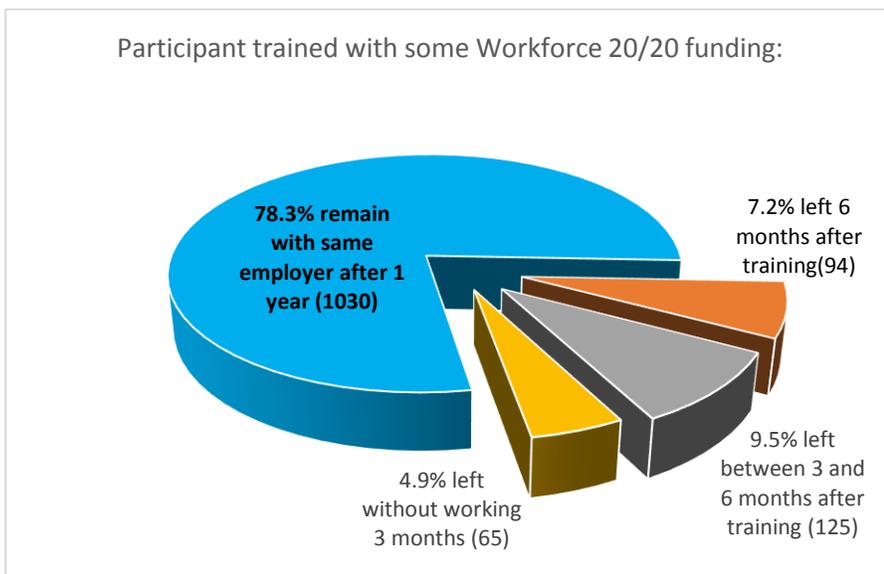
The selection of training and employers who will receive reimbursements goes beyond just training a large volume of employees. The overall economic impact is also considered, such as wages, generation of out-of-state revenue, and other economic benefits to the community or state.



The Workforce 20/20 training program is an excellent asset to North Dakota. Employees who receive training through the program stay in North Dakota, earn increased incomes, and gain skills our state's employers need to remain competitive.

Workforce 20/20, Trained Employees with the Same Employer After 1 Year

A major goal of Workforce 20/20 is to help an employer retain their valued employees.

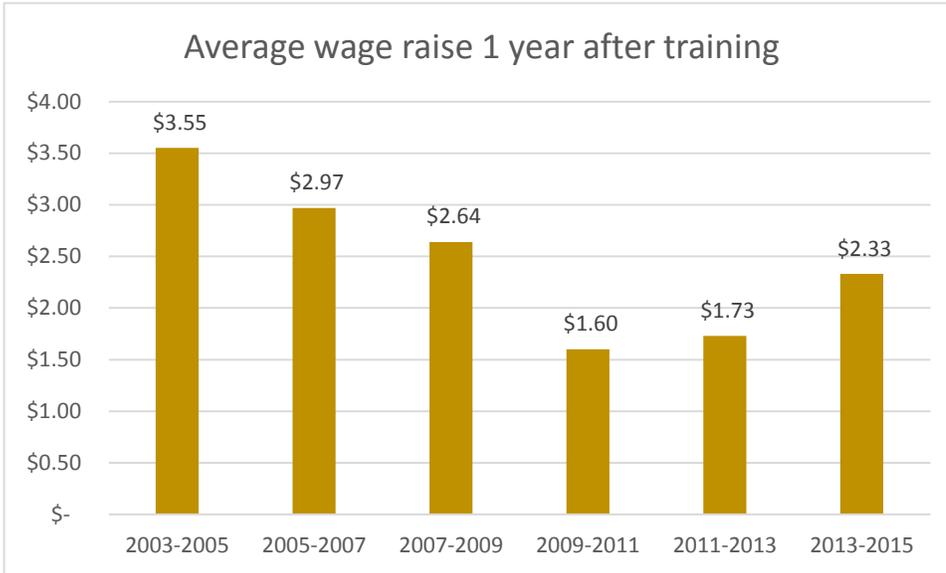


As finding replacement workers remained difficult; it became critical for employers to train for the needs of the employee and the business alike. Improved compensation also helps to retain employees.

Of the 1,315 trainings during the 2013-2015 biennium, 350 individuals were trained once, and 593 participants took more than one class. Overall, an average of 1.36 trainings per participant was funded and only 13 participants that left before 1 year of employment had more than 1 training.

Workforce 20/20, Average Hourly Wage Rate Increases 2003 – 2015

Wages of Workforce 20/20 trained individuals increased an average of \$2.33 per hour for the employees one year after they received training. Under the Workforce 20/20 program, North Dakota Century Code Section 52.08.1-02 gives priority to customized training, retraining, and upgrade training in occupations that pay not less than 200 percent of the federal and state minimum wage.



During the 2013-15 biennium, 200 percent of the federal and state minimum wage was \$14.50 per hour. Hourly wage rates are collected prior to training and then again at 90-day, 180-day, and 1-year intervals after training completion.

Some of the companies seeking Workforce 20/20 funding were entering into contracts for efficiency training (e.g., Lean Manufacturing/productivity) again this biennium.

As a retention strategy, employers were focused on cross-training employees and improving efficiency. Employers invested in training their valued employees in an effort to retain the employee.

Other Indicators Relating to the Effectiveness of the Workforce 20/20 Program

The effectiveness of a program goes beyond just measuring the increased numbers of businesses and employees benefiting from the program. A program can also be gauged by comments of those customers using the program. A survey is sent with every 90 Day Wage Request. Employers indicated they were "satisfied" in 100% of the surveys received. (86% were actually VERY satisfied.) The following employer comments attest to the success of the Workforce 20/20 Program during the 2013 – 2015 Biennium.

