



# **HOUSE APPROPRIATIONS HB 1003 TESTIMONY**

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State Board of Higher Education Vice Chair  
Tim Mihalick



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NDUS Chancellor

Mark R. Hagerott, Ph.D.

# NDUS 101

11 public institutions

- Five community colleges
- Four regional universities
- Two research institutions

Core Technology Services  
System Office

## Statewide Collaborative System



# What We Do

## Workforce

- Attract
  - Train
  - Re-Train
  - Customized Training
- ## Diversify the economy
- New Industries
  - Adapt to innovation

Local Economic Engines  
(multiplier effect)

# Build Workforce and Help Support Economic Vitality



# What We Do

Take care of people

- Nurses
- Teachers
- Social Workers
- Police/First Responders

Create good citizens

- Era of censoring of campus research, teaching, and student groups

## Create the "Caring" Workforce and Support Community Vitality



Majority of NDUS grads enter the ND workforce and stay in the state

# How We Serve the State

- Adaptable campuses, responsive to local economy and community
- Collaborative System of Transfer and Shared Courses (e.g., 2+2)
- Shared Services where it makes sense (Learning software, cybersecurity)



Hundreds of academic programs (2 yr to Ph.D)



Hundreds of certificates



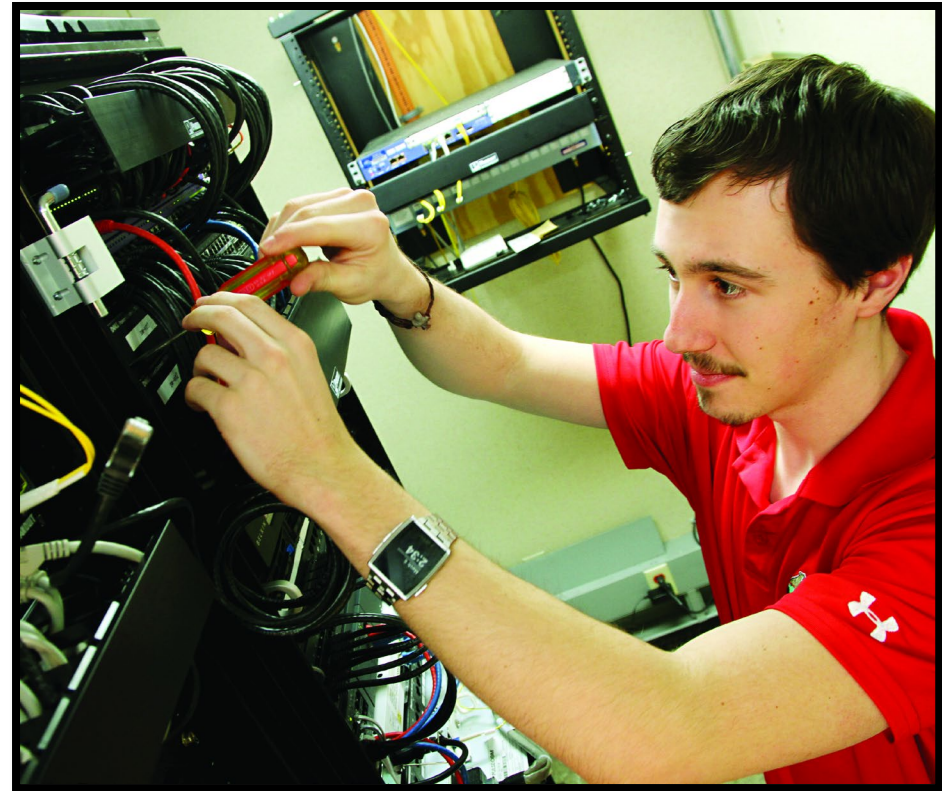
Delivery: Face-to-Face, Online, and Hybrid

# Supporting Legislative and Executive Branch Efforts

- Workforce is Job One...43,500 students in workforce pipeline
- Attract 13,000 'out-of-state' students, all potential ND workers (and families)
- TrainND customized training
- Senior and community enrichment opportunities
- College for Kids – dual credit to high school students
- Community Vitality thru recreation and entertainment (theater, music, rodeos, and athletics)
- Support Tribal Colleges, underserved Rural Areas (e.g., DDA, online)

