

## WORKFORCE TRAINING SYSTEM FOR NORTH DAKOTA

This memorandum provides the following information regarding the workforce training system for North Dakota:

- Background information relating to 1999 House Bill No. 1443, which established the workforce training system.
- Statutory provisions relating to the workforce training system.
- Workforce training revenues and expenditures.
- Workforce training activity.

### BACKGROUND

House Bill No. 1443 (1999) established a new workforce training system for North Dakota resulting from recommendations of a 31-member Workforce Training Task Force representing business, education, and government that examined the state's workforce training system during the 1998-99 interim. Under the new workforce training system, the state is divided into four delivery regions and select higher education institutions are designated as having primary responsibility for workforce training programs. At each of the select higher education institutions, a special division or unit is created to contact business and industry, develop working relationships, determine training needs, and collaborate with other higher education institutions and private and public training providers to arrange for training. The four workforce training regions and the corresponding higher education institutions with workforce training primary responsibilities are:

|                                     |                           |
|-------------------------------------|---------------------------|
| Northwest workforce training region | Williston State College   |
| Southwest workforce training region | Bismarck State College    |
| Northeast workforce training region | Lake Region State College |
| Southeast workforce training region | State College of Science  |

### RELATED STATUTORY PROVISIONS

North Dakota Century Code (NDCC) Sections 52-08-08 through 52-08-11 relate to higher education institutions serving workforce needs, formation of workforce training boards, preparation of workforce training plans, and performance measurements for workforce training. The following is a summary of statutory provisions relating to the workforce training system. A copy of the sections is attached as Appendix A.

| NDCC Section  | Responsibilities and Duties   |
|---|---|
| 52-08-08  | Requires the president of an institution of higher education that is assigned primary responsibility for workforce training to establish a division or other unit within the institution to serve the workforce needs of business and industry and to serve as a broker in arranging the delivery of training.  |
| 52-08-09  | Requires the president of an institution of higher education that is assigned primary responsibility for workforce training to appoint a workforce training board consisting of representatives from business, labor, and industries located within the institution's delivery area. The workforce training board must consist of at least 7 but no more than 15 members and must include at least one representative from either an Indian-owned business, the tribal government, or the tribal colleges within the designated region. |
| 52-08-10  | Requires the president of an institution of higher education that is assigned primary responsibility for workforce training to prepare an annual business plan that must include provisions for use of the training capacity of tribal colleges within the designated region. The workforce training board is to approve the business plan and make recommendations for funding of the business plan to the State Board of Higher Education.  |
| 52-08-11  | Requires the president of an institution of higher education that is assigned primary responsibility for workforce training to develop, in consultation with the workforce training board, performance measurements for workforce 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.   |
| <p><b>NOTE:</b> North Dakota Century Code Section 52-08-12, which was enacted by the 2001 Legislative Assembly and repealed by the 2003 Legislative Assembly, required that prior to the distribution of the appropriated workforce training funds for the second year of the biennium, each workforce training region must certify that at least 50 percent of the regional funds estimated to be raised during the biennium have been received or are pledged to be received.</p> |   |

### WORKFORCE TRAINING REVENUES AND EXPENDITURES

House Bill No. 1443, as passed by the 1999 Legislative Assembly, provided an \$875,000 general fund appropriation to the State Board for Vocational and Technical Education for contracting

with select higher education institutions providing workforce training programs. The bill would have established a workforce training investment fee to be assessed against employers in the state. The fee would have been .03 percent of taxable wages and collected by Job Service North Dakota. The bill also appropriated \$1,040,000 of special funds collected as a result of the workforce training investment fee. The appropriation provided \$40,000 to Job Service North Dakota for administering the collection of the fee and \$1 million to the State Board for Vocational and Technical Education for the purpose of contracting with institutions of higher education to conduct a workforce training program. **However, the provisions related to the workforce training investment fee were vetoed by the Governor.**

A document entitled *Overview of Workforce Training System and Summary of Business Plans* (attached as Appendix B) was prepared by the College Technical Education Council and the four institutions of higher education assigned primary responsibility for workforce training. The document was presented as testimony in support of 1999 House Bill No. 1443 during the 1999 legislative

session. Attachment 5 of the document estimated the amounts anticipated to be needed from training revenues, from money generated within each region, from money provided by each institution, and from state appropriations to fund the workforce training initiative for the 1999-2001 and 2001-03 bienniums. The schedule identified total state funds needed of \$1 million for the 1999-2001 biennium and \$1,350,000 for the 2001-03 biennium.

