



# North Dakota Legislative Council

Prepared for the Workforce Committee  
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## WORKFORCE TRAINING CENTER FUNDING DISTRIBUTION MODEL STUDY - BACKGROUND MEMORANDUM

Section 1 of Senate Bill No. 2122 (2023) ([appendix](#)) directs the Legislative Management to study the workforce training center funding distribution model. The study must include a review of the funding distribution model, consideration of statewide integration and alignment across workforce training centers, and consideration of awarding college credit for workforce training center-offered training.

### BACKGROUND

North Dakota has several workforce training centers that serve to train and prepare individuals to be productive members of the North Dakota workforce. The state invests in these workforce training centers through a program called TrainND. TrainND was created as a result of the recommendations from a 1998 task force formed to study best practices in surrounding states and develop a comprehensive workforce training program. The 56<sup>th</sup> Legislative Assembly enacted House Bill No. 1443 (1999), which provided for the creation of a workforce training board in North Dakota Century Code Chapter 52-08 and provided an appropriation for TrainND. The State Board for Career and Technical Education is tasked with administering the funds received from federal and state sources to fund career and technical education pursuant to Section 15-20.1-05. The State Board for Career and Technical Education is comprised of the members of the State Board of Public School Education, the Executive Director of Job Service North Dakota, and the Commissioner of Higher Education, or the commissioner's designee.

The 68<sup>th</sup> Legislative Assembly appropriated \$2.5 million to the Department of Career and Technical Education (CTE) for workforce training in House Bill No. 1019 (2023). Of that amount, \$500,000 was earmarked to defray expenses for salaries and wages of workforce organization employees. The historic general fund appropriations for workforce training are as follows:

Biennium	Amount Appropriated
1999-2001	\$875,000
2001-03	\$1,350,000
2003-05	\$1,350,000
2005-07	\$1,350,000
2007-09	\$3,000,000
2009-11	\$3,000,000
2011-13	\$3,000,000
2013-15	\$4,000,000
2015-17	\$3,000,000 <sup>1</sup>
2017-19	\$2,000,000
2019-21	\$2,000,000
2021-23	\$2,000,000
2023-25	\$2,500,000

<sup>1</sup> This amount subsequently was reduced by \$196,500 due to allotments.

The Department of Career and Technical Education allocates the appropriated funds to each of the four TrainND regions of North Dakota. The primary TrainND institutions in the state are located at Bismarck State College, Lake Region State College, North Dakota State College of Science, and Williston State College. Additional regional offices are located in Minot, Grand Forks, Jamestown, and Fargo.

### FUNDING DISTRIBUTION

The current funding formula divides the funds allocated to CTE for workforce training among the four TrainND regions based on covered employment figures from Job Service North Dakota. Covered employment consists of the total number of employees attached to employers in each of the four regions. During the 2021-23 biennium, the funds were allocated as follows:

TrainND Region	Fiscal Year 2021-2022			Fiscal Year 2022-2023			Biennium Total
	Base	Demand	Total Allocation	Base	Demand	Total Allocation	
Northwest	\$125,000	\$96,820	\$221,820	\$125,000	\$96,820	\$221,820	\$443,641
Northeast	125,000	77,140	202,140	125,000	77,140	202,140	404,281
Southeast	125,000	197,305	322,305	125,000	197,305	322,305	644,611
Southwest	125,000	128,734	253,734	125,000	128,734	253,734	507,468
Total	\$500,000	\$500,000	\$1,000,000	\$500,000	\$500,000	\$1,000,000	\$2,000,000

As introduced, Senate Bill No. 2122 (2023) proposed the biennial appropriation for workforce training be distributed to workforce training centers by the State Board for Career and Technical Education as follows:

- 50 percent distributed evenly among the workforce training centers;
- 40 percent distributed proportionally among the centers based on the number of workforce members trained in each region according to the statistics from the previous biennium; and
- 10 percent distributed proportionally among the centers based on the number of businesses in each region.

During the 2023 legislative session, the Senate Workforce Development Committee and the House Industry, Business and Labor Committee heard testimony relating to the workforce training center distribution model. The consensus from industry representatives indicated the current funding formula needs reconsideration. As a result, Senate Bill No. 2122 (2023) was amended to provide for this study.

### WORKFORCE DEVELOPMENT IN SURROUNDING STATES

#### South Dakota

In South Dakota, companies can access funds through the Workforce Development Program, administered by the Governor's Office of Economic Development, to help train new and existing employees who require additional skills due to company growth. The program operates on a reimbursement basis to fund up to 50 percent of eligible training expenses for companies that meet certain wage and benefit criteria.

#### Montana

In Montana, the Primary Sector Workforce Training Grant Program provides grant funds to primary sector businesses to train full-time and part-time workers in net new jobs. The Department of Commerce determines the size of the grant, and an applicant business is required to submit a budget to support training costs. The maximum grant award is \$5,000 for each net new full-time job and \$2,500 for each new part-time job. In exceptional circumstances, the Department of Commerce may consider a higher grant ceiling for jobs that will pay high wages and benefits if the need for higher training costs is documented. A grant provided under this program must be proportional to the number of net new jobs provided, the expected average annual wage of all jobs provided, and the underlying economic indicators of the region where most jobs will be created.

#### Minnesota

In Minnesota, the Minnesota Jobs Skills Partnership, administered by the Department of Employment and Economic Development (DEED), works with businesses, educational institutions, and nonprofit organizations to train or retrain workers, expand work opportunities, and keep high-quality jobs in Minnesota. The Commissioner of DEED distributes funds appropriated for the program for:

- Comprehensive job training and related services or job opportunities programs for economically disadvantaged, unemployed, and underemployed individuals, including persons of limited English-speaking ability, through opportunities industrialization centers; and
- The establishment and operation of these centers in Minnesota.

Comprehensive job training and related services include recruitment, counseling, remediation, motivational pre-job training, vocational training, job development, job placement, and other appropriate services enabling

individuals to secure and retain employment at their maximum capacity. The commissioner is required to establish criteria for the distribution of funds. The criteria must include requirements that:

- A program receiving state assistance involve residents in the area to be served by the program in the planning and operation of the program;
- A program receiving state assistance involve the business community in the area to be served by the program in its development and operation;
- The distribution of assistance among areas within the state be equitable, with priority being given to areas with high unemployment or underemployment;
- The financial assistance for job training to any program may not exceed 25 percent of the cost of the program, including costs of administration; and
- A program receiving financial assistance has adequate internal administrative controls, accounting procedures, personnel standards, evaluation procedures, availability of in-service training and technical assistance programs, and other policies necessary to promote the effective use of state money.

### **SUGGESTED STUDY APPROACH**

In conducting this study, the committee may wish to receive testimony from representatives from:

- The Department of Career and Technical Education;
- TrainND at Bismarck State College;
- TrainND at Lake Region State College;
- TrainND at North Dakota State College of Science;
- TrainND at Williston State College;
- Job Service North Dakota; and
- Surrounding states with differing workforce training funding models.

ATTACH:1



**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.