January 25, 2023

Senate Workforce Development Committee
Chairman Michael A. Wobbema
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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.
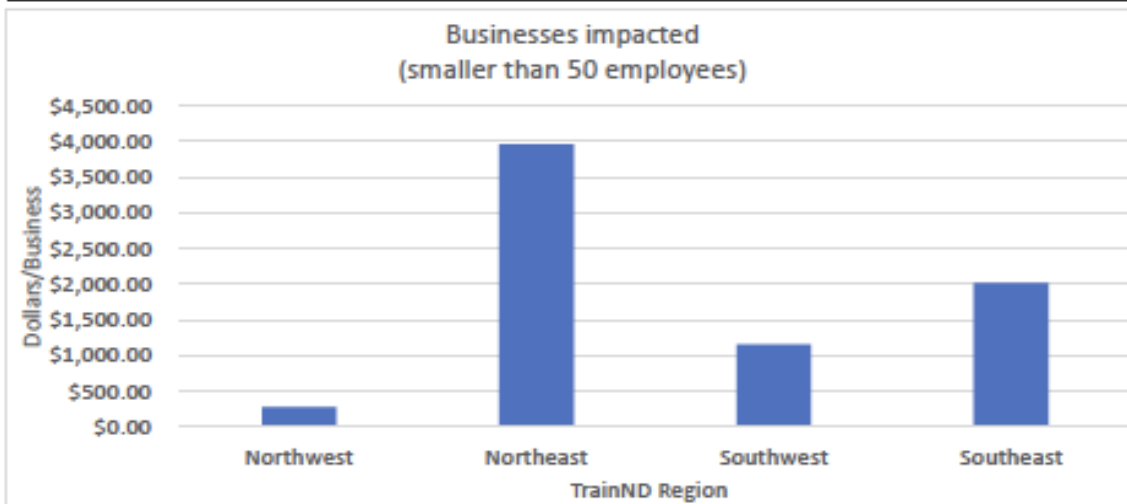
Business Impact

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

Businesses Impacted
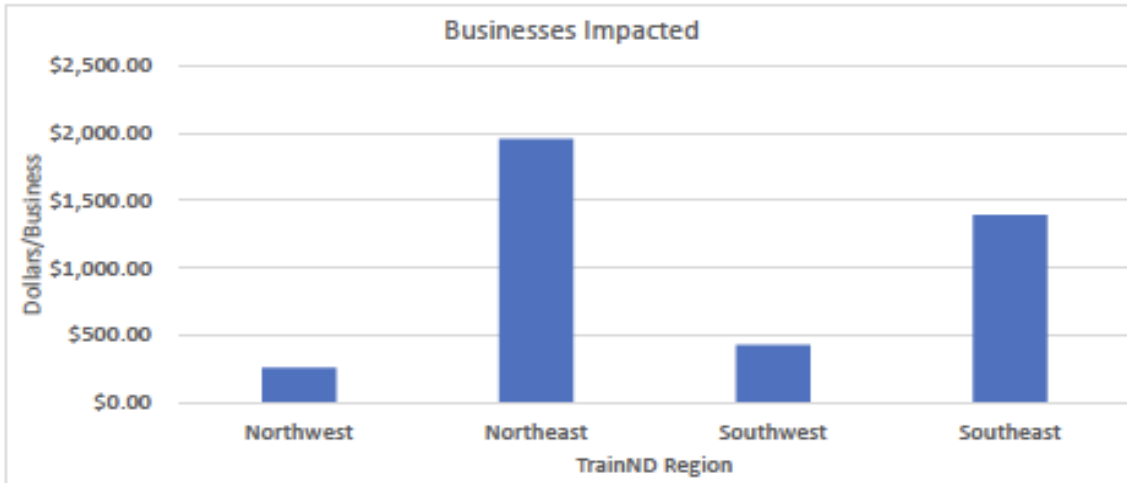
Business Impact (smaller than 50 employees)

