



# **SENATE APPROPRIATIONS ENGROSSED HB 1003 TESTIMONY**

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State Board of Higher Education Vice Chair  
Tim Mihalick



# **SENATE APPROPRIATIONS HB 1003 TESTIMONY**

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NDUS Chancellor  
Mark R. Hagerott, Ph.D.

# NDUS 101

11 public institutions

- Five community colleges
- Four regional universities
- Two research institutions

Core Technology Services  
System Office

## Statewide Collaborative System



# What We Do

## Workforce

- Attract
- Train
- Re-Train
- Customized Training

## Diversify the economy

- New Industries
- Adapt to innovation

## Local Economic Engines (multiplier effect)

# Build Workforce and Help Support Economic Vitality



# What We Do

## Take care of people

- Nurses
- Teachers
- Social Workers
- Police/First Responders

## Create good citizens

- Preserve free speech in era of censoring of campus research, teaching, and student groups

## Create the "Caring" Workforce and Support Community Vitality



**Majority of NDUS grads enter the ND workforce and stay in the state**

# How We Serve the State

- Adaptable campuses, responsive to local economy and community
- Collaborative System of Transfer and Shared Courses (e.g., 2+2)
- Shared Services where it makes sense (learning software, cybersecurity)



Hundreds of certificates



Hundreds of academic programs – Associates to Ph.Ds



Delivery: Face-to-Face, Online, Hybrid



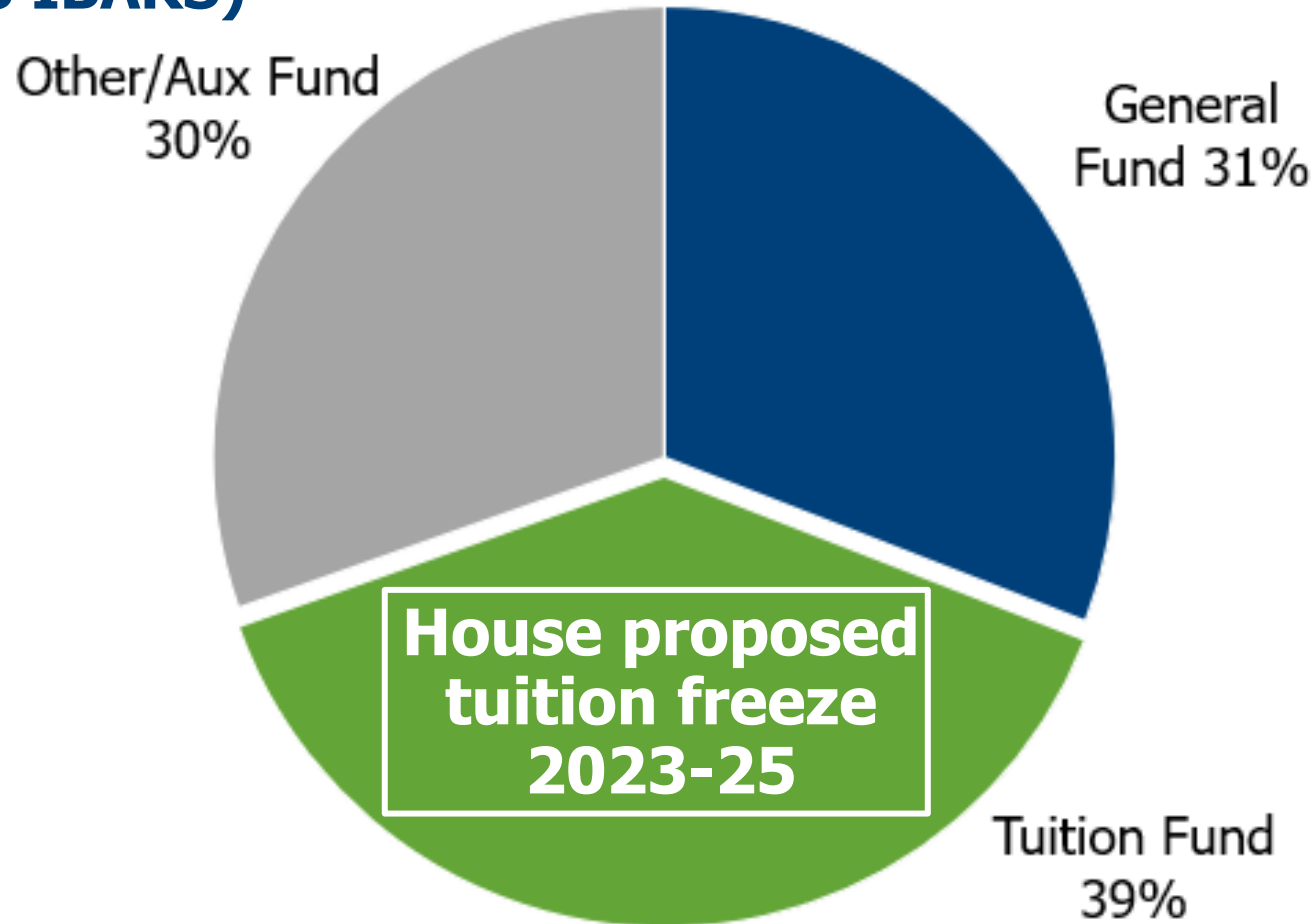
# Supporting Legislative and Executive Branch Efforts

