



Engrossed Senate Bill 2030

House Appropriations Committee -
Education & Environment Division

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Chair Monson and members of the Committee. My name is Lisa Johnson and I serve as the Vice Chancellor for Academic and Student Affairs for the North Dakota University System. I am here today to testify in support of the Challenge Grant program, but in opposition to Engrossed Senate Bill 2030 as it stands before you. The bill currently appropriates \$21.5 million from the general fund for the higher education Challenge Grant program authorized in N.D.C.C. 15-10-48 through 15-10-49; however, the engrossed bill attaches conditions to the matching funds which would largely eliminate the NDUS from receiving the appropriated funds.

The NDUS and its 11 institutions strongly support the Challenge Grant program, which was established by the 2013 Legislative Assembly to stimulate the spirit of philanthropy at the state's public colleges and universities. Funds can be used for scholarships, endowed chairs, technology, research, and educational infrastructure, although the main focus of the program has been student scholarships. Every \$1 in state funding must be matched with \$2 of eligible, private donations.

Since the program's inception, \$61.8 million in state dollars has been leveraged with private donations for a total investment of \$192.7 million. Of this total, \$115.7 million, or 60%, was dedicated to increasing student scholarships. \$21.4 was used to expand educational infrastructure, while the remaining dollars were directed to endowed chairs, technology, and research.

While the NDUS supports the portions of the bill that allocate \$20 million to the NDUS's public colleges and universities, Sections 2 and 5 of SB 2030 potentially render every NDUS college and university ineligible to participate in the Challenge Grant program. These sections are intended to deter institutions from entanglements with persons or entities that provide or promote abortions. However, the language added to the Challenge Grant in Sections 2 and 5 is both unclear and overbroad: "sponsoring, partnering with, applying for grants with, or providing a subaward" could exclude institutions for unwarranted reasons. Specifically, every institution in the NDUS has relationships with medical institutions or providers which, read broadly, could lead to a violation of this provision. Even if institutions were able to separate themselves from these long-standing and valuable partnerships, doing so would place health-related programs like nursing, allied health programs, medical technology, radiology, counseling and the UND School of Medicine and Health Sciences at risk, with fewer locations to conduct the required clinical portions of their training in a hospital or clinical setting. At present, NDUS healthcare-related programs have already cited difficulty in securing the necessary clinical training locations within the state, even without the

restrictions in Engrossed Senate Bill 2030. In essence, this would force health care program coordinators to assist ND students find limited in-state and out-of-state clinical settings that meet the strict definitional requirements of Engrossed Senate Bill 2030. It further opens the door to out-of-state and online providers who would not be subject to the requirements of SB2030 to enthusiastically scoop up all the vacated clinical locations at hospitals like Sanford, Altru, Trinity, and the Mayo Clinic who could not demonstrate compliance with these provisions — just to name a few. Further, there could be no internships in business, marketing, HR, accounting, communications, or computer science/technology in these same hospital or clinic locations whose partnerships or relationships would be compromised if this bill should pass. Ultimately, given the value of the NDUS institutions' relationships with these providers, some institutions may decide to forego Challenge Grant funds in the interest of maintaining these relationships. This could be catastrophic for the competitiveness of NDUS healthcare programs either way.

Ultimately, NDUS students, more than half of whom are North Dakota residents, are most impacted by Sections 2 and 5. With 60% of the total Challenge Grant funds awarded to date going to scholarships, we are deeply concerned about the impact of Sections 2 and 5 on students in a wide array of programs. The origins of SB2030 were rooted in attempting to make a public postsecondary education more affordable for students. Given that Sections 2 and 5 are not related to student scholarships, perhaps they could be better addressed in a more appropriate bill.

Section 4 – State Funding for Private Universities

As a general matter, whether and how the Legislative Assembly chooses to use state funds to support private universities is outside the NDUS' purview; however, the NDUS would like to draw the Committee's attention to several implications of Section 4 of Engrossed Senate Bill 2030.

The first point relates to potential problems ensuring fiscal and administrative transparency. State law requires the NDUS and its institutions to report and disclose all expenditures on request, including the detailed accounting of expenditure of all Challenge Grant fund distributions by institution. However, private institutions are not required to comply with that state statute, and the open records laws do not apply to private institutions.

The second concern regards open records protections. Information that could identify donors to NDUS institutions is statutorily protected by open records laws. However, this protection does not include private institutions and as such, records submitted to support a matching award to the private institutions would be fully open to the public.

And finally, the NDUS urges the Committee to consider the administrative difficulties facing the challenge grant review committee and the staff of the NDUS who assist with the distribution of Challenge Grant funds. The Legislature, the SBHE, and the Challenge Grant Committee have no



functional authority by which to conduct award administration and compliance oversight over private institutions of higher education, including what scholarship programs would be funded with state dollars or institutional priorities for fundraised dollars.

I respectfully request that Engrossed Senate Bill 2030 be amended to remove Sections 2 and 5 and to remove the private institutions from the engrossment. If these revisions are not approved, I regretfully request a **Do Not Pass on Engrossed Senate Bill 2030**.

Thank you for your time and consideration and stand for questions from Committee members.