The following is a summary of legislative appropriations provided for support of the workforce training system:

| Biennium  | General Fund Appropriation |
|-----------|----------------------------|
| 1999-2001 | \$875,000                  |
| 2001-03   | \$1,350,000                |
| 2003-05   | \$1,350,000                |
| 2005-07   | \$1,350,000                |

The following is a summary of revenues and expenditures for the workforce training system for fiscal years 2002 through 2007. Information regarding workforce training revenues and expenditures by region for fiscal years 2002 through 2007 is attached as Appendix C.

|                                 | Fiscal Year<br>2002<br>(Actual) | Fiscal Year<br>2003<br>(Actual) | Fiscal Year<br>2004<br>(Actual) | Fiscal Year<br>2005<br>(Actual) | Fiscal Year<br>2006<br>(Budget) | Fiscal Year<br>2007<br>(Budget) |
|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| <b>Revenues</b>                 |                                 |                                 |                                 |                                 |                                 |                                 |
| Training revenue                | \$1,973,203                     | \$2,249,794                     | \$2,005,564                     | \$2,304,667                     | \$2,652,729                     | \$2,892,278                     |
| Community/regional funds        | 96,650                          | 49,339                          | 47,552                          | 31,629                          | 35,000                          | 35,000                          |
| Institutional funds             | 140,704                         | 131,005                         | 180,748                         | 175,103                         | 159,000                         | 169,631                         |
| General fund appropriations     | 660,006                         | 682,240                         | 675,000                         | 676,322                         | 673,979                         | 675,000                         |
| Other                           | 0                               | 0                               | 4,000                           | 103,000                         | 2,000                           | 2,000                           |
| Total revenues                  | \$2,870,563                     | \$3,112,378                     | \$2,912,864                     | \$3,290,721                     | \$3,522,708                     | \$3,773,909                     |
| <b>Expenditures</b>             |                                 |                                 |                                 |                                 |                                 |                                 |
| Direct training expenses        | \$1,565,532                     | \$1,614,295                     | \$1,045,986                     | \$1,211,195                     | \$1,193,100                     | \$1,274,399                     |
| Salaries and benefits           | 998,921                         | 1,096,647                       | 1,251,610                       | 1,396,601                       | 1,640,137                       | 1,799,988                       |
| Marketing                       | 93,430                          | 58,236                          | 72,893                          | 72,373                          | 80,510                          | 89,581                          |
| Travel                          | 59,719                          | 52,545                          | 36,269                          | 69,586                          | 47,251                          | 53,526                          |
| Office/professional development | 44,428                          | 30,243                          | 77,163                          | 193,637                         | 126,246                         | 141,320                         |
| Other                           | 304,626                         | 315,487                         | 323,584                         | 250,374                         | 334,444                         | 271,910                         |
| Total expenditures              | \$3,066,656                     | \$3,167,453                     | \$2,807,505                     | \$3,193,766                     | \$3,421,688                     | \$3,630,724                     |
| <b>Net profit (loss)</b>        | (\$196,093)                     | (\$55,075)                      | \$105,359                       | \$96,955                        | \$101,020                       | \$143,185                       |

### WORKFORCE TRAINING ACTIVITY

The workforce training regions provided workforce training services to 1,818 businesses and 8,112 employees (unduplicated) during fiscal

year 2005. The following is a summary of the number of businesses and employees who received training and the number of training hours provided during fiscal year 2005 by each workforce training region:

|   | Northwest<br>Region | Northeast<br>Region | Southwest<br>Region | Southeast<br>Region |
|---|---------------------|---------------------|---------------------|---------------------|
| Number of businesses served               | 177                 | 122                 | 266                 | 1,253               |
| Number of employees served (duplicated)   | 2,336               | 1,080               | 4,479               | 4,464               |
| Number of employees served (unduplicated) | 1,530               | 766                 | 2,513               | 3,303               |
| Number of training hours provided         | 32,869              | 13,874.25           | 48,552              | 69,860              |