- Workforce is Job One...43,500 students in workforce pipeline
- Attract 13,000 'out-of-state' students, all potential ND workers (and families)
- TrainND customized training
- Senior and community enrichment opportunities
- College for Kids – dual credit to high school students
- Community Vitality thru recreation and entertainment (theater, music, rodeos, and athletics)
- Support Tribal Colleges, underserved Rural Areas (e.g., DDA, online)

# Funding Salaries: Families Carry Heavy Load

## Tuition Covers More than 1/3 on Avg

(2021-23 IBARS)





# ■ Compensation After Past Inflation

*SBHE Request:*

**6 and 4-percent salary increases would have positive impacts on the workforce**

Retain staff and faculty

Attract Talent

Lift Morale

**House funded compensation at 4% and 4%**

**House supported student funded positions with tuition freeze and general funds**



# **SENATE APPROPRIATIONS ENGROSED HB 1003 TESTIMONY**

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North Dakota Student Association President  
Christopher Scott

# **ND Student Association**

- Keep tuition affordable to students
- Behavioral Health Initiative (\$3.6 million one-time in HB1003)
- Support Scholarships and Initiative that make college more affordable to students

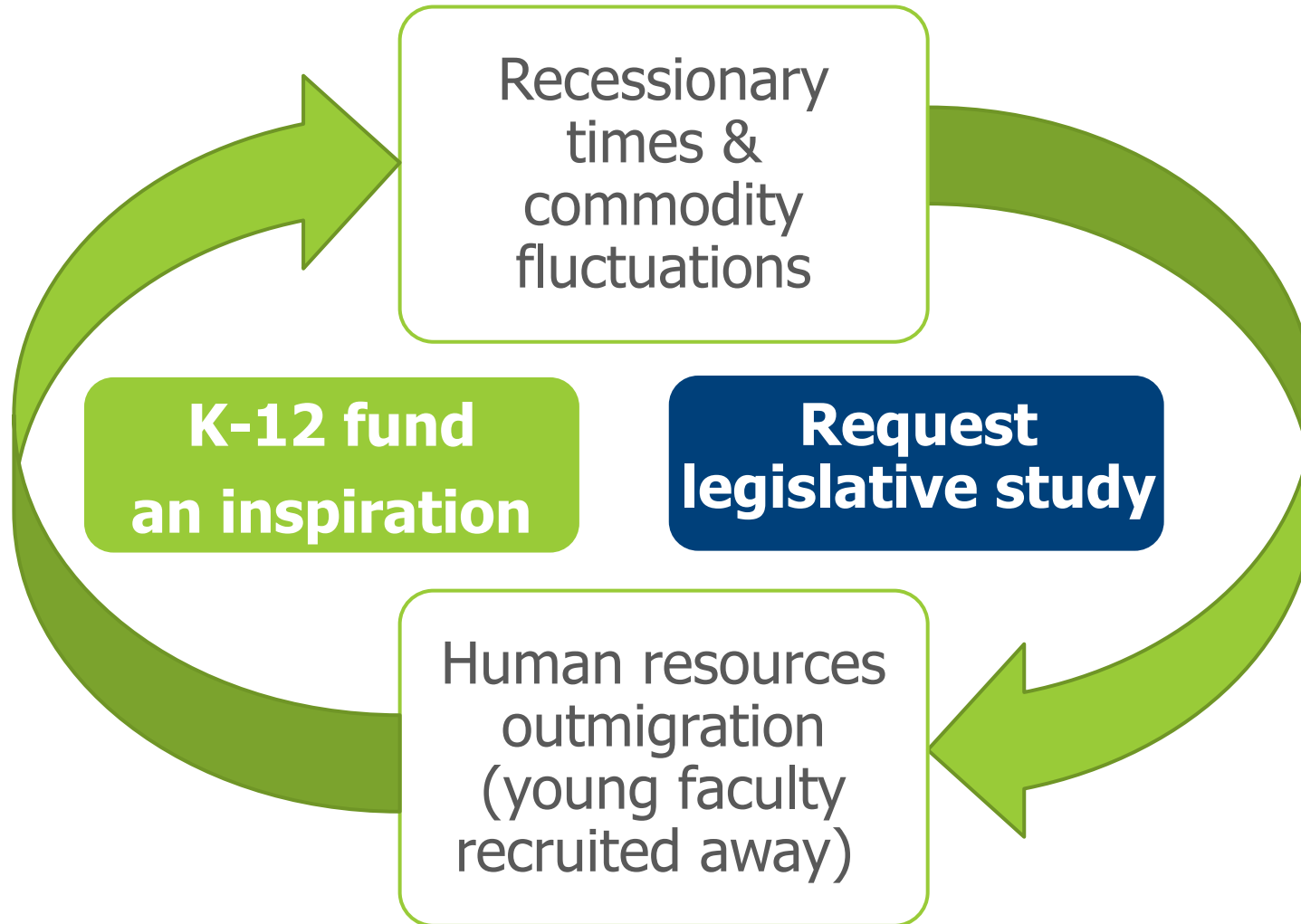
# Stabilizing Workforce, Communities, and Economy... our Grandparents challenge...