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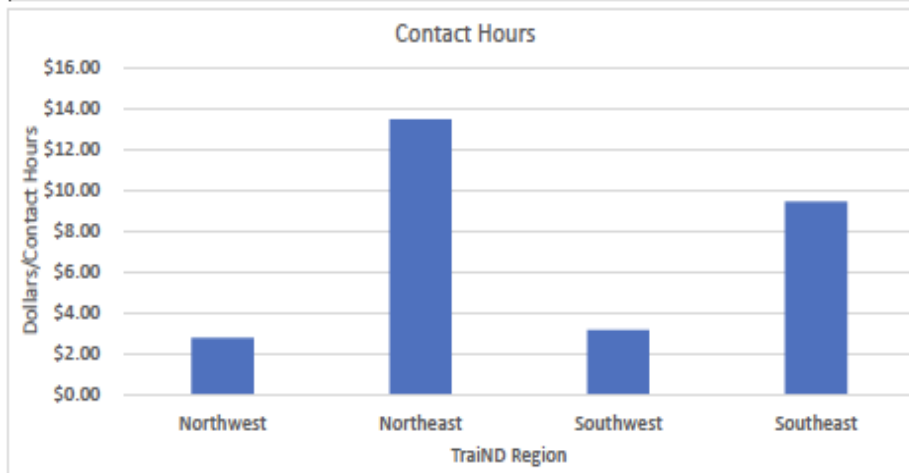
The next graph shows program revenue generated at TrainND Northwest is a solid investment as it generates $15.86 for every $1.00 invested by the state (only TrainND Revenue, not looking at tax revenue, etc). Sadly, this means that the students and industry partners seeking training at TrainND Northwest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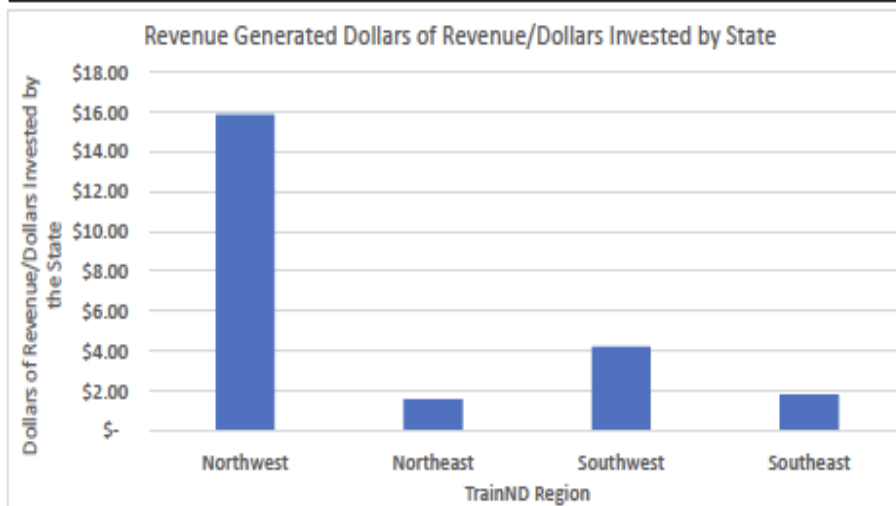
The next graph shows that the state is investing only $22.40 per unduplicated student and if we look at duplicated students the state is only investing $17.57 per student at TrainND Northwest. That seems like a very solid investment considering tax revenue coming out of the region and the type of workers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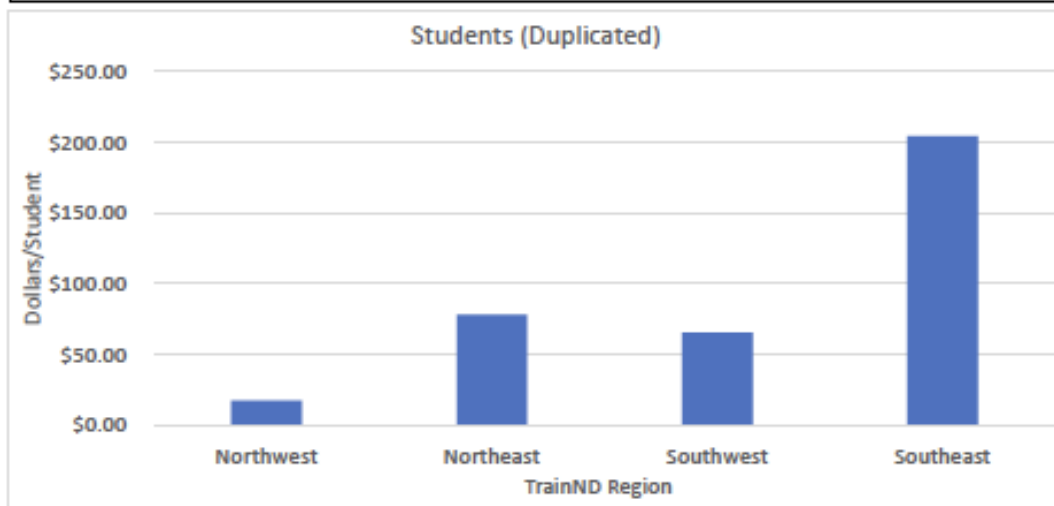
Students (Unduplicated)

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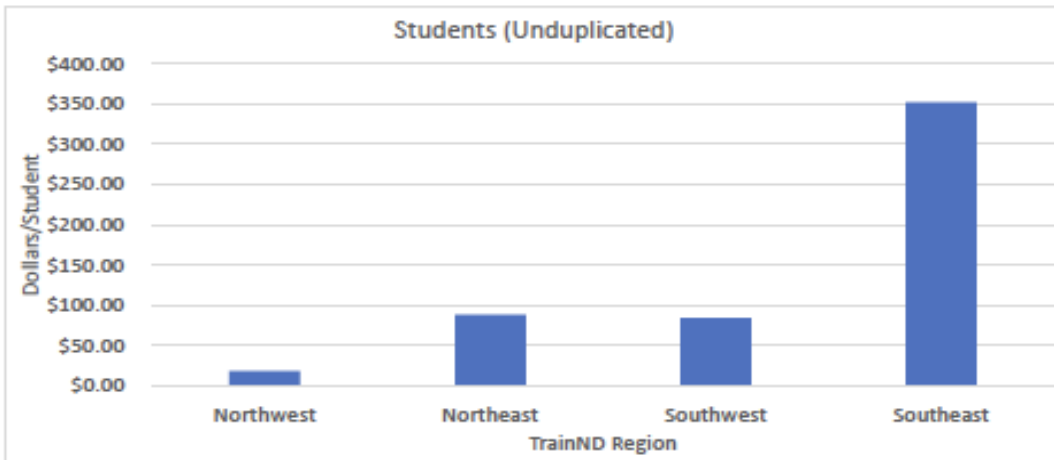
Students (Duplicated)

