March 5, 2023

House Industry, Business and Labor Committee
Chairman Scott Louser
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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
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 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.
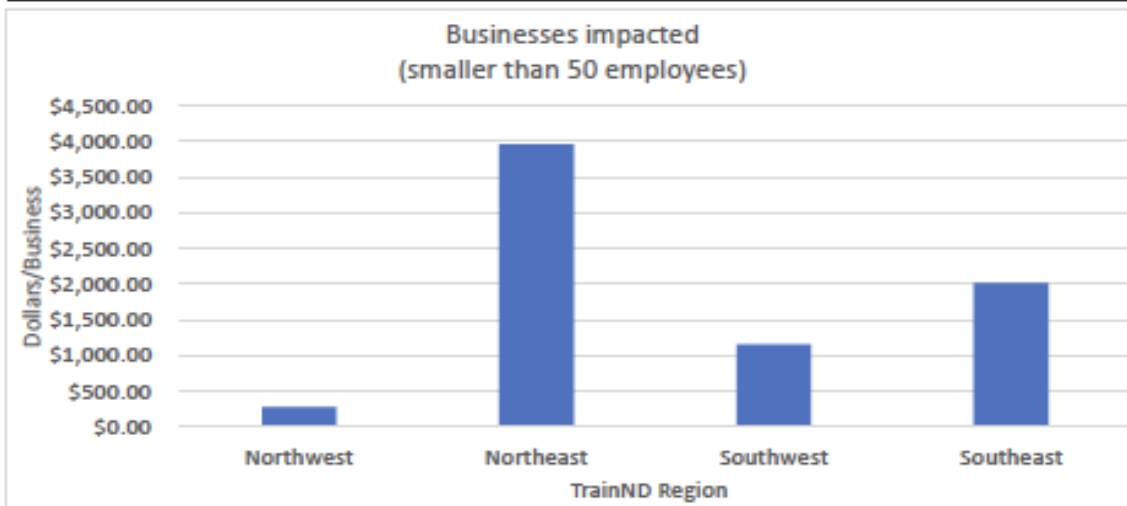
Business Impact

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

Businesses Impacted
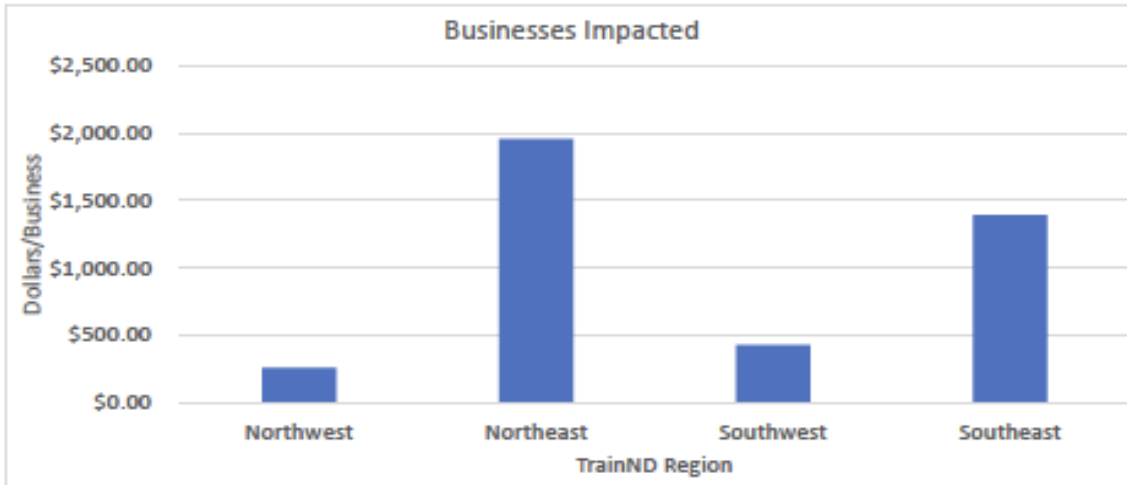
Business Impact (smaller than 50 employees)

TrainND Region	State Dollars/Business
Northwest	$275.84
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

