



November 9, 2021
House Appropriations
SB 2345

Katie Ralston, Director of Workforce Division, ND Department of Commerce

Hello, Chairman Delzer and members of the House Appropriations Committee. My name is Katie Ralston, and I serve as the director of the workforce division at the North Dakota Department of Commerce. In my role, I also have the pleasure of serving as the director of the industry-led Workforce Development Council. I'm here in support of the workforce proposals included in SB 2345, Section 1, subsections 38 and 39.

I would like to thank you for including such a generous funding level for workforce in this bill. Although my time with Commerce has been relatively brief, I have not seen dollars like this attached to dedicated workforce development projects or programs outside of education in my time with the State. With this funding, I am confident we will take a big step forward in meeting the workforce needs of North Dakota businesses, communities, and citizens.

Lack of available workforce is arguably one of North Dakota's greatest challenges and it's one that looks different in each part of the state, so a "one size fits all" solution is neither realistic nor feasible for meeting the workforce needs of employers across North Dakota. With a low unemployment rate and a high labor participation rate, businesses statewide are having a difficult time finding workers who have the skills necessary to fill their vacancies. We see businesses limiting their hours, changing the ways in which they operate, or closing their doors altogether, because they simply do not have the staff they need to maintain their operations. We have also seen North Dakota businesses choose to grow in other states rather than here at home for the same reason. In the last year, nine thousand North Dakota workers left the workforce due to retirements, lack of affordable childcare, individuals going back to school, or moving out-of-state. This number also includes the people who worked multiple jobs prior to the pandemic, who have since dropped to working just one, which further exacerbates the problem for employers, especially those in the hospitality industry.

Many problems are best solved at the local level and this one is no different; however, we don't currently have a mechanism to support the initiatives that communities and regions want to implement to address their workforce needs. By creating a one-time funding model to support regional workforce initiatives, we give local and regional leaders the opportunity to articulate their needs and the funding to address them.

All proposals for what we are calling the *Regional Workforce Impact Program* must be sustainable, innovative solutions to help businesses find workers, and help workers and jobseekers prepare for and connect to better, higher-quality and more family-sustaining careers.

Some examples of investments for which these funds might be used, include but are not limited to:

- Upskilling and/or reskilling initiatives for in-demand jobs, including educational classes and on-the-job training.
- Investments in childcare or related supportive services to assist employees in accessing new training opportunities and/or expanding and supporting their participation in the labor force.
- Providing career counseling or coaching services that aid employees in pursuing new training and employment opportunities.
- Capital investments, capital purchases or leases for new or renovated space to support the applicant's proposed program.
- Programs for recruiting and retaining workers may also be eligible as long as these proposals comply with ARPA regulations.

We support the funding amount of \$15 million as stated in the bill; however, a larger allocation of \$20 million for this program would be ideal as it will allow us to increase the funding we award to local projects. We believe the four to one match identified in the bill will demonstrate local commitment without creating major barriers to accessing the grant, as we know resources vary by community. To ensure equitable access to these grant dollars, we plan to reserve a portion of funds based on population of the eight planning regions, with each region having access to a minimum of \$1,000,000. Increasing the overall award for this program will in turn increase the minimum funding amount for each region and help create a balance of funding for both the rural areas of each region and the urban centers.

The eight planning regions will also be used to define the geographic lines of a 'region', although the impact of some projects may extend beyond those boundaries. This program will require coordination of multiple partners and resources, with eligible applicants including economic development organizations, cities, chambers of commerce, regional councils, and others.

To administer this program, Commerce is requesting to use \$318,643 of the program award through the 2023-2025 biennium.

The next program we will administer with a \$5,000,000 allocation is the Technical Skills Training Grant which we developed with Coronavirus Relief Funds (CRF). This program was initially designed to support the launch or expansion of accelerated skilled workforce training programs to help displaced workers develop the skills needed to pursue jobs in new fields. Although this program continues to successfully meet this need by supporting nearly 20 programs to date, many employers have asked about the ability to use this program to establish internal training programs which is not included in the intent of the Technical Skills Training Grant as it's currently written under CRF guidelines. The use of ARPA dollars will give us the ability to support incumbent worker training, in addition to creating more comprehensive onboarding programs,

and enhanced safety training, which is a need that was emphasized by the pandemic. We plan to use \$3,000,000 to support these training programs in addition to the type of new and accelerated re-skilling programs we've been funding throughout the last year. The Technical Skills Training grant will increase skilled workforce throughout North Dakota, create a pipeline for internal advancement in businesses, offset the cost of training new and existing workers, and enhance workplace safety. Each company or training provider will be eligible for up to \$50,000 with a 1:1 match.

Senate Bill 2345 identifies the option to use a portion of these funds for a workforce innovation program. We plan to use the remaining \$2 million in this allocation to ramp up our talent attraction efforts by taking a skills-based recruitment approach while targeting specific regions of North America to ensure we're recruiting workers who possess skills that match the needs of our employers; however, to make a more meaningful impact in recruiting individuals to the state, we could use an additional \$2 million in this program. These funds may be used to increase marketing in the top cities in which North Dakota graduates live or to hire contractors to help us expand our reach.

Thank you for your consideration of these dedicated workforce initiatives. I appreciate the opportunity to share our vision for how we will use these dollars to address North Dakota's workforce challenges and set our state up for success as we move into the future. I am happy to answer any questions you may have.