



SB2272

Senate Education Committee

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Brenda Zastoupil, Director of Financial Aid, NDUS

701.328.2906 | brenda.zastoupil@ndus.edu

Chair Schaible and members of the Senate Education Committee, my name is Brenda Zastoupil, and I serve as the Financial Aid Director of the North Dakota University System (NDUS). I am here to provide testimony in support of SB2272.

The skilled workforce scholarship and loan repayment programs, known as “ND Career Builders” (NDCB) were established by the 2019 Legislative Assembly as a workforce development tool to attract and retain talent into high-need occupations in the state. It has been a collaborative effort among partners across the state, including the NDUS, the Bank of ND, Greater North Dakota Chamber (GNDC), Economic Development Association of ND (EDND), and many businesses. Administratively, the program sits in the NDUS System Office.

The NDCB structure was developed immediately following legislative approval in April 2019. The Workforce Development Council and Job Service ND developed the first high need and emerging occupations list in July 2019. Educational programs were mapped to the occupations, procedures implemented, and applications developed by August 2019. A grass-roots awareness campaign from NDUS and partners then began in fall 2019 to inform all public, private and tribal colleges of the program, as well as high school counselors, businesses and ND Job Service. Businesses and students began to commit to the state program and initial awards were issued in October 2019. The program has continued to grow since then. COVID-19 did have an impact wherein we saw a drop in inquiries from March to May 2020.

Program Statistics (as of 1/24/2021)	SCHOLARSHIP	LOAN REPAYMENT
# of Approved Applicants	80	11
# of Unique Donors	48	8
Private Sector \$ Committed (not matched to students)	\$120,025	\$0
Private Sector \$ Committed & Matched to Students	\$205,495	\$69,640
State \$ Committed & Matched to Students	\$205,490	\$69,640
# of Unique Programs Enrolled (scholarship) Or # of Unique High-Need Occupations Filled (Loan Repayment)	31	8
# of NDCB-funded Students Graduated from Eligible Programs	14	n/a
# of NDCB-funded Students in Repayment	6	n/a

The 2019 Legislative Assembly appropriated \$6 million from the Bank of North Dakota for the NDCB, which included \$3 million for the scholarship and \$3 million for loan repayment. As shown on page 1, in addition to the private-sector commitments of \$205,495 (scholarship) and \$69,640 (loan repayment) that have already been matched to recipients and state dollars, the NDUS is aware of additional commitments of \$120,025 for scholarships. Students are continuing to apply for these funds. We anticipate additional commitments from the private sector prior to the end of the current biennium as businesses continue to inquire about both the scholarship and loan repayment, and institutions continue to seek additional donors to support the sponsorship of students under the NDCB scholarship.

Statutory changes proposed in SB2272 address many of the participant concerns and help to refine the program to improve access, eligibility and streamlining of processes. Some of the key amendments include:

- **Section 1 (4):** Removes the requirement the State Board of Higher Education (SBHE) match academic programs to workforce needs for the loan repayment section. Current law requires that a qualifying loan repayment recipient must have earned a degree, hold qualifying loans and be employed and live within the state. Therefore, the employer has already identified that the employee fills a high-need position, regardless of which academic program the employee's degree is in.
- **Section 1 (8) & Section 2 (5):** The average scholarship award is around \$5,100 per recipient, while the average loan repayment is about \$12,600. The proposed change would allow a student to receive a scholarship while in school and then loan repayment after completion, up to the combined amount of \$17,000. This will further incentivize individuals to seek careers in high-need occupations within the state.
- **Section 2 (1):** The ND Dept. of Career and Technical Education (ND CTE) approves (but does not license) certain programs in the state. Some of these programs, such as the Emerging Digital Academy in Fargo. These programs also offer a path to filling high-need occupations. Changing "licensed" to "approved" on page 4, line 6 would correctly reflect the ND CTE's role.
- **Section 2 (4):** The focus of the scholarship as developed in 2019 was and is to direct students to skilled programs of study at the associate's level and below, or other programs of 4 semesters or 6 quarters in length. However, at times associates programs may extend beyond "4 semesters or 6 quarters", especially with clinicals and internships. This technical change more appropriately reflects the intent of the legislation.
- **Section 2 (6) & (8):** Students must maintain a 2.50 GPA to continue receiving NDCB payments; this is unchanged by SB2272. However, current law also requires students to begin repaying funds if they fall below a 2.50 cumulative GPA, even if they are still making academic progress in their program of study and are on track to completion. As a result, students could still be attending college, have a 2.49 GPA, and be required to

make payments on their NDCB award. The proposed edits require student to begin repayment if they withdraw from the program voluntarily or involuntarily. However, repayment would not be required if the GPA falls below 2.50, if the student continues to make academic progress towards their specific program requirements.

- **Section 2 (9):** Provides forbearance and/or cancellation of repayment terms in certain situations.
- **Sections 3 - 6:** The 2019 Legislative Assembly did not appropriate funds for NDCB administration or promotion. South Dakota's Build Dakota Scholarship advertises in ND, looking to draw out ND students out of state to earn their degree. ND should also be as aggressive in our efforts to attract people to our state. The grass-roots advertising efforts were helpful, but this program is still new and needs to be marketed to all corners of the state and beyond.

Additionally, administration is a sizable & labor intensive effort to ensure compliance with all components of the law, manage student-employer contracts, track & report activity, etc. The workload is nearing that of a full-time position but with no additional resources.

Sections 3 – 6 allow the SBHE to retain 1.5% of any appropriation to promote & administer the program during the 2021-23 biennium. Beginning August 1, 2023, the percentage drops to 0.5%. With the originally \$6 million appropriation, this would have generated \$90,000 and \$30,000, respectively. If the appropriation is \$1 million the amounts drop to \$15,000 and \$5,000. While helpful, the dollars will not cover the costs of administration or marketing.

The NDUS has two additional requests for the committee's consideration

- ND businesses have requested that the loan repayment program be made available to regardless of where an employee's degree is earned. Businesses could then use this tool to recruit their workforce from outside the state. All other requirements would still apply.
- The NDCB appropriation from BND funds expires on June 30, 2021. We respectfully request that an appropriation be added, from either unspent BND funds or another source, to allow this helpful program to continue into the 2021-23 biennium.

This concludes my testimony in support of SB2272, and I will stand for questions from the committee.