*Photos courtesy of Okla. Historical Society, U.S. Forest Service, and the N.C. Forest History Society.*

**Our Challenge Today: Stabilize Training & Education to Flourish  
in a modern Economy and reduce out-of-state poaching. How?**

# Stabilizing the Education of our People in a Commodity-Centric Economy during Unstable times



# Wise Legislative Precedent: Funding *Circuit Breaker* of Performance-Based Formula

(note: 2021 Legislative Interim Committee recommendation was to restore)

## Funding Formula

- Established 10 years ago
- Included 96% minimum amount payable
- Performance-based
- Student credit hours establishes campus funding

## Restore minimum amount payable

- Slows funding decreases if credit production drops
- Provides time to plan/ reduce operational costs
- Provides time for enrollment strategy & program adjustment to stabilize or increase credit production

## Current Status

- Minimum Amount Payable removed in 2021
- House restored minimum amount payable at 96%
- Requesting Senate to support 98%

## Responding to Energy Workforce Shortages: Oil & Gas Scholarships (pilot program)

- **Recruit** and train individuals to work in the ND energy industry
- **Retain** current energy workers to keep them in state with ND-funded scholarships that can **Re-Train**, or up-skill for ANY industry later
- **Build a Reserve** or 'bullpen' of workers ready to step into energy sector jobs as they become available



# Accelerate Adaption to Changing Economy

*Workforce Education Innovation Fund*

- SBHE requested \$24 Million
- Start-up funds to establish innovative high-demand programs to meet workforce needs
- Provides curriculum development, purchase of equipment and technology to train or certify new and existing instructors
- Promote programs to respond to workforce needs of the state



**HB1241 Defines Program**  
**HB1003 Provides Funding:**  
**\$10M**



# ■ Respond to Digitization



## House Support:

- Statewide Digital Program: Dakota Digital Academy
- Network security efficiencies by working systematically
- **In NDIT Bill:**
- North Dakota's Own Big Data: State Longitudinal Data System



# ■ Summary: Seek Senate Support

- SBHE endorses engrossed HB1003 with two exceptions – request Senate removes section 19 and section 20
- Restore Assistant Vice Chancellor – to work with SBHE Research Committee, the two research institutions, and Chancellor (\$425,000)
- Restore systemwide marketing of degrees/programs offered by the 11 institutions of the NDUS (\$900,000)
- Behavioral health – House supported one-time funding; request Senate support for permanent funding
- Minimum amount payable – House supported 96%; request Senate support 98%
- Campus inflationary costs (7.5%)