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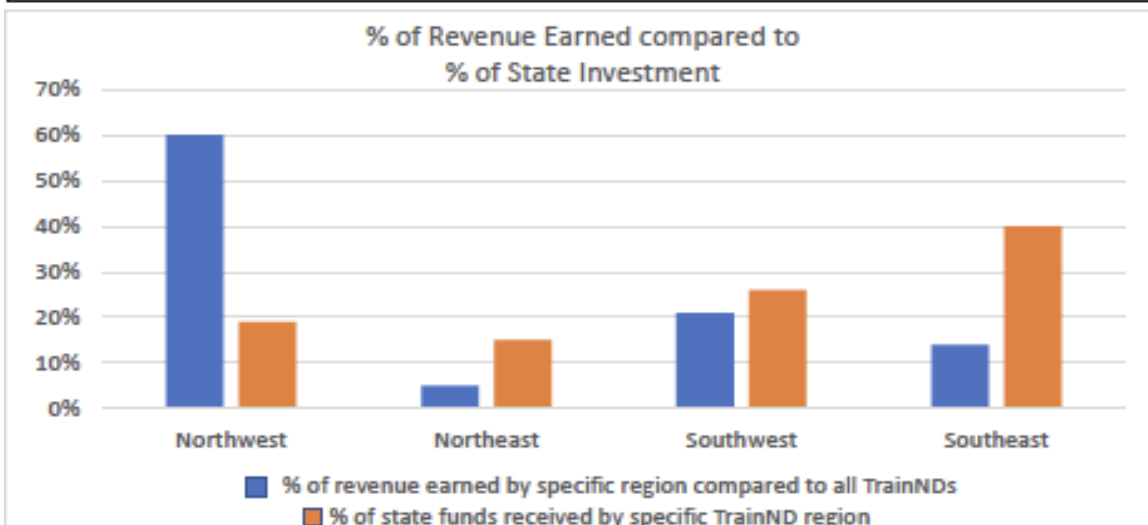
% of Students (Unduplicated) Compared to % of State Investment

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

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

■ % of students trained by specific region compared to all TrainNDs
■ % of state Funds received by specific TrainND region
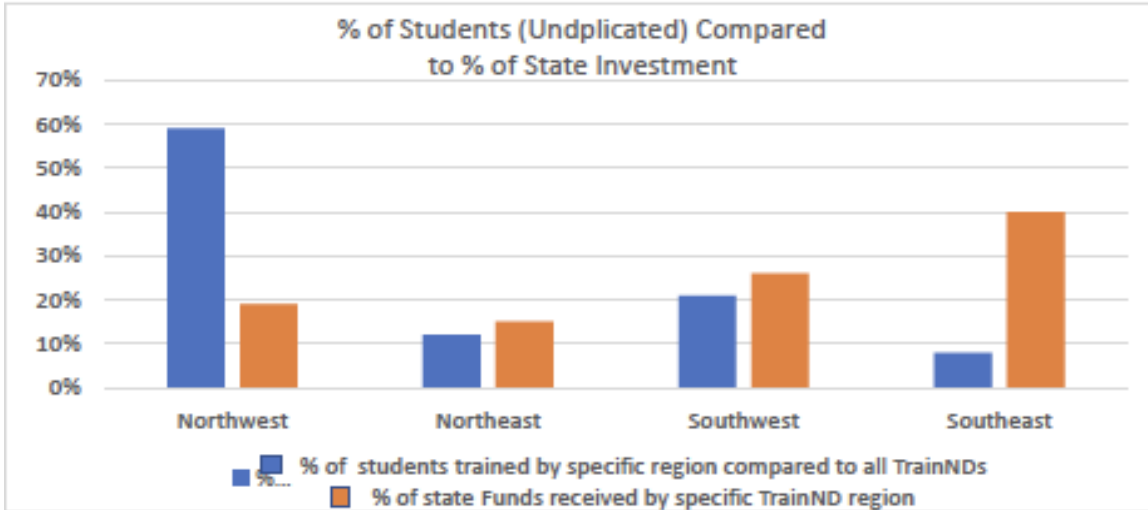
% of Revenue Compared to % of State Investment

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

% of Revenue Earned compared to % of State Investment

■ % 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,

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