

Summary of Proposed Action State Board of Higher Education Meeting – January 26, 2023

- 1. Issue:** The NDUS is working with legislators and the Governor's office on the 2023-25 NDUS budget request. The budget presentations by Vice Chair Mihalick, the Chancellor and NDUS staff, and the 11 campus CEOs have gone exceptionally well and achieved their purpose: we collectively expressed NDUS appreciation for current and past legislative and executive branch support, but, all have highlighted areas where the system needs more help, and asked the legislators to help problem solve the shortfalls. With the publication of the Governors proposals and in light of MN initiative it is important to seek additional support for several additional sources of funding, including support for the tuition portion of the pay raise; support for compensation adjustments; support for the impacts of past inflation on operational budgets; and to make adjustments to the minimum amount payable.
- 2. Proposed actions:** Approve the revised 2023-25 NDUS budget initiatives as presented.
- 3. Background information:** The SBHE approved the 2023-25 NDUS legislative budget request on June 30, 2022. The budget as approved included support to work with the legislature and the Governors offices on the proposed compensation package and inflationary considerations for the NDUS entities. The budget initiatives below now include specific funding requests for the inflationary request and the compensation package proposed in the Governors executive budget recommendation. In addition, in working with legislators and the Institution Presidents we are now requesting a change in the minimum amount payable from a 96% level to a 98% level. A new request for support of the Governors recommended salary equity program of \$40 million for NDUS entities with NDUS request for tuition portion covered with general funds.

Revised 2023-25 NDUS legislative request:

- Original request: SBHE supports the Governor and Legislative Assembly providing a minimum 5% annual salary increase for each year of the biennium and supports general funds to offset the tuition portion of the compensation package. Revised request: Requesting State to cover the Governors recommended compensation package(6%/4% salary and health insurance) including the tuition related increase of \$43.5M.
- NDUS requests additional \$12.3M to cover tuition cost of Governors proposed equity plan for employees. Total of \$40M across the NDUS.
- SBHE supports an NDUS inflationary increase of 7.5% on the funding formula; \$40.9M; BSC-\$2.4M; DCB-\$0.7M; LRSC-\$1M; NDSCS-\$2.4M; WSC-\$0.9M; DSU-\$1.6M; MaSU-\$1.5M; MiSU-\$3.2M; VCSU-\$1.9M; NDSU-\$9.8M; UND/SMHS-\$15.7M).
- Restore minimum amount payable at 98% of prior biennium base funding.
 - a. Original request: 96% - \$5.2M (\$0.6M LRSC; \$2.6M NDSCS; \$2.1M NDSU)
 - b. 98% - \$9.2M (\$0.2M BSC; \$0.9M LRSC; \$3.3M NDSCS; \$4.8M NDSU)

Investments (General Fund Optional Adjustment Requests)		Total NDUS Request
Systemwide Projects / Initiatives		General Fund
	Workforce Education Innovation Grant Program - one-time	\$ 24,000,000
	Education Scholarships for Energy Workforce - one-time	10,000,000
	Behavioral Health Initiative (12 FTE's, 1 PTE, 4 interns) - base	3,640,624
	Veterans Program - base	177,000
	Dakota Digital Academy - one-time	450,000
	Systemwide Marketing Program - one-time	900,000
	Forest Service - Cooperative Fire Protection Initiative - One-time	187,000
	Forest Service - Forest recreation enhancement - One-time	200,000
NDUSO - Student Grants		
	ND AC/CTE Scholarship funding shortage - Base	1,000,000
	Financial Aid Systems - Licensing & Maintenance(\$1,554,354 implementation - One-time; \$273,180 annual cost - Base)	1,827,534
NDUSO - System Security & Research		
	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
	CTS - \$2M Data Warehouse and Predictive Analytics	2,000,000
	Assistant Vice Chancellor - Research and Workforce - Base	425,000
Investments (Optional Adjustment Requests)		\$ 49,607,158

- SBHE supports Capital Building funds, Challenge Grant program, Research funding stream and a Higher Education Stabilization fund.
4. **Financial implications:** Detailed above.
 5. **Legal/policy issues:** None
 6. **Academic issues:** None
 7. **Coordination:** Institutions
 8. **Attachments:** None
 9. **Contact information:** David Krebsbach, Vice Chancellor for Administrative Affairs/CFO 701-328-4116, david.krebsbach@ndus.edu
 10. **Chancellor's recommendation:** Chancellor Hagerott recommends approval