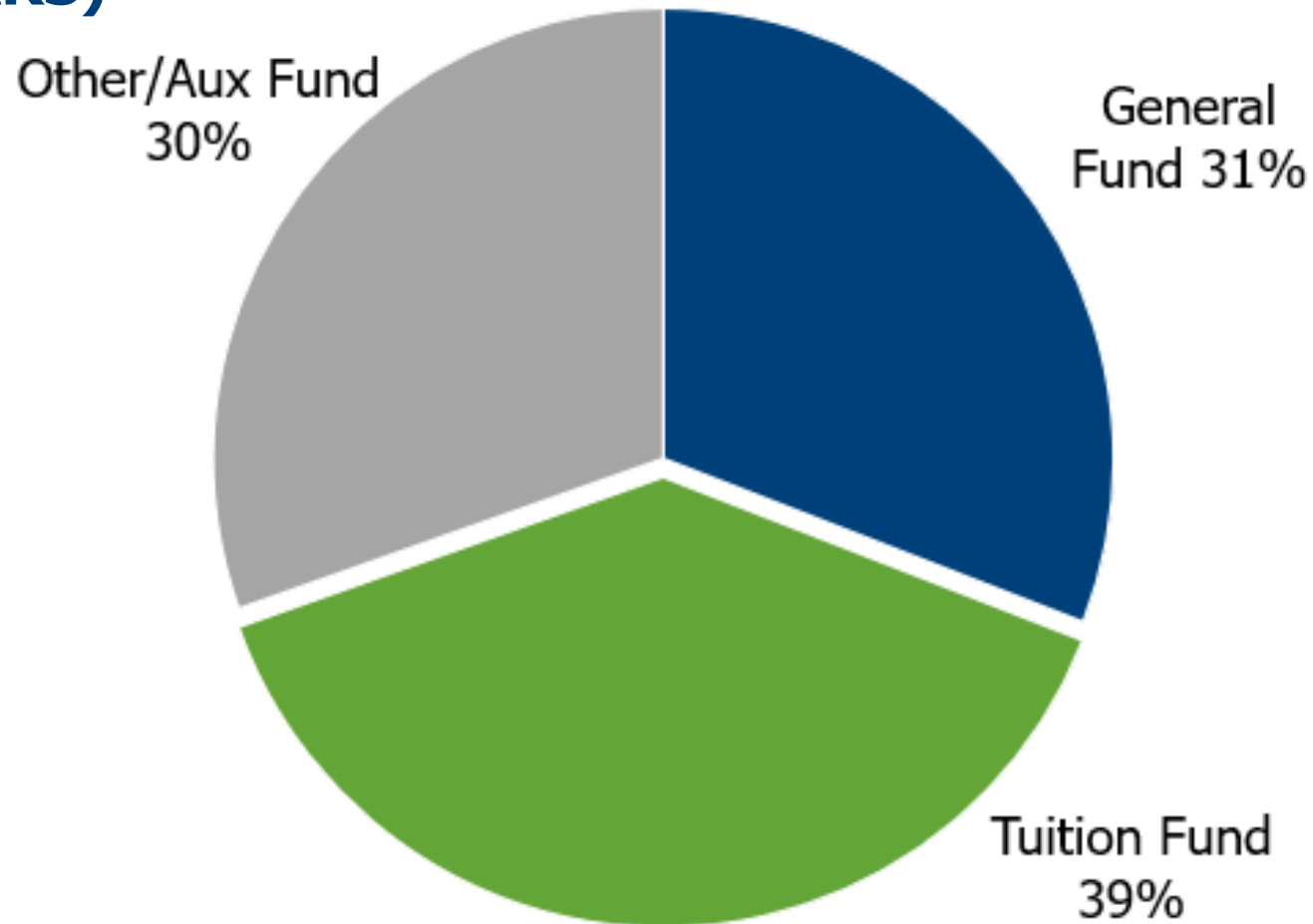
# ■ Summary of Campus Priorities

- Support for Workforce Development Mission (emphasis on healthcare, agriculture, engineering)
- Research & Innovation Competitiveness with other states
- Behavioral Health of our young people
- Funding Formula Adjustments
- Compensation/Equity Gaps
- Past Inflation Impacts of 2021-2022





# Salary Funding Sources: families carry a heavy load (over 1/3 on average) (2021-23 IBARS)



# ■ Compensation After Past Inflation

**6 and 4-percent salary increases would have positive impacts on the workforce**

Retain staff and faculty

Attract Talent

Lift Morale

**Student-funded positions would not be supported by a 6 and 4 increase**

**Failure to address past inflation could negatively impact state workforce**



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North Dakota Student Association President  
Christopher Scott

# **ND Student Association**

- Keep tuition affordable to students
- Behavioral Health Initiative (\$3.6 million proposed)
- Support Scholarships and Initiative that make college more affordable to students

