2023 SENATE WORKFORCE DEVELOPMENT

SB 2122

2023 SENATE STANDING COMMITTEE MINUTES

Workforce Development Committee
Fort Lincoln Room, State Capitol

SB 2122
1/26/2023

> Relating to workforce training center funding distribution.

10:30 AM **Chairman Wobbema** called the hearing to order**. Senators Wobbema, Axtman, Elkin, Larson, Sickler, Piepkorn** are present.

Discussion Topics:
- TrainND formula
- Safety training

10:31 AM **Senator Todd Beard District 23,** introduced SB 2122 testimony in favor #16971.

11:41 AM **Ron Ness**, **President, North Dakota Petroleum Council** verbal testimony in favor.

10:45 AM **Kenley Nebeker, Executive Director TrainND Northwest** testimony in favor #17001.

10:54 AM **Wayde Sick, State Director for the Department of Career and Technical Education** testimony in opposition and proposed an amendment #17037, 17041.

11:00 AM **Senator Todd Beard,** provided additional information verbally.

11:02 AM **Dr. Doug Darling, President Lake Region State College** verbal in opposition.

11:08 AM **Chairman Wobbema** closed the hearing.

Patricia Lahr, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Workforce Development Committee
Fort Lincoln Room, State Capitol

SB 2122
2/3/2023

Relating to workforce training center funding distribution model.

9:20 AM **Chairman Wobbema** called the meeting to order. **Senators Wobbema, Larson, Sickler, Piepkorn** were present. **Senators Axtman and Elkin** were absent.

Discussion Topics:
- TrainND funding formula
- Study resolution

9:27 AM **Wade Sick, State Director, Career and Technical Education,** provided information and submitted an amendment #19045.

9:47 AM **Senator Larson** made motion to adopt the amendment 23.0499.02001.
9:51 AM **Senator Piepkorn** seconded.

9:52 AM Roll call vote.

Senators	Vote
Senator Michael A. Wobbema	Y
Senator Michelle Axtman	Absent
Senator Jay Elkin	Absent
Senator Diane Larson	Y
Senator Merrill Piepkorn	Y
Senator Jonathan Sickler	Y

Motion passed 4-0-2.

9:52 AM **Senator D. Larson** moved **DO PASS** as **AMENDED**.
9:53 AM **Senator Piepkorn** seconded.

9:53 AM Roll call vote.

Senators	Vote
Senator Michael A. Wobbema	Y
Senator Michelle Axtman	Absent
Senator Jay Elkin	Absent
Senator Diane Larson	Y
Senator Merrill Piepkorn	Y
Senator Jonathan Sickler	Y

Motion passed 4-0-2

Senator D. Larson will carry SB 2122

9:53 AM **Chairman Wobbema** closed the meeting.

Patricia Lahr, Committee Clerk

2-3-2023

PROPOSED AMENDMENTS TO SENATE BILL NO. 2122

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to provide for a legislative management study relating to the workforce training center funding distribution model.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. LEGISLATIVE MANAGEMENT STUDY - WORKFORCE TRAINING CENTER FUNDING DISTRIBUTION MODEL. During the 2023-24 interim, the legislative management shall study the workforce training center funding distribution model. The study must include the funding distribution model, statewide integration and alignment across workforce training centers, and awarding college credit for workforce training center offered training. The legislative management shall report its findings and recommendations, together with any legislation necessary to implement the recommendations, to the sixty-ninth legislative assembly."

Renumber accordingly

REPORT OF STANDING COMMITTEE
SB 2122: Workforce Development Committee (Sen. Wobbema, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (4 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). SB 2122 was placed on the Sixth order on the calendar. This bill affects workforce development.

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to provide for a legislative management study relating to the workforce training center funding distribution model.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

    SECTION 1. LEGISLATIVE MANAGEMENT STUDY - WORKFORCE TRAINING CENTER FUNDING DISTRIBUTION MODEL. During the 2023-24 interim, the legislative management shall study the workforce training center funding distribution model. The study must include the funding distribution model, statewide integration and alignment across workforce training centers, and awarding college credit for workforce training center offered training. The legislative management shall report its findings and recommendations, together with any legislation necessary to implement the recommendations, to the sixty-ninth legislative assembly."

Renumber accordingly

2023 HOUSE INDUSTRY, BUSINESS AND LABOR

SB 2122

2023 HOUSE STANDING COMMITTEE MINUTES

Industry, Business and Labor Committee
Room JW327C, State Capitol

SB 2122
3/6/2023

Relating to the workforce training center funding distribution model.

Vice Chairman Ostlie called meeting to order 2:30 PM

Members Present: Chairman Louser, Vice Chairman Ostlie, Representatives Boschee, Christy, Dakane, Johnson, Koppelman, Ruby, Schauer, Thomas, Tveit, Wagner, Warrey.

Member absent: Representative Kasper

Discussion Topics:
- Study outcome
- Safety training
- Future funding
- Covered employment
- Training hours
- Focus for differing businesses
- Equitable formula

In Favor:
Senator Todd Beard, District 23, Willison, ND, employee of TrainND NW of Willison and primary bill sponsor, #22519
Wayde Sick, State Director, ND Department Career and Technical Education, #22138
Doug Jensen, President, Bismarck State College, #22234

Representative Schauer moved a do pass.
Representative Wager seconded.

Roll call vote:

Representatives	Vote
Representative Scott Louser	AB
Representative Mitch Ostlie	Y
Representative Josh Boschee	Y
Representative Josh Christy	Y
Representative Hamida Dakane	Y
Representative Jorin Johnson	N
Representative Jim Kasper	AB
Representative Ben Koppelman	AB
Representative Dan Ruby	Y
Representative Austen Schauer	Y
Representative Paul J. Thomas	N
Representative Bill Tveit	Y

| Representative Scott Wagner | Y |
| Representative Jonathan Warrey | Y |

Motion passed 9-2-3

Representative Wagner will carry the bill.

Additional written testimony:
Kenley Nebeker, Regional Director for Technical Programs and Training, Williston State College, #22047

Vice Chairman Ostlie adjourned the meeting 3:09 PM

Diane Lillis, Committee Clerk

REPORT OF STANDING COMMITTEE
SB 2122, as engrossed: Industry, Business and Labor Committee (Rep. Louser, Chairman) recommends **DO PASS** (9 YEAS, 2 NAYS, 3 ABSENT AND NOT VOTING). Engrossed SB 2122 was placed on the Fourteenth order on the calendar.

TESTIMONY

SB 2122

Members of the committee. My name is Todd Beard, Senator from Williston District 23. I am also an employee of TrainND NW of Williston. I am here to speak on SB 2122.

When TrainND was first proposed and came into being as Workforce Development, it was set up in four regions attached to junior colleges in the four regions. The funding for these regions was set up in two segments as follows; 50% to be split equally and 50% split based on number of businesses within the region. This worked in the beginning because there was an unknown as to the costs involved and how many businesses would be assisted in their training needs which could require additional workforce to meet those needs. That was over twenty years ago. As years have gone by The TrainND model was classified under workforce development but the formula for distribution of funds has never changed.

