

**North Dakota University System
HB1003 Sections 9 & 19 Request
3/31/2023**

The SBHE voted on 2/23/2023 to support **HB1003**, except for two areas. The SBHE **opposes Sections 9 & 19** because they hamper both the SBHE's constitutional responsibilities for institutional administration as well as the operations of the SBHE System Office. **The SBHE requests the Senate remove these sections.**

The sections require Emergency Commission and Budget Section approval before the SBHE could provide a severance package to a college or university president. Additionally, the severance package costs must be paid from the System Office operating budget. As written the sections:

1. Virtually eliminate the SBHE's ability to negotiate the exit of a president in the rare case a contract is non-renewed or otherwise ended. Quarterly meetings of the Emergency Commission & Budget Section would not necessarily align with the non-renewal timelines. The Governor, Commission members and legislators would be intricately involved in the termination process. Presidential contract negotiations would be conducted in public meetings rather than in executive session and then broadcast across the State during Budget Section meetings.
2. Require any future severance agreements be paid from the System Office budget but do not provide an appropriation. The SBHE would be forced to take dollars from the operating budget, which is nearly 80% salaries & wages, and potentially be forced to cut staff to off-board a president. This would hamper the Office's ability to fulfill statutory and board-directed duties.

While the SBHE prefers Sections 9 & 19 be removed entirely, if the Legislature determines the System Office should pay off-boarding costs, an appropriation is needed to cover severance costs and potential legal expenses. We request amendments as shown on the following page. The amendments would:

- Remove Emergency Commission & Budget Section approval in Section 19
- Define what costs are considered part of a severance agreement
- Add a \$750,000 appropriation line in the System Office budget for executive severance agreements
- Add session law to clearly explain when & how the new appropriation line can be used
- Remove Section 9