



Senate Appropriations - Government Operations Division

January 20, 2023

David Krebsbach, Vice Chancellor for Administrative Affairs & CFO

Chairman Wanzek and members of the Committee. My name is David Krebsbach, and I serve as the Vice Chancellor for Administrative Affairs & Chief Financial Officer of the North Dakota University System (NDUS). **I am providing testimony in support of SB2015, specifically the equity funding pool, on behalf of the North Dakota University System and its eleven institutions.**

The State Board of Higher Education (SBHE) recognized challenges in talent recruitment and retention as a top strategic priority for 2022-2023. Retaining current employees and recruiting new employees has become increasingly challenging because salaries are often below private sector market rates. Additionally, higher wages needed to hire new employees has caused compression with existing employee salaries that must be corrected.

Turnover rates are also increasing. The overall systemwide average was 15.7% in 2022, the highest rate in the last decade. Several individual campuses reported all-time high turnover rates of 25 – 30%. Exiting employees of the NDUS are encouraged to participate in an exit survey. 2021-2022 participating employees listed salary as their #3 reason for leaving. Opportunity for advancement and quality of leadership were the top two reasons.

The NDUS implemented a total rewards survey in the fall of 2022, similar to the survey deployed at the state agencies. The survey had a 56% response rate (3,971/7,144 regular, benefited employees.) Employees identified employer paid healthcare, increased salary and the retirement plan as the most important items in their total rewards package. The top requested change was “more competitive pay.”

The NDUS would utilize the equity dollars to address these concerns. OMB has indicated that the NDUS would receive \$41.2 million of the proposed funding pool, with \$20.6 million from the general fund. The remainder would be special funds authority, which for higher education is derived from tuition paid by students & their families. This would require a tuition rate increase. **We would ask the committee to consider increasing the general fund portion to enable the NDUS to minimize tuition increases.**

The NDUS would gladly provide additional information to the committee if needed. **I respectfully request the committee support SB2015 and the \$90 million equity pool.**