The bill before you would change the formula to recognize the sheer number of people trained requiring additional training and support staff. There are years of data to draw from to show what has been accomplished. My proposal for splitting the funding is to keep the first 50% the same, split between the regions evenly. The remaining 50% would be a 10%/40% split. 10% would be split by percentage according to number of businesses in the region to assist with support and development staff needed to assist with training needs. The 40% then would be split by percentage of number of people trained in the previous biennium to assist with costs of training and support staff needed in meeting the training needs within the region.

I believe this would be a fair distribution of funds allowing for growth and expansion of services.

I ask for a Do Pass vote and will try to answer any questions you may have.

Thank You

Senator Todd Beard

trainND
NORTHWEST

January 25, 2023

Senate Workforce Development Committee
Chairman Michael A. Wobbema
11829 31st Street SE
Valley City, ND 58072-9709
mwobbema@ndlegis.gov

From: Kenley Nebeker, Regional Director for Technical Programs and Training, Williston State College

Subject: Support for Bill SB 2122

To the Honorable Chairman Wobbema and Committee,

My name is Kenley Nebeker. I am the Executive Director of TrainND Northwest in Williston ND. I am here to speak in support of SB 2122.

Senator Beard has discussed in his testimony the history of how TrainND funding is traditionally split up between the 4 regions and how this bill proposes to change that funding formula. I am here to show the impact which TrainND Northwest is making with their current funding and how this proposed funding formula would be a more efficient use of state funds helping to build a better workforce in North Dakota.

When considering the funding formula for the TrainND regions it is important to note that each region was never intended to be exactly the same. Each region fulfills its purpose to the best of their ability according to industry need and demand. Each region has had since 1999 to establish what that demand from industry is and how they fit into their individual regional markets.

TrainND Northwest has led the way in this effort for well over a decade, training large student numbers each year. Over the past decade (2010-2020) TrainND Northwest has trained: 86,877 unduplicated students, has served 4,209 companies, has held 11,439 training sessions, and has had over 1.17 million contact hours with students.

In fiscal year 2020 TrainND Northwest trained 14,154 unique students! To put this into perspective, this number made up over 21% of the total NDUS student count in FY 20. This was over 74% of the total TrainND student count for that fiscal year   Despite these high student numbers, the funding formula (as it is currently set up) allowed for only 20% of the TrainND funding to reach TrainND Northwest that year. This meant that TrainND Northwest students and industry partners were forced to take on the cost needed to pay for additional instructors and staff needed to serve such high numbers.

Each fiscal year TrainND Northwest continues perform the highest of the four regions on every ROI metric easily available to us, yet TrainND Northwest continues to receive the second lowest percentage of funding among the 4 regions. This begs the question; is the current funding formula allowing the state's investment in TrainND to be put where it can do the most good?

The graphs and data presented below are meant to give you a look at the most recent full fiscal year (22) showing the ROI in comparison between each of the 4 regions. I believe that the graphs will speak for themselves, but it is important to note that while this is a snapshot of one fiscal year, the trends between FY performance and funding are consistent over the past decade plus.

NDUS TrainND Annual Report
FOR WORKFORCE TRAINING – FY 2022

Accountability Measure		Unduplicated Data				
		WSC	LRSC	NDSCS	BSC	Total
Number of businesses in the region receiving training	#	761	79	284	605	1,729
Number of companies served with less than 50 employees	#	702	39	196	223	1,160
Number of employees receiving training (Unduplicated)	#	8,527	1753	1121	3067	14,468
Number of employees receiving training (Duplicated)	#	11,019	1972	1930	3935	18,856
Number and percent of businesses requesting repeat or additional training	#	577	41	165	222	1,005
	%	76%	52%	58%	37%	58%
Levels of satisfaction with training events based on results provided by employers and employees receiving training	Businesses	99%	99%	99%	99%	99%
Level of satisfaction of companies with responsiveness of training provided	Businesses	98%	100%	99%	100%	99%
Total Contact Hours of Training Provided	#	70,523	11,474	41,933	82,448	206,378
Revenue generated from training fees	$	$3,071,765.36	$241,674	$706,246	$1,084,948	$5,104,633.31

In the Table above, which is a yearly report provided to the University System Office, you will note TrainND Northwest's (WSC) performance in every indicator is operating at the highest level among the four regions.

In the next two graphs we look at what the cost is to the state per business and per small business impacted by the TrainND program throughout the state. You will note that TrainND Northwest has by far the most efficient impact per business for the state in both categories.
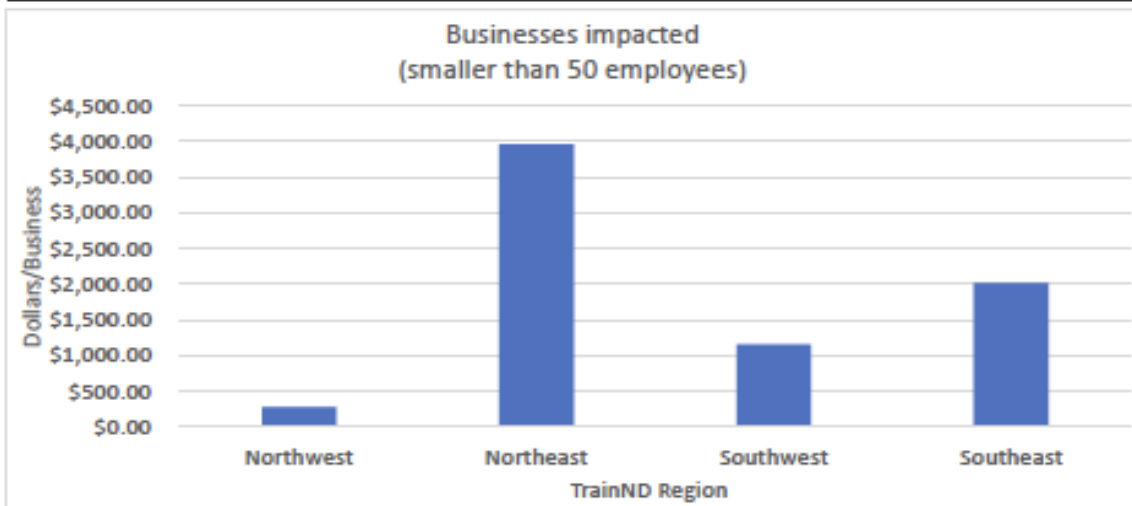
Business Impact

