



Engrossed Senate Bill 2225

Senate Appropriations Committee

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Good morning Chair Holmberg and members of the committee. My name is Tammy Dolan, and I serve as the Vice Chancellor for Administrative Affairs for the North Dakota University System (NDUS). I am here to testify in opposition to Engrossed SB2225, solely because of the significant fiscal impact to the NDUS institutions.

The colleges and universities of the NDUS are proud to support and cultivate the skills that military students bring to the classroom, all while helping them achieve their personal and professional goals. Further, the NDUS recognizes veterans and service members as a valuable, talented, and skilled workforce. To that end the NDUS is committed in our support of recognizing the learning and experience that veterans and servicemembers bring to our institutions. Each NDUS college and university has staff designated to assist military members and their families navigate not only the educational benefits but also the array of support services available to them. These support staff are engaged in planning and organizing meaningful programs that foster awareness & recognition of student veterans and service members.

More recently, the NDUS led statewide efforts to review over 130 military courses for inclusion in the General Education Requirement Transfer Agreement (GERTA) Guide. The Guide serves as a formal agreement among the 17 public, private, and tribal institutions of higher education in ND, assuring students of greater transferability of specific military courses that have been mapped to general education categories in the areas of arts and humanities, communications, mathematics, science, social sciences, and technology.

The NDUS also supports veterans, service members and their families through tuition waivers. North Dakota Century Code (NDCC) contains two mandatory tuition waivers for veterans, service members and/or their families. NDCC 15-10-18.2 & 15-10-18.3 waives full tuition & fees at a ND public institutions of higher education for the surviving dependents of veterans who were prisoners of war, missing in action, killed in action or died from service-related causes, or have a 100% service-related disability rating. NDCC 37-07.1-03 waives 35% of tuition & fees for National Guard members attending a NDUS institution, which is in addition to other military education benefits provided by the National Guard. In the last two years, the NDUS institutions have provided more than \$3.0 million in tuition & fee waiver benefits to over 1,200 qualifying military members & dependents. Waiver costs have increased dramatically in recent years, as shown on the following table.

		2017-18		2018-19		2019-20	
		#	Amount	#	Amount	#	Amount
POW /KIA / Service-related death or disability	100% Tuition & fees	100	\$537,145	130	\$682,396	120	\$764,099
National Guard	35% tuition (25% prior to 7/1/2019)	414	483,477	469	587,815	519	1,006,559
Total Military Waivers		514	\$1,020,622	599	\$1,270,211	639	\$1,770,658
Increase from prior year					+24%		+39%

This bill relates only to the waivers for dependents of veterans with a service-related disability rating. The Department of Veterans Affairs (DVA) indicates that there are 1,213 veteran dependents in ND that meet the current 100%-disability rating criterion. In the 2019-20 academic year, the NDUS provided 120 waivers (10% of total eligible) to the eligible dependents at a cost of \$764,099 in waiver benefits.

Engrossed SB2225 would expand this tuition waiver to dependents of veterans with a 50% or greater service-connected disability. DVA data indicate the dependents of another 4,910 individuals would become eligible for the waiver benefit. Assuming the same 10% usage rate, the NDUS expects at least another 491 individuals would utilize the waiver.

Waiver rates would be equivalent to the individual's disability rating. For example, dependents of a veteran with a 60% disability rate would receive a 60% waiver. Using 2019-20 tuition rates, this redesigned waiver would cost \$6.5 million per biennium, which is a 400% increase from current levels. Of this amount, \$1.7 million is related to the current 100% tuition waiver. The expanded waivers will cost \$4.8 million per biennium. Engrossed SB2225 includes a \$3.8 million general fund appropriation, leaving a \$2.7 million unfunded mandate for the NDUS institutions.

On average, the State of ND provides about 25% of the funding required to operate our institutions. Tuition revenue covers another 25%, while grants, contracts and other local funds cover the remaining 50 percent. Waivers reduce the tuition revenue portion because institutions must provide the educational services without charging tuition & fees. Educational expenses such as faculty salaries that would normally be covered by tuition revenue end up being spread across other students or result in budget cuts.

In light of the 20% cut to state funding in 2017, increased expenses incurred due to COVID and enrollment uncertainties due to the pandemic and current economy, the institutions simply cannot absorb a \$2.7 million tuition revenue reduction. If the Legislative Assembly chooses to increase the education benefits for veterans, service members and their families, the NDUS respectfully requests that the appropriation be increased to cover the total cost of the waivers.

This concludes my testimony for Engrossed SB2225, and I will stand for questions from the committee.