Contact Hours
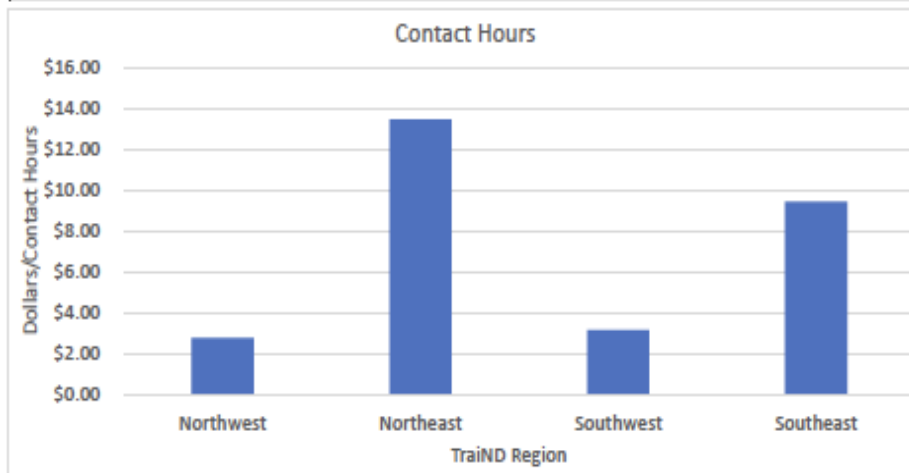
The next graph shows program revenue generated at TrainND Northwest is a solid investment as it generates $15.86 for every $1.00 invested by the state (only TrainND Revenue, not looking at tax revenue, etc). Sadly, this means that the students and industry partners seeking training at TrainND Northwest 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
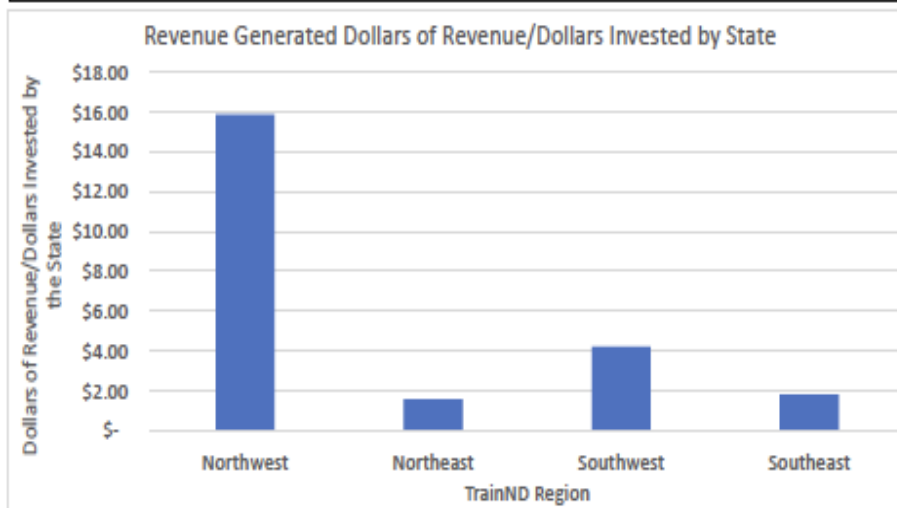
The next graph shows that the state is investing only $22.40 per unduplicated student and if we look at duplicated students the state is only investing $17.57 per student at TrainND Northwest. That seems like a very solid investment considering tax revenue coming out of the region and the type of workers trained at TrainND Northwest.
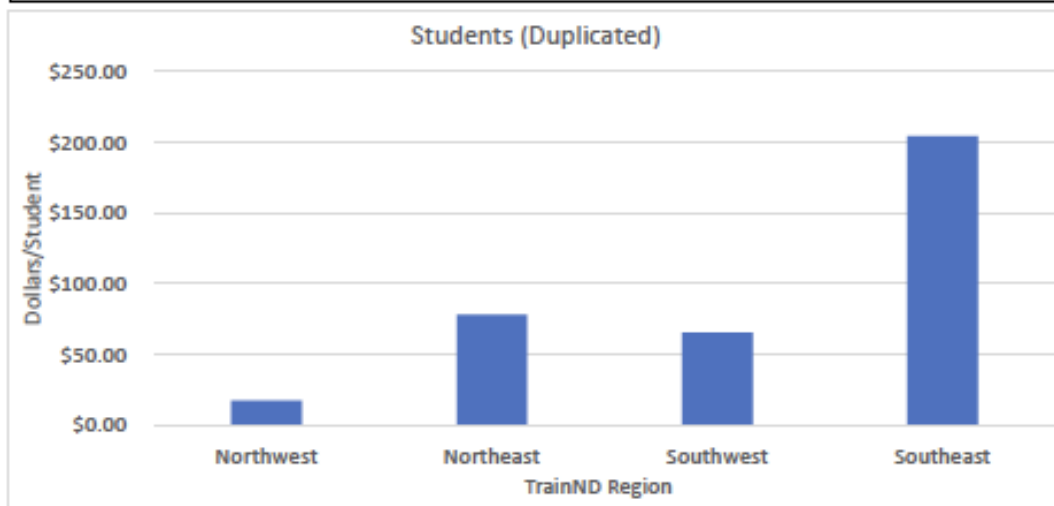
Students (Unduplicated)