TrainND Region	State Dollars/Business
Northwest	$254.46
Northeast	$1,952.92
Southwest	$425.57
Southeast	$1,389.47
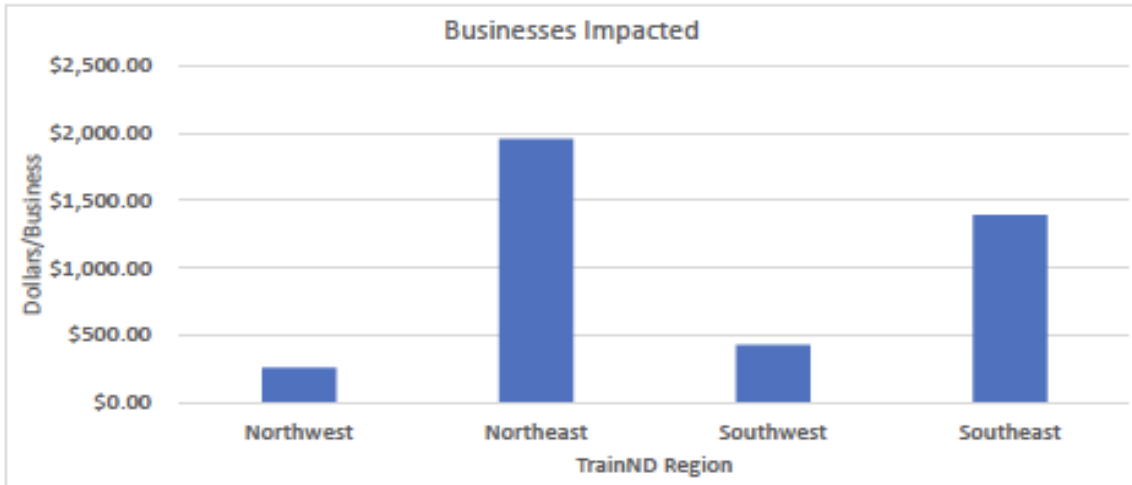
Business Impact (smaller than 50 employees)

TrainND Region	State Dollars/Business
Northwest	$275.84
Northeast	$3,955.92
Southwest	$1,154.57
Southeast	$2,013.33

In the next graph you will see that when it comes to contact hours TrainND Northwest provides the highest value to the state for its investment at $2.75 per contact hour.
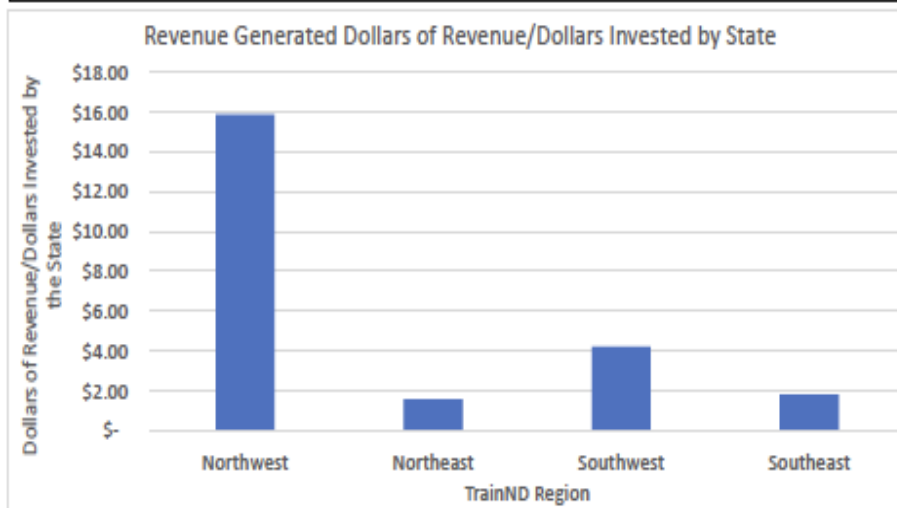
Contact Hours

TrainND Region	State Dollars/Contact Hours
Northwest	$2.75
Northeast	$13.45
Southwest	$3.12
Southeast	$9.41

Contact Hours

The next graph shows program revenue generated at TrainND Northwest is a solid investment as it generates $15.86 for every $1.00 invested by the state (only TrainND Revenue, not looking at tax revenue, etc). Sadly, this means that the students and industry partners seeking training at TrainND Northwest are currently carrying a disproportionate amount of the financial burden for training.
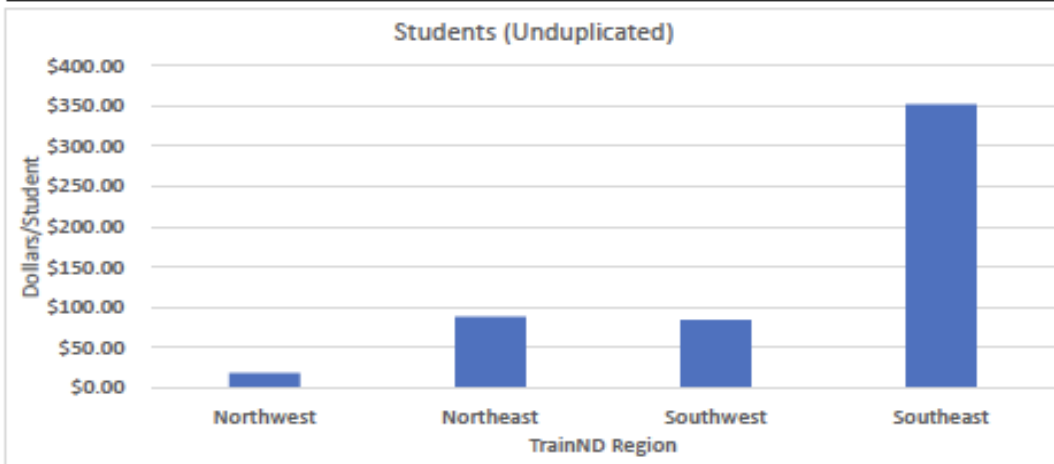
Revenue Generated

TrainND Region	Dollars of Revenue/State Dollars Invested
Northwest	$ 15.86
Northeast	$ 1.57
Southwest	$ 4.21
Southeast	$ 1.79

Revenue Generated Dollars of Revenue/Dollars Invested by State

The next graph shows that the state is investing only $22.40 per unduplicated student and if we look at duplicated students the state is only investing $17.57 per student at TrainND Northwest. That seems like a very solid investment considering tax revenue coming out of the region and the type of workers trained at TrainND Northwest.
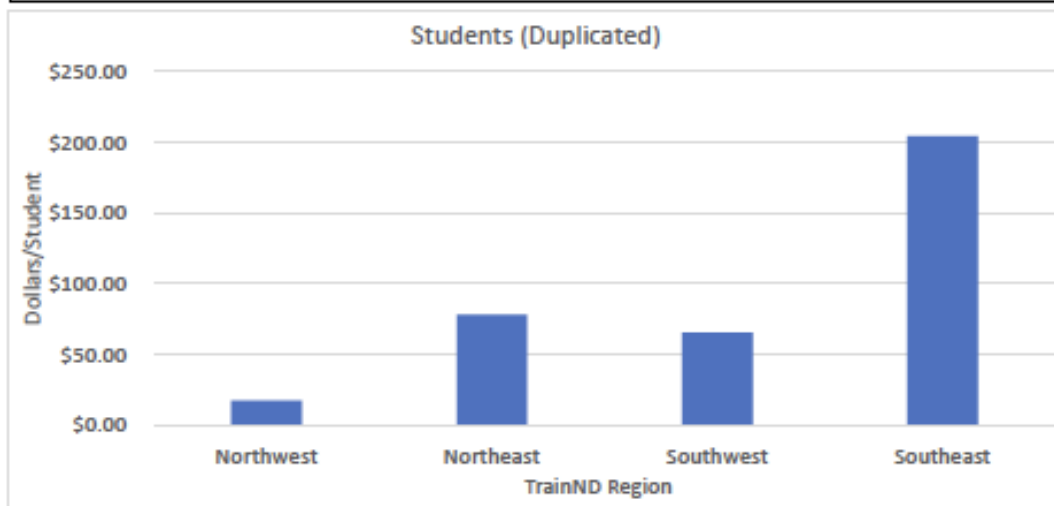
Students (Unduplicated)

