In North Dakota, two features of the state’s economy have persisted for years now: some of the lowest jobless rates in the nation, and workforce shortages challenging individual employers and entire economic sectors. “By most estimates, we have over 20,000 unfilled jobs,” notes North Dakota Sen. Brad Bekkedahl.

Would scholarships or a loan-forgiveness program — with some strings attached — help fix this mismatch between worker supply and demand? And which of these two options would work best? Those questions were explored during the legislative interim and will likely emerge again when lawmakers convene in early 2019.

Proposals envisioned by the interim Taxation Committee would create a public-private partnership that raises up to $20 million per biennium ($1 in public funds, via the state-run Bank of North Dakota, for every $1 raised by the private sector). Some legislators believe that money should go to students in the form of a scholarship; others prefer loan forgiveness.

Either way, the new partnership would target assistance to students entering career fields of critical need; in return, they would need to remain in North Dakota for at least three years after completion of their education or training. Qualifying students would receive financial assistance equivalent to the cost of up to four semesters of tuition.

“What I like about the scholarship [idea] is that you have a tangible carrot for that student on the front end; it provides an incentive now,” North Dakota Rep. Thomas Beadle says.

He adds, though, that there are more risks — for example, identifying young people who end up leaving school or switching the focus of their degrees. In contrast, he says, loan forgiveness would go to “proven graduates who will actually be in the field helping fill the workforce gap.” The downside: The incentive is less tangible and requires students to take on debt during their school years. Beadle prefers the scholarship idea; Bekkedahl favors loan forgiveness.

According to Rep. Jason Dockter, vice chair of the Interim Taxation Committee, choosing between those two options will frame much of the legislative discussion next year.

Dockter says he would like North Dakota to pursue the loan-forgiveness approach because “it brings some more accountability to the workers … and helps the legislature track the program and [its effectiveness].” Some of the state's workforce shortages are due to a rise in oil-exploration activities, but Bekkedahl says labor needs extend beyond the oil fields of western North Dakota. He points to shortages in health care, professional services, the construction trades, and the technical and manufacturing sectors.

“I can see the [public-private partnership] as being another tool in the toolbox to help attract and retain students and establish careers here,” Bekkedahl says. “It doesn’t by itself solve our workforce shortage issue, but I like that it is targeted to existing workforce needs and provides a recruitment incentive to live and work here.”