

**SB2147**

House Appropriations - Education & Environment

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Brenda Zastoupil, Financial Aid Director, NDUS

701.328.2906 | [brenda.zastoupil@ndus.edu](mailto:brenda.zastoupil@ndus.edu)

Chair Nathe, and members of the House Appropriations Education & Environment Committee. My name is Brenda Zastoupil. I serve as the Director of Financial Aid for the North Dakota University System. I am submitting supporting testimony and information on SB2147.

This bill provides administrative amendments for several of the state scholarships and grant programs, and creates a new program called the Supplemental State Grant. State-funded financial aid programs are a critical component of affordability for students. In 2023-24, over 13,000 awards totaling \$25.6 million were issued to ND resident students attending institutions within ND. These awards also included students from other states who have committed to live and work in ND through the ND Career Builders Scholarship. Additionally, 233 awards totaling \$3.4 million were issued in student loan repayments to support workforce development through the ND Career Builders Loan Repayment program, to tribal institutions to support the education of non-beneficiary students through the Tribally Controlled Colleges Assistance Grant program, to ND resident qualifying for the Professional Student Exchange Program, and for the promotion of doctoral program in the state.

The bill provides for the following amendments:

- **ND Career Builders Scholarship & Loan Repayment**
  - Page 2, Subsection 4(c) & Page 5, Subsection 7 – Border state employers often have employees filling in-demand jobs in ND but who live across the border. This amendment would provide more flexibility to meet the goal of drawing critical workforce to ND.
  - Page 3, Subsection 10 & Page 6, Subsection 13 – Provides clarity as to what “private-sector” donor means.
  - Page 5, Subsection 8 – Currently, the ND Career Builders Scholarship program is forgoing matching funds as donors are unable to commit to the clause that the matching funds be repaid if the student fails to meet their obligation to the state. The proposed change would open matches to support in-demand occupations, including education. Additionally, this change would provide more options for employers to actively engage with the student through an agreement of their own, while supporting the student in their pursuit of a certificate or degree in an in-demand area. The state-funded portion of the scholarship remains as the student’s obligation.
  - Page 5, Subsection 8, Lines 24-25 – This is clean-up language as all students who are enrolled are also maintaining academic progress, which is stated in the latter part of the sentence. The criteria for holding a 2.5 cumulative GPA to receive payment is unchanged (see Page 5, Section 6).

- Page 5, Section 9 – On occasion, students enter qualifying programs of study and receive the ND Career Builders Scholarship but then transfer to another qualifying program of study. Current language states that a student must complete the program of study that they received funding for, or face repayment of the award. Students who transfer from one eligible program to another should not be penalized if they meet the intent of the program. As an example, a student who transfers from diesel technology to emergency medical services, and who fulfills their obligation to live and work within ND in an in-demand occupation, has truly met the spirit of the program. Currently this student would have to repay their award.
- **Supplemental State Grant** (Section 5, Page 7-8) – The ND State Grant is a need-based grant awarded to ND resident students demonstrating financial need based on the Free Application for Federal Student Aid (FAFSA) and estimated cost of attendance. The 5-year average number of awardees receiving this need-based grant is 6,329. The maximum grant for full-time enrollment is \$1,375 per semester or \$917 per quarter. Ninety percent of the awards are based on full-time enrollment, but the amount can be prorated for part-time enrollment. In 2023-24, 6,381 students were issued this need-based grant at a total of \$15.1 million.

This supplemental scholarship is designed to assist qualifying State Grant recipients in meeting their costs when the Federal Pell Grant and the base State Grant do not cover tuition. This supplemental award may only be issued if the student is first awarded a State Grant, and if total family income does not exceed \$80,000. It limits the award to fall and spring terms. It provides for eligibility at qualifying public, private and tribal institutions, as does the base State Grant, but limits the award to no more than the highest tuition rate in the NDUS (mirrors language for the ND Scholars Program).

An evaluation of the 2022-23 State Grant recipients and their total family income, as determined through the FAFSA, showed that 2,426 State Grant recipients would have qualified for this supplemental award. The estimated cost, after the base State Grant and Pell Grant were deducted from tuition was \$6.1 million. The biennial cost, therefore, would be \$12.1 million, which is reflected in Section 9 of the bill.

- Finally, this bill adds language to statute that directs the ND University System regarding situations wherein students who receive state scholarships or grants are awarded over total cost of attendance (COA) when all other non-repayable scholarships or grants are taken into consideration. COA includes tuition, fees, books, supplies/course materials/equipment, housing and food, transportation, daycare, miscellaneous, and other educational expenses. The amendment passed by House Education would allow the students to maintain their full award.