TrainND Region	State Dollars/Student
Northwest	$22.40
Northeast	$88.01
Southwest	$83.95
Southeast	$352.02

Students (Duplicated)

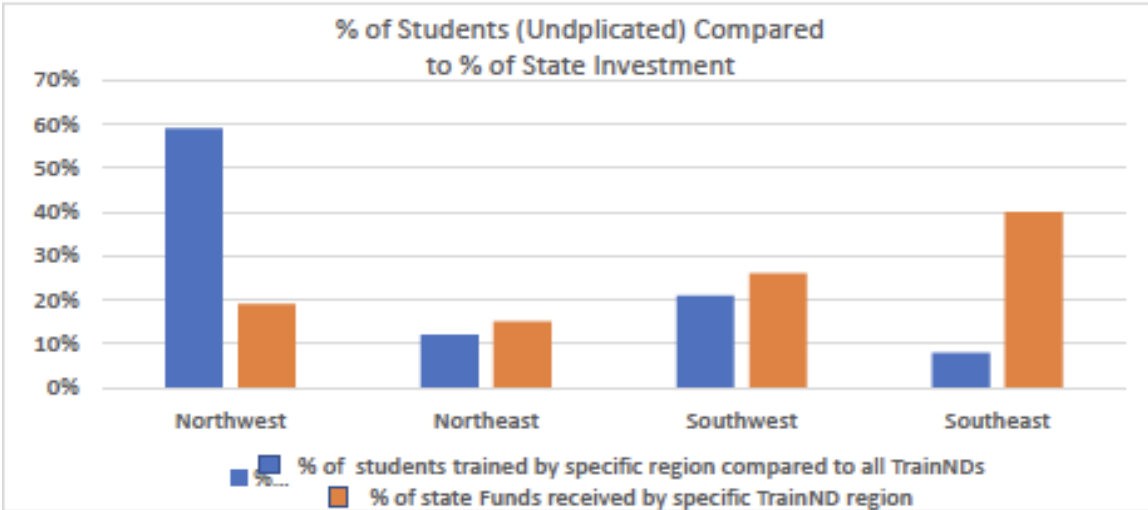| TrainND Region	State Dollars/Student
Northwest	$17.57
Northeast	$78.24
Southwest	$65.43
Southeast	$204.46

Finally, looking at the area of percentage of total TrainND unduplicated students in relation to the percentage of state investment into TrainND it shows that TrainND Northwest is seeing 59% of the students and receiving only 19% of the funding. Looking at revenue in the second graph below TrainND Northwest is generating 60% of the revenue and only receiving 19% of the funding.
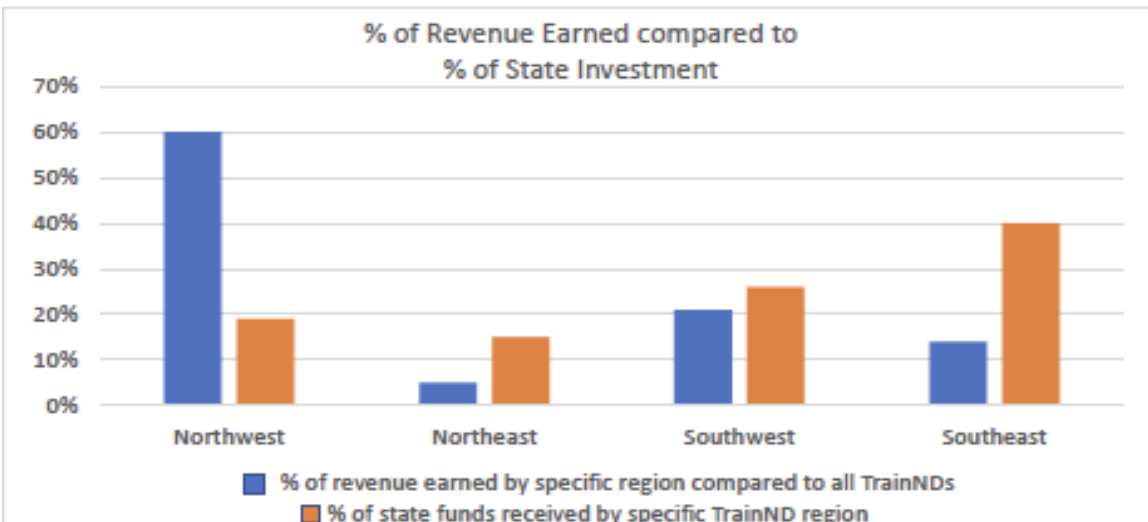
% of Students (Unduplicated) Compared to % of State Investment

TrainND Region	Percentage
Northwest	59% / 19%
Northeast	12% / 15%
Southwest	21% / 26%
Southeast	8% / 40%

% of Students (Undplicated) Compared to % of State Investment

Legend: % of students trained by specific region compared to all TrainNDs; % of state Funds received by specific TrainND region

% of Revenue Compared to % of State Investment

TrainND Region	Percentage
Northwest	60% / 19%
Northeast	5% / 15%
Southwest	21% / 26%
Southeast	14% / 40%

% of Revenue Earned compared to % of State Investment

Legend: % of revenue earned by specific region compared to all TrainNDs; % of state funds received by specific TrainND region

Each of these graphs show that despite a funding mechanism that is fundamentally flawed TrainND Northwest continues to perform at the highest level in producing workforce. Imagine what TrainND Northwest could do for workforce if the funding formula was built to motivate and reward the effort and hard work that goes into producing higher workforce numbers. SB 2122 does just that by proposing a funding mechanism that rewards performance and funds programs that are producing the most workforce for the state when the state needs that workforce the most.

The bill before you is a well thought-out proposal to fix the current flawed funding formula. The bill would change the formula to recognize the number of people trained, not unlike what is the current practice for funding existing within the University System with its credit completion factor. The formula proposed in the bill would help address the additional cost of training and service staff needed to serve the large number of students any TrainND Region produces each year while making each region's funding dependent upon their performance, a sound economic principle that I believe in!

