

March 31, 2021

Senate Appropriations

RE: Testimony in Support of HB1380

Senators:

I am writing in support of HB1380 and specifically, the economic diversification to be realized by support of research and development through our state's college and universities, led by our two research universities, and the creation of a more robust economic base in our state. It goes without saying that our state has historically enjoyed the powerful economic drivers of agriculture and energy. However, the volatility of those two commodities, and the lack of other major economic drivers, leave North Dakota in a perilous position. If and when both of those drivers struggle at the same time, the implications are all too familiar to us.

Since coming to North Dakota in 2010, I have been surprised to find that North Dakota provides no discretionary support for research and development through its colleges and universities (other than directed resources to the EERC at UND, and agriculture at NDSU). In my experience, there are few if any states that provide no such support.

For the 2019 legislative session, the Valley Prosperity Partnership (VPP), a collective of statewide business leaders, called on NDSU and UND to develop a university-driven research support proposal. The universities complied, modeling their proposal after what is considered the national "gold standard" for such research and development initiatives – the Texas *Permanent University Fund* (PUF). It is provocative to note that the PUF was created in the 1800s as an endowment drawing on an oil extraction tax. The PUF, and the yield from its royalties, was created to assure that the state's two major research universities, Texas A&M and the University of Texas, could maintain robust applied research and development activities, funded by the state, regardless of the state's economy. That model has worked, and worked extraordinarily well, since its creation. On a long-term basis the PUF is generally credited as the foundation of the unusually diverse economy of that state.

The proposal developed by NDSU and UND, while modeled on the PUF, did make important adjustments to better fit North Dakota. As it was publicly introduced, the proposal received wide ranging state support. On its formal introduction to the legislature during the 2019 session, the Senate passed it overwhelmingly, although it did not succeed in the House.

The authors listened to concerns from House members, and made important responsive improvements for its reintroduction in the current session. Those improvements included more purposeful involvement of the other nine colleges and universities, and description of a clear linkage with the state's very successful "LIFT" legislation.

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We believe that North Dakota deserves and needs the economic diversification that can and will come from this support of discretionary higher education-based research and development. I enthusiastically encourage the Senate to support and take advantage of this proven approach to catalyzing and broadening our state's economy.

Thank you for your time and consideration of the above. I look forward to attending your hearing and will be available there to respond to any questions you may have.

Sincerely,

A handwritten signature in cursive script, appearing to read "Dean Bresciani".

Dean L. Bresciani, President
North Dakota State University