# **SENATE APPROPRIATIONS HB 1003 TESTIMONY**

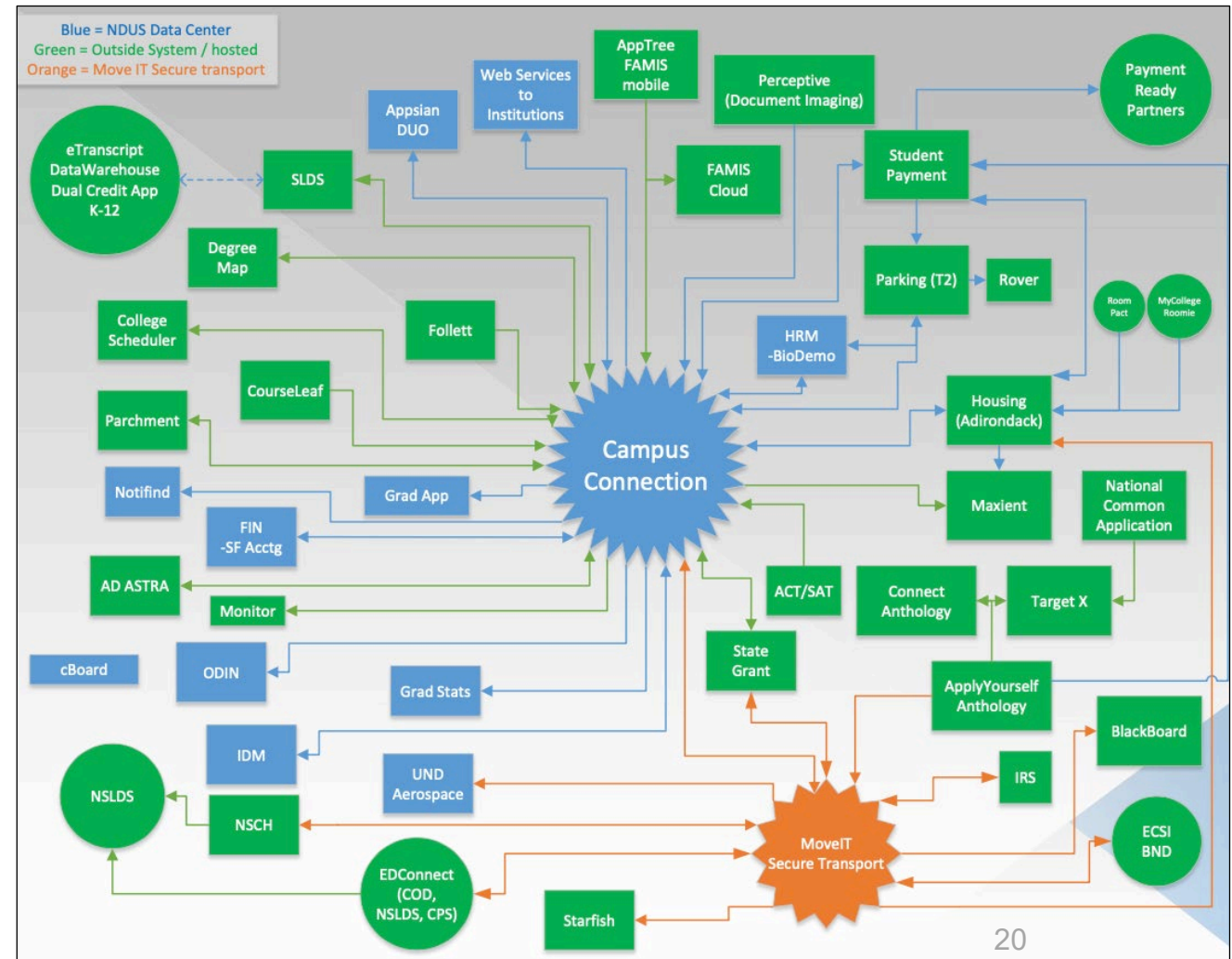
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Vice Chancellor for Information Technology / CIO

Darin King

# Consolidated, Resilient IT systems

- Student Information System
- Financial System
- HR System
- Security Operations Center
- Ancillary Systems



# ■ IT Challenges and Considerations

**Software costs have increased 23% since 2015**

- requesting \$3M adjustment to base general fund appropriation

**Continue to Strengthen Cybersecurity**

- NDIT Advanced endpoint \$1,000,000
- Advanced email security, \$100,000
- 2 FTEs, \$400,000





# **SENATE APPROPRIATIONS HB 1003 TESTIMONY**

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Vice Chancellor for Academic and Student Affairs  
Lisa A. Johnson



## Strength of NDUS Enrollment

- NDUS 2022 enrollment up; contrast 3% decline in national enrollment
- Seamless transfer and campus collaboration
- Future growth: dual credit, ND high school graduates, & returning adults

## Critical to Fulfilling Workforce Needs

- Certificate Programs – relevant, stackable, flexible
- 13,000 in-person, out-of-state enrollments
- 10,000+ graduates each year: majority in high need areas education, healthcare, and business
- HB 1003, Section 20: 30-day program approval is problematic and infringes on SBHE constitutional authority; request removal

## Paying for College

- Academic and CTE Scholarships
- ND Career Builders Scholarship and Loan Repayment
- Dual Credit Tuition Scholarship





# **Senate APPROPRIATIONS Engrossed HB 1003 TESTIMONY**

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Vice Chancellor for Administrative Affairs / CFO

David Krebsbach



# Higher Education Funding Formula

- Established during the 2013 North Dakota Legislative Assembly
- Cost-based funding model providing a fixed dollar amount per completed adjusted student credit hour
- Student Credit Hours(SCH) used are from the most recently completed biennium.(2023-25 calculation uses SCH from the 2019-21 biennium). This performance model rewards institutions for students' progress towards completion
- Completed SCH's are applied to instructional program factor weights which are then multiplied by a credit completion factor and then to a per credit dollar amount established in statute

2021 Credit Completion Factors			
Completed SCH	Factor	Completed SCH	Factor
< 30,000	1.80	120,000 - 129,999	1.20
30,000 - 39,999	1.70	130,000 - 134,999	1.15
40,000 - 49,999	1.60	135,000 - 179,999	1.10
50,000 - 59,999	1.50	180,000 - 239,999	1.05
60,000 - 69,999	1.40	240,000 +	1.00
70,000 - 119,999	1.30		



# Higher Education Funding Formula (Continued)

- 2021 Legislature implemented changes to establish the current factor as the new base. Credits above the base receive a 1.0 weighting factor.
- Two-year colleges paid at regional university rate for upper division SCH (polytechnic)
- Regional universities paid at two-year college rate for lower division CTE credits (dual mission)
- Capital investments are appropriated separately. The Legislative Assembly can appropriate additional amounts as necessary