In conclusion, I believe that passage of this bill would lead to a fair distribution of funds, allowing for growth and expansion of services according to industry demand and regional performance each biennium.

I ask for a Do Pass vote and welcome any questions you may have.

Very respectfully,

Kenley Nebeker
Executive Director
TrainND Northwest
kenley.nebeker@willistonstate.edu
701-713-3780

Senate Workforce Development
SB2122

January 26, 2023

Chairman Wobbema and members of the Senate Workforce Development

Committee, for the record, my name is Wayde Sick, State Director for the Department of

Career and Technical Education. I am here to testify in opposition for SB2122, but also

provide an amendment to consider.

Currently, the state invests in workforce training centers known as TrainND, in

each of the four regions of the state. This training is housed at Bismarck State College,

North Dakota State College of Science, Lake Region State College, and Williston State

College. The funding for TrainND is housed within the Department of Career and

Technical Education budget. TrainND was created from a workforce taskforce, led by

the Greater North Dakota Chamber, in 1999. The taskforce studied other states'

workforce systems and adopted the system that exists today.

The formula for funding TrainND is a formula that has been existence for many

years. The funding is distributed to the four regions, based on the covered employment

of each region. Every biennium, the Department of Career and Technical Education

requests from Job Service North Dakota, the covered employment for each region.

Covered employment is calculated by determining the number of employees that are attached to employers within each region. For the 2021-23 biennium, the distribution of funds are as follows:

Total Allocation - 2,000,000

	2021-23	Base	Year 1 Demand	Year 1 Total Allocation	Base	Year 2 Demand	Year 2 Total Allocation	Biennium Total
			1,000,000			1,000,000		
NW	19.364%	125,000	96,820	221,820	125,000	96,820	221,820	443,641
NE	15.428%	125,000	77,140	202,140	125,000	77,140	202,140	404,281
SE	39.461%	125,000	197,305	322,305	125,000	197,305	322,305	644,611
SW	25.747%	125,000	128,734	253,734	125,000	128,734	253,734	507,468
								2,000,000

SB2122 would codify how the TrainND funds are allocated to each of the regions, in the following fashion. The proposed formula in SB2122 would distribute 50% of the appropriation evenly. The current formula of covered employment would be used to distribute 10% of the funds. The remaining 40% of the appropriation would be distributed according to number of workforce members trained in each region according to the statistics from the previous biennium.

My concern is allocating funds based on counting the number of individuals trained. I bring this concern forward because not all training is created equal or in other words, some training is much more labor and time intensive compared to others. An example is Commercial Driver's License is around 160 hours of training, while OSHA-10 is ten hours. I don't believe it is appropriate to allocate funds by counting each trainee equally.

My request of the Senate Workforce Development Committee to consider

amending SB2122 into a study, allowing the time to determine how TrainND funds

should be distributed to best serve the state and each TrainND region. As I mentioned,

the distribution formula has been in use for several years but was created

collaboratively by the leadership of the four TrainND regions.

I ask you to consider the following amendment:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "to provide for a legislative management study on workforce training center funding distribution.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. LEGISLATIVE MANAGEMENT STUDY- WORKFORCE TRAINING CENTER FUNDING DISTRIBUTION. During the 2023-24 interim, the legislative management shall consider studying the workforce training center funding distribution model. The legislative management shall report its findings and recommendations, together with any legislation necessary to implement the recommendations, to the sixty-ninth legislative assembly."

Renumber accordingly

This amendment was agreed upon by the College Presidents from Bismarck State

College, Lake Region State College, North Dakota State College of Science, and Williston

State College. You'll see a letter, from the College Presidents, included in my testimony.

This concludes my testimony and I have happy to stand for any questions you

may have.

Lake Region
State College

January 25, 2023

Wayde Sick
North Dakota CTE
ND State Capital1
Bismarck, ND 58505

Dear Mr. Sick:

The four presidents of the institutions that host TrainND (BSC, LRSC, NDSCS, and WSC) reviewed the proposed legislation, SB 2122. All four of us are in agreement that the proposed new funding distribution formula isn't quite equitable and the focus on strictly headcount has the potential to be miss used.

We included Chancellor Hagerott in the discussion as well and he agreed that a study was the best route to go.

We agree it is time to review the formula and would request that a study be done during the interim between the 2023 and 2025 sessions.

Respectfully,

Doug Darling, PhD
President, Lake Region State College

Bernell Hirning, PhD
Williston State College

Rod Flanigan, PhD
North Dakota State College of Science

Douglas Jensen, PhD
Bismarck State College

Mark Hagerott, PhD
Chancellor

PROPOSED AMENDMENTS TO SENATE BILL NO. 2122

Page 1, line 1, after "A BILL" replace the remainder of the bill with "to provide for a legislative management study on workforce training center funding distribution.

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Renumber accordingly

March 5, 2023

House Industry, Business and Labor Committee
Chairman Scott Louser
1718 Birch Place SW
Minot, ND 58701-7097
slouser@ndlegis.gov

From: Kenley Nebeker, Regional Director for Technical Programs and Training, Williston State
College

Subject: Support for Workforce Development Funding Formula Bill SB 2122

To the Honorable Chairman Louser and Committee,

My name is Kenley Nebeker. I am the Executive Director of TrainND Northwest in Williston ND. I am
writing in support of SB 2122.

I his written testimony, Senator Beard has discussed the history of how TrainND funding is traditionally
split up between the 4 regions. I am writing to show the impact that TrainND Northwest is making with
their current funding, to show how the current funding model is flawed, and how a more appropriate
funding formula would be a more efficient use of state funds and help build a better workforce in North
Dakota.

When considering funding formula for the TrainND Regions it is important to note that each region was
never intended to be the exact same. Each region fulfills its purpose to the best of their ability according to
industry demand and availability of training. Each region has had since 1999 to establish what that demand
from industry is and how they fit into their individual regional markets.

TrainND Northwest has been leading the way from for over well over a decade, training large student
numbers each year. Over the past decade TrainND Northwest has trained: 86,877 unduplicated students,
has served 4,209 companies, has held 11,439 training sessions, and has had over 1.17 million contact hours
with students.

In Fiscal year 20 alone, TrainND Northwest trained 14,154 unique students! To put this into perspective,
this number made up over 21% of the total North Dakota University System student count in FY 20.
Despite these extremely high student numbers the funding formula (as it is currently set up) only allotted
less than 19% of the TrainND Funding to TrainND Northwest that year. This meant that TrainND
Northwest students and industry partners were forced to take on the cost needed to pay for additional
instructors and staff that were needed to serve such high numbers. This is just one FY worth of example.
This issue has existed for the past 23 years as this funding model has not changed since the inception of the
state's workforce training program (now referred to as TrainND)

Each Fiscal Year TrainND Northwest continues perform the highest on every ROI metric easily available
to us yet continues to receive the second lowest percentage of funding among the 4 regions.

