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Dr. Brian Van Horn, President  
Amber Hill, VPBA  
Mayville State University  
**HB 1161 Testimony**

**Mayville State stands in opposition to the original version of House Bill No. 1161**

Chairman Heinert and Committee Members,

Mayville agrees with the legislature's intent to ensure accountability and efficiency; however, this bill reduces the ability of MSU to be agile and adapt to changing markets, conditions and student needs.

This bill, if passed in its original version, hinders MSU's ability to manage our operations efficiently and effectively. House Bill No. 1161 proposes the establishment of a funding pool for vacant full-time equivalent (FTE) positions and mandates the transfer of appropriation authority for vacant and new positions to the Office of Management and Budget (OMB). Institutions would then need to request allocations from this pool to fill vacant positions or hire temporary employees, adding a layer of inefficiency and administrative red tape to the process.

The intent of this bill attempts to optimize resource utilization but does not acknowledge the dynamic and necessarily adaptive nature of our institution. Vacancies in higher education, much like any other sector, can result from retirements, resignations, terminations and grant-funded projects, yet our responsibilities do not go away with those individuals.

What is not considered is the need for MSU to fulfill our responsibilities through other channels when such a vacancy occurs, such as contracts and MOUs with other state entities, third parties and other NDUS institutions. The fulfillment of the duties through an operational line, or other pay lines in wages, does not align with the reduction of funds for vacancies in FTE.

Examples of areas that would be impacted for Mayville specifically include contracting for urgent student counseling services, student health services, accounting services to address critical business processes and operational continuity, critical procurement processes, athletic training needs, student recruitment targeting and additional auxiliary positions based on student service fluctuations.

If these vacant positions had been defunded/deauthorized, MSU's ability to quickly and efficiently fund the contracts from other operational line items that completed these responsibilities would have been difficult, if possible, at all. Additionally, with faculty vacancies that occur unexpectedly, current and planned courses still need to be filled, and those costs are typically shifted to adjunct and overload pay lines. This is not accounted for in the current language of the bill.

Additionally, turnover is a normal occurrence and can offer institutions a chance for strategic realignment in all roles, enhancing accountability. The restrictions imposed by this bill, as currently stated, could inadvertently delay critical processes, affect the quality of education, and hinder our ability to respond to emerging educational and workforce needs.

**We understand that the bill may be amended to allow for the following modifications:**

The funding pool for vacant FTEs could be held at each institution, rather than at OMB: this modification would eliminate the added administrative steps of OMB tracking and administering the funds, as well as the additional time and resources involved on the institutional side – both of which do not contribute to efficiency or accountability.

Access to and expenditure of these funds for other uses would be determined by the institution and would annually report on these funds and how they were used to the SBHE - not OMB: while this still creates a layer of administrative burden, reporting on the funds in place of losing them is a less restrictive measure that still produces the desired result of accountability.

It may apply to only newly created positions and not vacancies: New fte are already justified in the budget and legislative process, making this step redundant to existing processes.

Only the general fund portion of funding would be applicable: This increases the ability of MSU to fill critical auxiliary and grant funded positions, but not the vital faculty, staff and student service roles.

Maintaining flexibility in fulfilling FTE positions and managing operations by maintaining access to these funds allows the institutions to remain agile, meet accreditation standards, and ensure educational excellence.

MSU agrees with a culture of accountability and currently fosters this at every level of university operations.

MSU requests a Do Not Pass on HB1161 as originally proposed and shares the above impacts for additional consideration regarding anticipated amendments.

Thank you for the opportunity to present this testimony.

330 Third Street NE, Mayville, North Dakota 58257 • (701) 788-2301  
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