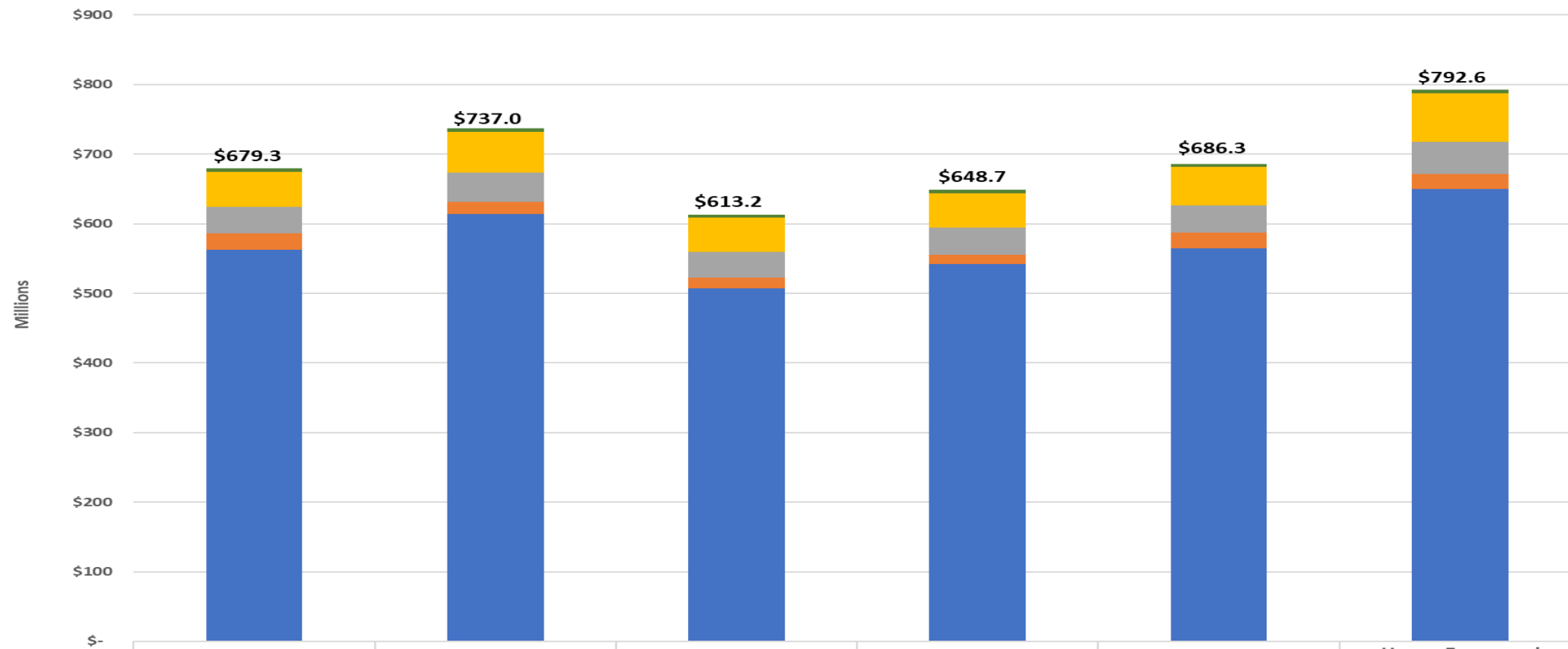
# Higher Education Funding Formula (Continued)

Institution	2019-21 Completed SCH	2019-21 Weighted SCH	WSCH Base Factor	Historical Base Factor	WSCH Growth Factor	Credit Growth Factor	2019-21 Adjusted SCH	2021-23 Base Per Credit Hour	Adjustments	Prelim 2023- 25 Base	2021-23 Base	2023-25 Base Incr/Decr	2023-25 Base % Incr/Decr
BSC	139,377	288,369	288,369	1.10	0	1.00	317,206	\$98.84	(\$111,780)	\$31,240,861	\$32,084,055	(\$843,194)	↓ -2.63%
DCB	31,746	56,796	55,050	1.80	1746	1.00	100,836	\$98.84	\$0	\$9,966,630	\$9,537,862	\$428,768	↑ 4.50%
LRSC	54,480	88,253	88,253	1.50	0	1.00	132,380	\$98.84	\$0	\$13,084,439	\$14,242,152	(\$1,157,713)	↓ -8.13%
NDSCS	106,401	246,809	246,809	1.30	0	1.00	320,852	\$98.84	\$0	\$31,713,012	\$35,714,792	(\$4,001,780)	↓ -11.20%
WSC	37,801	67,990	67,990	1.70	0	1.00	115,583	\$98.84	\$0	\$11,424,224	\$11,286,737	\$137,487	↑ 1.22%
DSU	60,000	152,927	152,927	1.50	0	1.00	229,391	\$92.60	\$0	\$21,241,607	\$20,242,730	\$998,877	↑ 4.93%
MASU	47,249	130,703	130,703	1.60	0	1.00	209,125	\$92.60	\$0	\$19,364,975	\$18,679,828	\$685,147	↑ 3.67%
MISU	128,850	382,912	382,912	1.20	0	1.00	459,494	\$92.60	\$0	\$42,549,144	\$41,206,630	\$1,342,514	↑ 3.26%
VCSU	67,531	179,920	172,389	1.50	7531	1.00	266,115	\$92.60	\$0	\$24,642,249	\$24,161,377	\$480,872	↑ 1.99%
NDSU	629,828	2,116,803	2,116,803	1.00	0	1.00	2,116,803	\$61.81	\$0	\$130,839,593	\$138,431,325	(\$7,591,732)	↓ -5.48%
UND	630,113	3,375,173	3,375,173	1.00	0	1.00	3,375,173	\$61.81	\$0	\$208,619,443	\$208,373,934	\$245,509	↑ 0.12%
<b>Totals</b>	1,933,376	7,086,655					7,642,958			\$544,686,177	\$553,961,422	(\$9,275,245)	-1.67%