The graphs and data presented below are meant to give you a snapshot from the most recent full FY (22) Showing the ROI in comparison between each of the 4 regions. I believe that the graphs will speak for themselves, but it is important to note that while this is a one fiscal year snapshot, the disparities between FY performance and funding are consistent as far back as I have the data available to track.
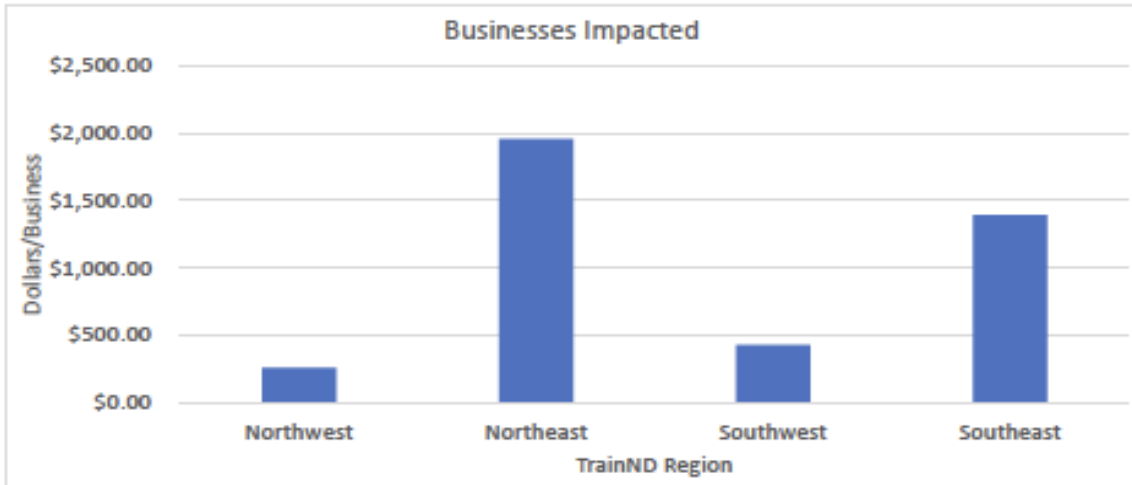
NDUS TrainND Annual Report FOR WORKFORCE TRAINING – FY 2022							
		Unduplicated Data					
Accountability Measure		WSC	LRSC	NDSCS	BSC	Total	
Number of businesses in the region receiving training	#	761	79	284	605	1,729	
Number of companies served with less than 50 employees	#	702	39	196	223	1,160	
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Number and percent of businesses requesting repeat or additional training	#	577	41	165	222	1,005	
	%	76%	52%	58%	37%	58%	
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Level of satisfaction of companies with responsiveness of training provided	Businesses	98%	100%	99%	100%	99%	
Total Contact Hours of Training Provided	#	70,523	11,474	41,933	82,448	206,378	
Revenue generated from training fees	$	$3,071,765.36	$241,674	$706,246	$1,084,948	$5,104,633.31	

In the Table above, which is a yearly report provided to the University System Office, you will note TrainND Northwest's (WSC) performance in every indicator could be described as exceptional.

In the next two graphs we look at what the cost is to the state per business and per small business impacted by the TrainND program throughout the state. You will note that TrainND Northwest is by far the cheapest and most efficient impact per business for the state in both categories.
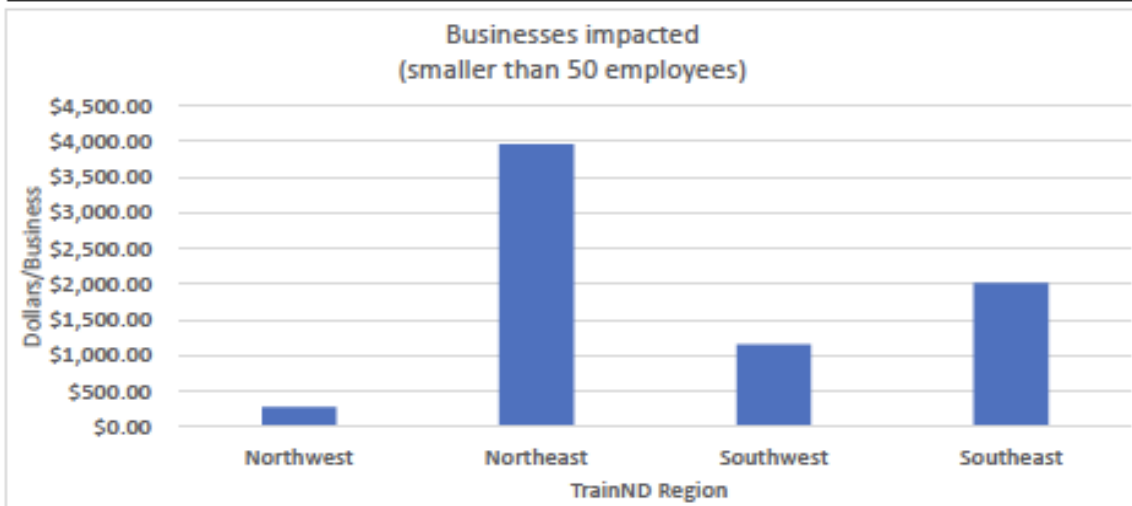
Business Impact

TrainND Region	State Dollars/Business
Northwest	$254.46
Northeast	$1,952.92
Southwest	$425.57
Southeast	$1,389.47

Businesses Impacted

Business Impact (smaller than 50 employees)

TrainND Region	State Dollars/Business
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Northeast	$3,955.92
Southwest	$1,154.57
Southeast	$2,013.33

Businesses impacted (smaller than 50 employees)

In the next graph you will see that when it comes to contact hours TrainND Northwest provides the highest value to the state for its investment at $2.75 per contact hour.
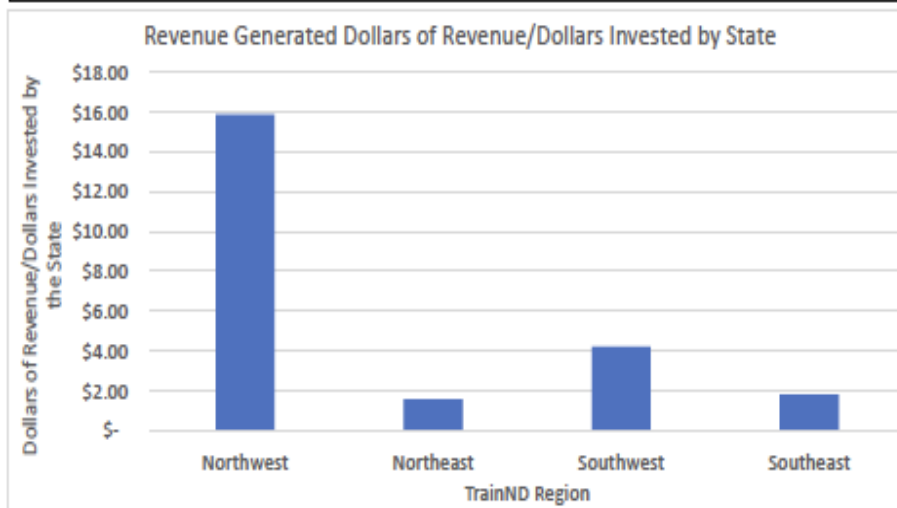
Contact Hours