TrainND Region	State Dollars/Student
Northwest	$22.40
Northeast	$88.01
Southwest	$83.95
Southeast	$352.02
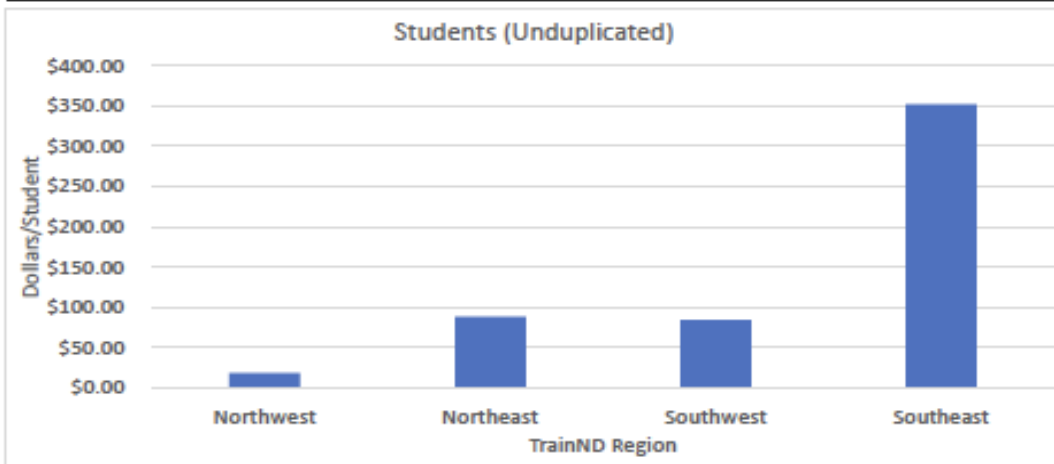
Students (Duplicated)

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.
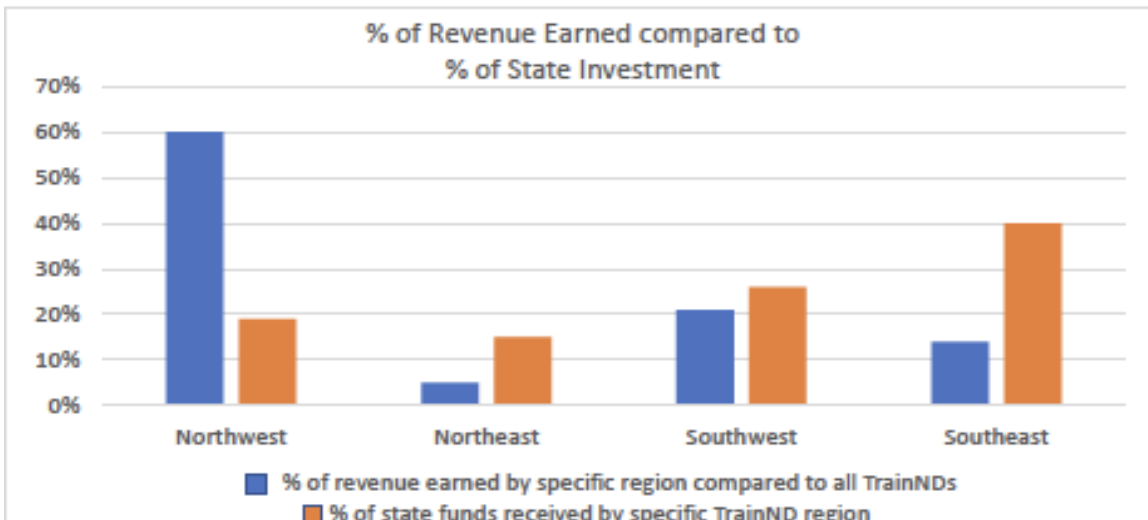
% of Students (Unduplicated) Compared to % of State Investment

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
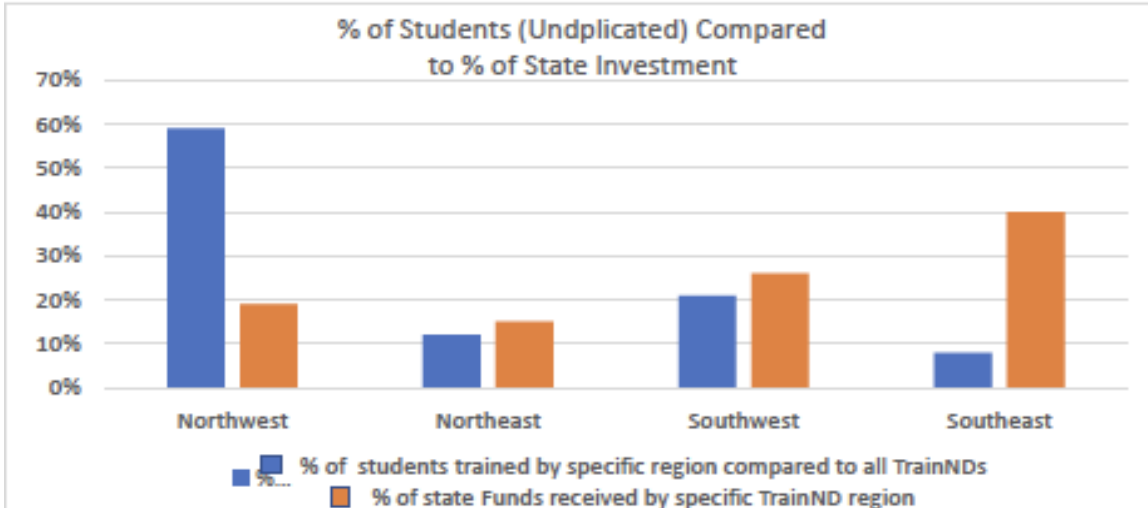
% of Revenue Compared to % of State Investment

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 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,

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