

## HB1240

House Education Committee

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Brenda Zastoupil, Financial Aid Director, NDUS

701.328.2906 | [brenda.zastoupil@ndus.edu](mailto:brenda.zastoupil@ndus.edu)

Good afternoon, Chair Heinert, and members of the House Education Committee. My name is Brenda Zastoupil, and I serve as the Financial Aid Director for the North Dakota University System (NDUS). I am here today in support of HB1240 which supports the Skilled Workforce Loan Repayment and Scholarship program, known as ND Career Builders.

The ND Career Builders program is a workforce development program. It is designed as a partnership with business, students, employees, institutions, and the state. A dollar-for-dollar match of private sector funds is currently required for eligibility. Recipients can qualify for either a scholarship on the front end while enrolled in college, loan repayment on the back end once a degree is completed and the recipient is entering the workforce, or a combination of the two. The maximum eligibility is \$17,000, half of which must be funded with private sector funds. The program requires residence in North Dakota and a 3-year work commitment.

Under statute, scholarship recipients must be enrolled in programs of study at the associate's level or below, including certificate programs, or other programs of study of no longer than 4 semesters or 6 quarters in length. This excludes teacher preparation programs, generally a bachelor's level degree, from being considered for the scholarship. **On page 4, line 15, amendments provide an opportunity for students to be awarded a scholarship in the final two years of a teacher education program.**

**HB1240 also amends the scholarship & loan forgiveness language to allow public funds along with private sector funds to qualify as a match.** This is accomplished with amendments on page 3 lines 4-7; 15, and on page 5 subsection 11, and page 6 line 5. With these amendments, public entities such as school districts will now be able to use ND Career Builders as a tool to recruit employees.

The ND Career Builders program has seen significant growth in the 2021-23 biennium. Currently 200 individuals have been awarded the scholarship (116 graduated) and 74 have received loan repayment. This equates to a \$2.7 million commitment, half of which was funded with private sector funds. Ninety unique private sector donors for the scholarship program and 25 for loan repayment have committed \$1.4 million toward this workforce development program. A digital marketing campaign from Feb-Nov 2022 helped to build awareness of the program, resulting in a 40% increase in recipients and a 30% increase in donors. A NDCB Public Awareness Campaign Summary and NDCB program statistics reports are attached.

With this success in mind, HB1240 maintains the level of funding that can be used for marketing and administration at the one and one-half percent level, as shown in section 3. This will provide approximately \$45,000 to continue building awareness and participation into the 23-25 biennium.

ND Career Builders grew at a rate of 137% from 2021-22 to 2022-23. Projections show that based on a modest growth rate of 57%, at the end of the 23-25 biennium, the scholarship will no longer have funds available and loan repayment will have only \$.8 million. **This bill would allow the NDUS to transfer funds between the scholarship and loan repayment, as needed as the program grows.** Adding teachers and allowing to public funds for all, the growth could be considerably higher, and funds expended sooner than anticipated. **The \$2 million increase to appropriation in HB1240 would help to ensure that the program can continue to support the ND workforce needs.**

ND Career Builders Scholarship					
Biennium	General Fund (GF) Appropriation-BND Funds	Prior Biennium Carryover	Total Available (state \$ only)	Expenses (actual/obligated/new)	Actual or Est. Carryover
2019-21	\$3,000,000	\$-	\$3,000,000	\$194,439	\$2,805,562
2021-23 est.	\$-	\$2,250,000	\$2,250,000	\$708,877	\$1,541,123
2023-25 est.	\$-	\$1,541,123	\$1,541,123	\$1,850,417	\$(309,294)
2025-27 est.	\$-	\$(309,294)	\$(309,294)	\$2,905,155	\$(3,214,449)
ND Career Builders Loan Repayment					
Biennium	General Fund (GF) Appropriation-BND Funds	Prior Biennium Carryover	Total Available (state \$ only)	Expenses (actual/obligated/new)	Actual or Est. Carryover
2019-21	\$3,000,000	\$-	\$3,000,000	\$27,525	\$2,972,475
2021-23 est.	\$-	\$2,250,000	\$2,250,000	\$295,441	\$1,954,559
2023-25 est.	\$-	\$1,954,559	\$1,954,559	\$1,095,217	\$859,342
2025-27 est.	\$-	\$859,342	\$859,342	\$1,996,598	\$(1,137,256)

<sup>2</sup>Expenditures reflect only the state funded portion.

<sup>3</sup>Estimated growth 57%

**Edits on page 2 lines 28-29, remove language that conflicts with subsection 8 on page 3.** Amendments approved by the 2021 Legislative Assembly had the intent to allow up to \$17,000 maximum between the two programs, however, this edit was overlooked. **Finally, the words struck on page 4 lines 14 and 6 remove unnecessary language, which is further clean-up.**

This concludes my testimony related to HB1240. I respectfully request a **Do Pass** and will stand for questions from Committee members.