TrainND Region	State Dollars/Contact Hours
Northwest	$2.75
Northeast	$13.45
Southwest	$3.12
Southeast	$9.41

The next graph shows program revenue generated at TrainND Northwest is a solid investment as it generates $15.86 for every $1.00 invested by the state (only TrainND Revenue, not looking at tax revenue, etc). Sadly, this means that the students and industry partners seeking training at TrainND Northwest are currently carrying a disproportionate amount of the financial burden for training.
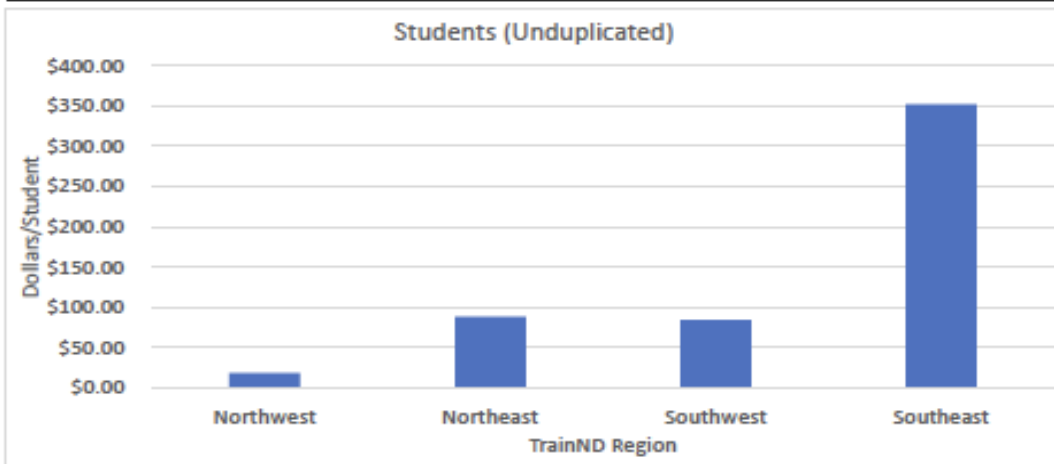
Revenue Generated

TrainND Region	Dollars of Revenue/State Dollars Invested
Northwest	$ 15.86
Northeast	$ 1.57
Southwest	$ 4.21
Southeast	$ 1.79

The next graph shows that the state is investing only $22.40 per unduplicated student and if we look at duplicated students the state is only investing $17.57 per student at TrainND Northwest. That seems like a very solid investment considering tax revenue coming out of the region and the type of workers trained at TrainND Northwest.
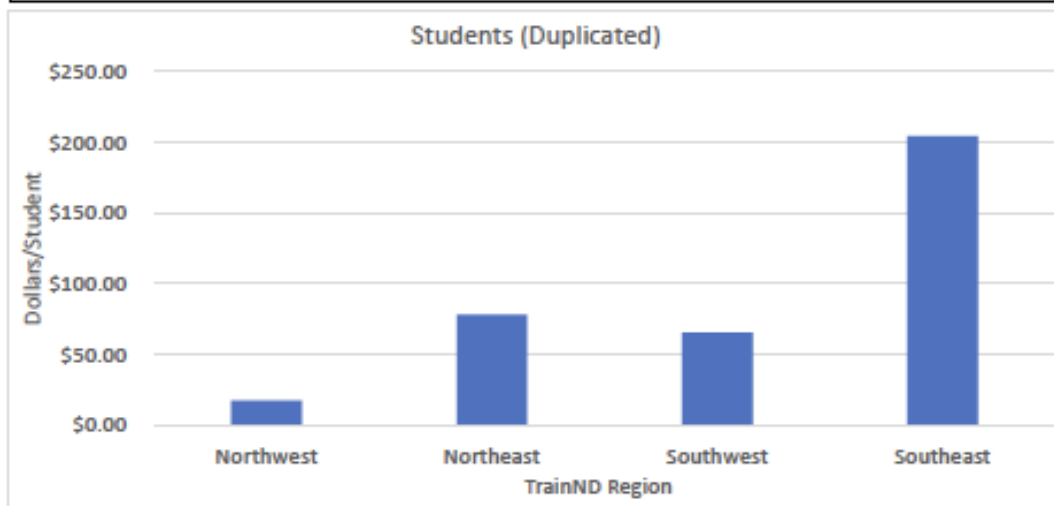
Students (Unduplicated)

TrainND Region	State Dollars/Student
Northwest	$22.40
Northeast	$88.01
Southwest	$83.95
Southeast	$352.02

Students (Duplicated)

TrainND Region	State Dollars/Student
Northwest	$17.57
Northeast	$78.24
Southwest	$65.43
Southeast	$204.46

Finally, looking at the area of percentage of total TrainND unduplicated students in relation to the percentage of state investment into TrainND it shows that TrainND Northwest is seeing 59% of the students and receiving only 19% of the funding. Looking at revenue in the second graph below TrainND Northwest is generating 60% of the revenue and only receiving 19% of the funding.
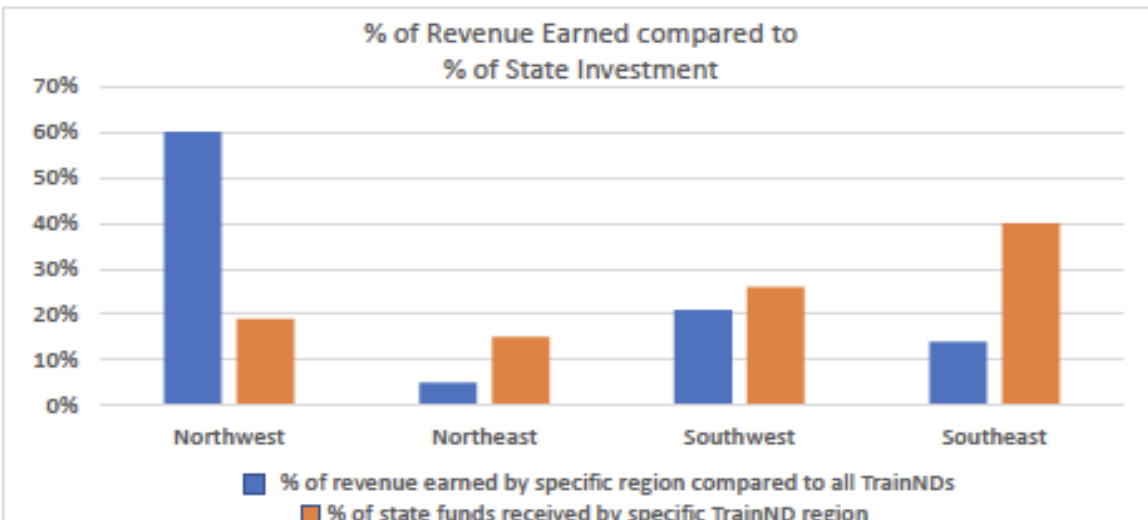
% of Students (Unduplicated) Compared to % of State Investment