# Higher Education Funding Formula (Continued)

			House Amendments to HB1003					
Institution	2021-23 Base Budget	Credit Production Changes	Cost to Continue 2021-23 Salary Increases	Funding Formula CTE Weighting Factor Adj. to 5.0 & Dental Hygiene moved to CTE	96% Minimum Amount Payable	Salary & Health Insurance Increases General funds 4%/4% & Tuition funds-6%/4%	2023-25 Engrossed HB1003	Percent Change
BSC	\$32,084,055	(\$843,194)	\$156,583	\$1,306,862		\$3,294,678	\$35,998,984	12.20%
DCB	9,537,862	428,768	49,819			1,004,926	11,021,375	15.55%
LRSC	14,242,152	(1,157,713)	65,404	412,756	175,271	1,362,972	15,100,842	6.03%
NDSCS	35,714,792	(4,001,780)	156,925	2,765,148		3,491,815	38,126,900	6.75%
WSC	11,286,737	137,487	57,105	322,613		1,186,035	12,989,977	15.09%
DSU	20,242,730	998,877	98,272			2,236,928	23,576,807	16.47%
MASU	18,679,828	685,147	89,590			2,039,303	21,493,868	15.06%
MISU	41,206,630	1,342,514	196,850			4,480,799	47,226,793	14.61%
VCSU	24,161,377	480,872	114,005			2,595,046	27,351,300	13.20%
NDSU	138,431,325	(7,591,732)	696,301		2,054,479	21,699,475	155,289,848	12.18%
UND	208,373,934	245,509	1,110,229			34,599,101	244,328,773	17.25%
SMHS-HWI	10,676,150						10,676,150	
<b>Total</b>	<b>\$564,637,572</b>	<b>(\$9,275,245)</b>	<b>\$2,791,083</b>	<b>\$4,807,379</b>	<b>\$2,229,750</b>	<b>\$77,991,078</b>	<b>\$643,181,617</b>	<b>13.91%</b>

# NDUS State General Fund Appropriations: Ongoing



	2013-15	2015-17	2017-19	2019-21	2021-23	House Engrossed HB1003
Forest Service	\$4,701,189	\$5,007,844	\$4,426,427	\$4,676,664	\$4,792,478	\$5,575,521
Financial Aid/Grants	\$50,342,238	\$58,290,312	\$48,799,546	\$49,561,460	\$55,117,460	\$69,739,137
Core Technology Svcs.	\$38,123,114	\$42,620,028	\$37,964,115	\$38,746,102	\$39,174,280	\$46,187,623
System Office	\$23,096,371	\$16,605,429	\$14,875,869	\$14,019,535	\$22,606,736	\$21,546,549
Institutions	\$563,008,934	\$614,453,986	\$507,176,197	\$541,664,044	\$564,637,572	\$649,583,817

# Budget Comparison: Needs-Based to Engrossed HB1003

North Dakota University System			
Base Budget - Needs-Based	Total SBHE Request	Engrossed HB1003	Variance from NDUS Request
	General Fund	General Fund	General Fund
<b>2021-23 Needs-Based Budget</b>	\$ 686,328,526	\$ 686,328,526	\$ -
Cost to Continue Salaries	3,033,698	3,033,698	0
State Bond Payments	(2,187,368)	(2,187,368)	0
Funding Formula - SCH Production Changes	(9,275,245)	(9,275,245)	0
Funding Formula -98% Minimum Amount Payable (House at 96%)	5,805,556	2,229,749	(3,575,807)
Legislative Funding Formula Change (CTE/Dental Hyg)	-	4,807,380	4,807,380
<b>2023-25 Needs-Based Budget</b>	<b>\$ 683,705,167</b>	<b>\$ 684,936,740</b>	<b>\$ 1,231,573</b>
Dollar Change from 2021-23	\$ (2,623,359)	\$ (1,391,786)	
Percentage Change from 2021-23	-0.4%	-0.2%	