Improved Efficiency from training:

WF-032: "This training provided a greater understand on how to read blueprints. This has increased our quality and cut down on defects and rework."

WF-056: "More utilization of CAD techniques for better manufacturing"

WF-062: "The training for our employees has shown improvement in their mechanical trouble shooting skills. Quicker turn around on repairs."

WF-127: "We have maintenance employees that can now machine parts that we were unable to machine onsite before the training."

WF-141: "We were able to decrease our defect rate by having this training done"

Employment benefits:

WF-008: "Trained community- non welders - in welding. No new products but 10 ND residents learned a new skill."

WF-023: "It is difficult to say that new positions were created as a direct result of this funding. But our company is growing and adding new positions all the time. This funding helps us move employees into key, productive positions faster-fueling our growth"

WF-047: "Now, We can weld a 3G weld. We are trained to weld pressure vessels. This resulted in new products that we can build then sell."

WF-067: "Our main focus was retention of current employees w/ the shortage of applicants. Training has helped."

Program Comments:

WF-019: "Provides a great incentive to train workers"

WF-025: "We are thankful for the program and look forward to continuing it in the future"

WF-035: "Fast turnaround time, helpful with answering questions"

WF-048: "The assistance provided was exceptional"

WF-072: "We have always found the program as a great benefit"

WF-088: "The application process, documentation and final paperwork was very user friendly."

WF-098: "I highly recommend this program to keep business' in top technical form. Your support (Karyn) is very knowledgeable and prompt."

WF-104: "Excellent resource for developing employees"

WF-110: "Really appreciate the program"

WF-123: "Very happy to have this program available to us"

Equipment Upgraded:

WF-051: "We expanded our CNC Lathe operations and added new machinery to our inventory"

WF-063: "Participants received a better understanding of how to use the CNC Lathe. They are able to do more projects on that machine.

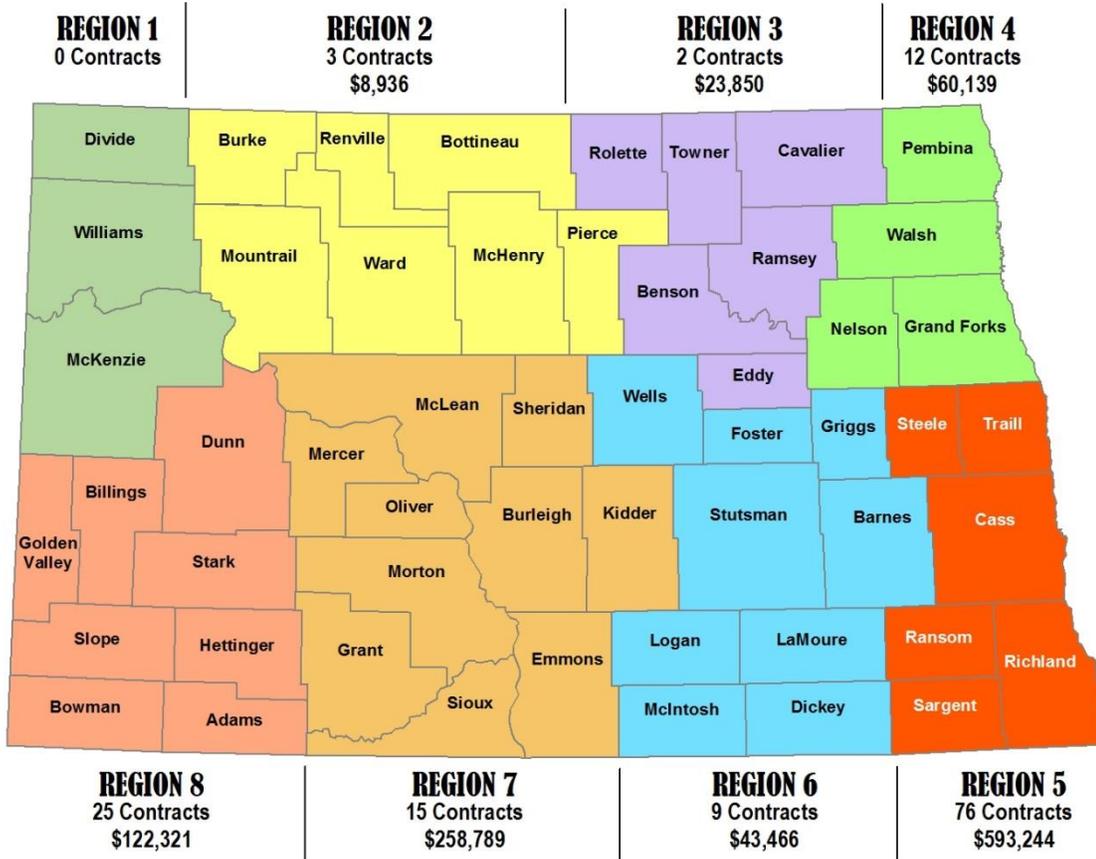
WF-091: "We were able to purchase and implement an automated machine that cuts, drills, etc. our structural steel"

Geographical Distribution Workforce 20/20 Grants; 2013 - 2015

This map depicts the geographical distribution of Workforce 20/20 funds for the 2013 - 2015 biennium.

WORKFORCE 20/20 PROGRAM

Funds Spent by Service Region During the '13 - '15 Biennium



Source: Job Service North Dakota, Workforce Programs



WORKFORCE PROGRAMS
WF2020 Biennium Report 1-17

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