TrainND Region	Percentage
Northwest	59% / 19%
Northeast	12% / 15%
Southwest	21% / 26%
Southeast	8% / 40%

% of Revenue Compared to % of State Investment

TrainND Region	Percentage
Northwest	60% / 19%
Northeast	5% / 15%
Southwest	21% / 26%
Southeast	14% / 40%

Each of these data sets show that despite a funding mechanism that is fundamentally flawed TrainND Northwest continues to perform at the highest level in producing workforce. Imagine what TrainND Northwest could do for workforce and the state coffers if the funding formula was built to motivate and reward the effort and hard work that goes into producing higher workforce numbers. SB 2122, while not as urgent as the need for workforce in North Dakota warrants, does at least start the effort toward finding a more appropriate way to fund the 4 TrainND regions. This effort could not be taken on soon enough to better meet the challenges of workforce in the state.

The bill before you begins a study to fix the currently flawed funding formula, a funding formula that has been flawed and in existence for far too long.

In conclusion, I hope that passage of this bill will lead to a fair distribution of funds, allowing for growth and expansion of services according to industry demand and regional performance each biennium.

I ask for a Do Pass vote and welcome any questions you may have.

Very respectfully,

Kenley Nebeker
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House Industry, Business and Labor
SB2122

March 5, 2023

Chairman Louser and members of the House Industry, Business, and Labor
Committee, for the record, my name is Wayde Sick, State Director for the Department of
Career and Technical Education. I am here to testify in support for SB2122.

Currently, the state invests in workforce training centers known as TrainND, in
each of the four regions of the state. This training is housed at Bismarck State College,
North Dakota State College of Science, Lake Region State College, and Williston State
College. The funding for TrainND is located within the Department of Career and
Technical Education budget. TrainND was created from a workforce taskforce, led by
the Greater North Dakota Chamber, in 1999. The taskforce studied other states'
workforce systems and adopted the system that exists today.

The formula for funding TrainND is a formula that has been existence for many
years. The funding is distributed to the four regions, based on the covered employment
of each region. Every biennium, the Department of Career and Technical Education
requests from Job Service North Dakota, the covered employment for each region.
Covered employment is calculated by determining the number of employees that are

attached to employers within each region. For the 2021-23 biennium, the distribution of funds are as follows:

Total Allocation - 2,000,000

		1,000,000			1,000,000			**Biennium**
		Year 1			**Year 2**			**Total**
	Base	Demand	Total Allocation	Base	Demand	Total Allocation		
2021-23	Base	Demand	Total Allocation	Base	Demand	Total Allocation		
NW 19.364%	125,000	96,820	221,820	125,000	96,820	221,820		443,641
NE 15.428%	125,000	77,140	202,140	125,000	77,140	202,140		404,281
SE 39.461%	125,000	197,305	322,305	125,000	197,305	322,305		644,611
SW 25.747%	125,000	128,734	253,734	125,000	128,734	253,734		507,468
								2,000,000

SB2122 would require an interim study of the funding model of the TrainND regions, statewide integration and coordination and the possibility of awarding credit for training provided by workforce training. As I mentioned, the distribution formula has been in use for several years and I believe it is time to review this model, to determine if a more equitable and impactful model is possible.

This concludes my testimony and I have happy to stand for any questions you may have.

Mr. Chairman and members of the committee,

I am Doug Jensen and it's my great privilege to be president of Bismarck State College. I'm here to testify in support to SB2122.

The four presidents of the institutions that host TrainND (Bismarck State College, Lake Region State College, ND State College of Science, and Williston State College) are supportive of a study to review the funding distribution formula for TrainND.

We all agree that the funding distribution isn't quite equitable and the focus on strictly headcount has the potential to be misused. Therefore, we agree it is time to review the funding distribution formula.

Members of the committee. My name is Todd Beard, Senator from Williston District 23. I am also an employee of TrainND NW of Williston. I am here to speak on SB 2122.

When TrainND was first proposed and came into being as Workforce Development, it was set up in four regions attached to colleges in the four regions. This includes Bismarck State, North Dakota State School of Science, Lake Region State and Williston State. The funding for these regions was set up in two segments as follows; 50% to be split equally and 50% split based on number of businesses within the region. This worked in the beginning because there was an unknown as to the costs involved and how many businesses would be assisted in their training needs which could require additional workforce to meet those needs. That was over twenty years ago. As years have gone by The TrainND model was classified under workforce development but the formula for distribution of funds has never changed.

The bill before you would have changed the formula to recognize the sheer number of people trained requiring additional training and support staff. There are years of data to draw from to show what has been accomplished. My proposal would have split the funding keeping the first 50% the same, split between the regions evenly. The remaining 50% would have been a 10%/40% split. 10% would have been split by percentage according to number of businesses in the region to assist with support and development staff needed to assist with training needs. The 40% then would have been split by percentage of number of people trained in the previous biennium to assist with costs of training and support staff needed in meeting the training needs within the region.

The bill did not receive support from the four university presidents, and it was requested to turn the bill into a study. That is why the bill before you is a study instead of the original bill.

I am asking that this study move forward to try and achieve a fair and equitable solution to the funding issue.

I ask for a Do Pass vote and will try to answer any questions you may have.

Thank You

Senator Todd Beard

Region	FY22 current funding formula	FY22 proposed 50% equal, 10% employability, 40% unduplicated student %
TrainND Northwest	$193,641	$397,364.10
TrainND Northeast	$154,281	$181,928.10
TrainND Southeast	$394,610	$187,961.00
TrainND Southwest	$257,468	$232,746.80

This would mean that:

TrainND Northwest would have had 59% of the students and received 39.7% of the funding

TrainND Northeast would have had 12% of the students and received 18.2% of the funding

TrainND Southeast would have had 8% of the students and received 18.8% of the funding

TrainND Southwest would have had 21% of the students and received 23.3% of the funding

I have decided to look at the contact hours idea just to see impact. Here is what it looks like:

Region	FY22 current funding formula	FY22 50% equal and 50% contact hour-based formula
TrainND Northwest	$193,641	$295,000
TrainND Northeast	$154,281	$155,000
TrainND Southeast	$394,610	$225,000
TrainND Southwest	$257,468	$325,000

This would mean that:

TrainND Northwest would have had 59% of the students and received 29.5% of the funding

TrainND Northeast would have had 12% of the students and received 15.5% of the funding

TrainND Southeast would have had 8% of the students and received 22.5% of the funding

TrainND Southwest would have had 21% of the students and received 32.5% of the funding