# 2023-25 Investment Opportunities - Optional Adjustments Requests

Investments (General Fund Optional Adjustment Requests)		Total SBHE Request	House Budget	Variance from NDUS Request
<b>Systemwide Projects / Initiatives</b>				
	Workforce Education Innovation Grant Program - one-time	\$ 24,000,000	\$ 10,000,000	(\$14,000,000)
	Ed. Scholarships for Energy Workforce - one-time(SB2197)	10,000,000	5,125,000	(4,875,000)
	Behavioral Health Initiative (12 FTE's, 1 PTE, 4 interns) - base	3,640,624	3,640,624	0
	Veterans Program - base	177,000	177,000	0
	Operations 7.5% inflationary increase on funding formula - Base	40,859,847	0	(40,859,847)
	Salary 6%/4% increase plus health insurance increase (House at 4%/4%) & Tuition portion of Salary and health insur. Increases - base	84,152,090	81,243,225	(2,908,865)
	Executive Budget Salary Equity program(OMB Bill SB2015)	16,772,877	16,772,877	0
	Executive Budget Salary Equity program - Tuition portion(OMB)	9,129,043	0	(9,129,043)
	Systemwide Marketing Program - one-time	900,000	0	(900,000)
	Dakota Digital Academy - one-time	450,000	450,000	0
	Forest Service - Cooperative Fire Protection Initiative - One-time	187,000	187,000	0
	Forest Service - Forest recreation enhancement - One-time	200,000	200,000	0
	Native American Scholarship - base	0	444,677	444,677
	Student support for single mothers - one-time	0	4,500,000	4,500,000
	Northern Tier/High Performance Computing (NDSU/UND) - base	0	6,402,200	6,402,200
	NDSU Workforce Development Funding - one-time	0	4,800,000	4,800,000
	Challenge Grant - one-time	11,150,000	36,000,000	24,850,000
	UND Space Initiative - one-time	0	45,000,000	45,000,000
	Capital Building funds - one-time	19,000,000	29,000,000	10,000,000
	Capital Project Inflationary Increases - one-time	0	20,100,000	20,100,000

# 2023-25 Investment Opportunities - Optional Adjustments Requests

Investments (General Fund Optional Adjustment Requests)		Total SBHE Request	House Budget	Variance from NDUS Request
<b>NDUSO - Student Grants</b>				
	ND AC/CTE Scholarship funding shortage - Base (HB1382-\$399k)	1,000,000	1,399,000	399,000
	Dual Credit Scholarships - BND Profits	0	1,500,000	1,500,000
	Tribal College Grants	0	1,000,000	1,000,000
	Career Builders Scholarships/Loan forgiveness - BND Profits	0	15,000,000	15,000,000
	State Financial Aid Grant -(Needs based) - Base	0	12,000,000	12,000,000
	Financial Aid Systems - Licensing & Maintenance(\$1,554,354 implementation - One-time; \$273,180 annual cost - Base)(0.5-FTE)	1,827,534	1,952,534	125,000
<b>NDUSO - System Security &amp; Research</b>				
	CTS -\$3M Software contract increases; Security Operations Center(\$1M-NDIT charges; \$0.8M - 2-FTE;s & security software licenses in security Operations Center - Base	4,800,000	4,500,000	(300,000)
	Assistant Vice Chancellor - Research and Workforce - Base	425,000	0	(425,000)
	Capitol Building Rent	0	143,625	143,625
	NDUSO transfer to NDSU - (\$367,000 - 21-23 Biennium)	0	0	0
<b>Investments (Optional Adjustment Requests)</b>		<b>\$ 228,671,015</b>	<b>\$ 301,537,762</b>	<b>\$ 72,866,747</b>
<b>Total NDUS Request</b>		<b>\$ 912,376,182</b>	<b>\$ 986,474,502</b>	<b>\$ 74,098,320</b>





# Capital Budget

# 2023-25 Investment Opportunities – Capital Funding Request

- \$291 million Total Request
  - \$236.5 million general fund
  - \$54.5 million non-general fund
- Highest priority general fund project at each institution prioritized by:
  - % life safety & deferred maintenance
  - % of local funding
  - Projects address life/health/safety issues, deferred maintenance, and program driven needs. \$188.3 million in combined deferred maintenance and life/health/safety issues
- House Budget includes all SBHE requested first priority requested capital projects and all requested special fund authority capital projects.

# 2023-25 Investment Opportunities – Capital Funding Request

## 2023-25 Capital Project Recommendations from House

Institution	Institution Priority	SBHE Priority	Project Title	Project Total	Funding Source		Project Type
					Strategic Investment and Improvements Fund	Other Funds	
DCB	1	1	Old Main/Center for Rural Health Education	\$ 5,300,000	\$ 4,300,000	\$ 1,000,000	Major renovation to existing facility.
LRSC	1	1	Wind Turbine Gearbox Replacement	600,000		600,000	Equipment repair - Tier Funding (HB 1003 Section 41)
MaSU	1	1	Old Main Renovation	49,970,100	49,970,100		Major renovation to existing facility.
MiSU	1	1	Dakota Residence Hall Demolition	765,000	765,000		Removal of facility
DSU	1	2	Agriculture & Technical Education Building	18,000,000	17,100,000	900,000	Major renovation to existing facility.
NDSU	1	3	Engineering Building	84,000,000	59,000,000	25,000,000	New construction with major renovation to existing facility
VCSU	1	4	McCarthy Hall Renovation	13,500,000	11,500,000	2,000,000	Major renovation to existing facility.
UND	1	5	Science, Engineering, & National Security Corridor Planning & Demolition	82,000,000	57,400,000	24,600,000	Renovation, removal, and planning
BSC	1	6	Multipurpose Academic/Athletic Performance Center	31,500,000	29,900,000	1,600,000	New construction with demolition of existing facility.
NDSCS	1	7	Agriculture, Automation & Autonomous Systems	19,975,000	18,975,000	1,000,000	Major renovation to existing facilities and new construction.
WSC	1	8	Medical Healthcare Building	36,600,000	34,750,000	1,850,000	New Construction
UND			STEM Building	75,000,000	52,000,000	23,000,000	
MiSU			MiSU Academic	8,000,000	7,600,000	400,000	Nursing, computer science, math, science renovations
State General Fund Projects				\$ 425,210,100	\$ 343,260,100	\$ 81,950,000	

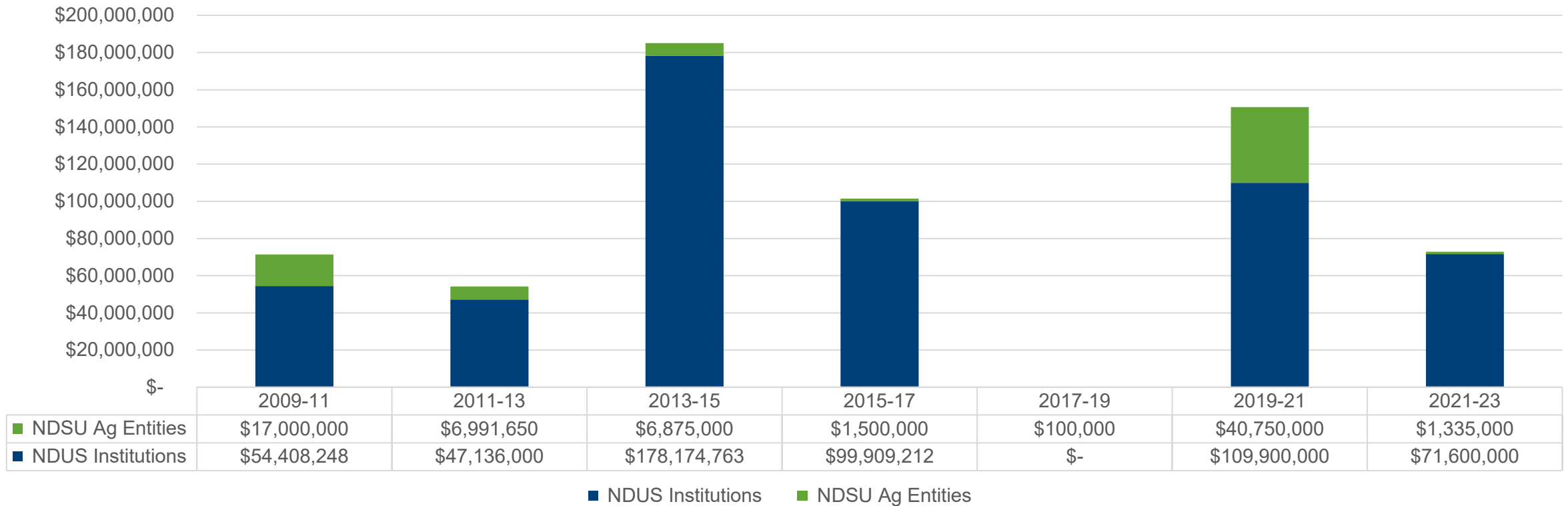
# 2023-25 Investment Opportunities – Capital Funding Request Non-General Fund Projects

## 2023-25 Capital Project Recommendations from House Non-General Funded Projects

INSTITUTION	PROJECT	COST	SOURCE OF FUNDS
NDSU	MUSIC BUILDING	20,000,000	DONATIONS
NDSU	SUDRO SMALL ANIMAL LAB	3,000,000	GRANTS/OTHER
VCSU	OSMON FIELD HOUSE	20,000,000	DONATIONS
VCSU	STUDENT CENTER R&R	2,000,000	DONATIONS
UND	EERC AMPF & ELEC. DIST.	33,000,000	\$30M LEASE REVENUE BONDS/\$3M LOCAL FUNDS
WSC	BASEBALL/SOFTBALL TURF PROJECT	7,313,939	DONATIONS
MiSU	STUDENT CENTER RENOVATION	3,100,000	STUDENT FEES
		<b>88,413,939</b>	

# Capital Project History – State Funded

**Capital Project Appropriations**  
All NDUS insitutions and NDSU agriculture entities  
Paid by State General Fund, Permanent Oil Trust Fund or State Bonds





# THANK YOU

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