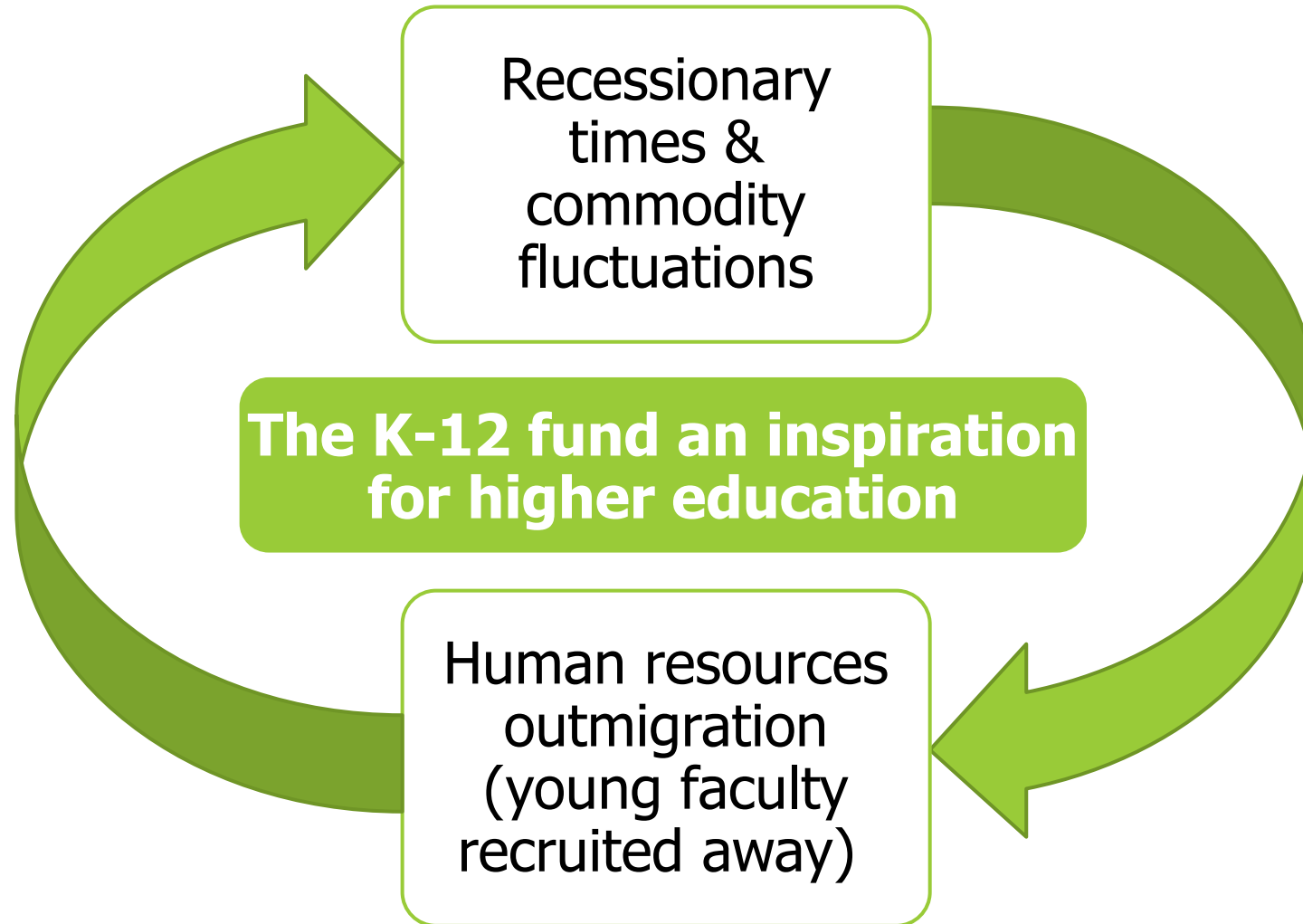
# Stabilizing Workforce, Communities, and Economy... our Grandparents challenge...



*Photos courtesy of Okla. Historical Society, U.S. Forest Service, and the N.C. Forest History Society.*

**Our Challenge Today: Stabilize Training & Education to Flourish  
in a modern Economy and reduce out-of-state poaching. How?**

# Stabilizing the Education of our People in a Commodity-Centric Economy during Unstable times



# Restore Wise Legislative Precedent: Funding *Circuit Breaker* of Performance-Based Formula

(note: 2021 Legislative Interim Committee Recommendation was to restore)

## Funding Formula

- Established 10 years ago
- A performance-based model
- Uses student credit hours to establish campus funding
- More details later

## Restore minimum amount payable (circuit breaker)

- Slows funding decreases if credit production drops
- Provides time to plan/ reduce operational costs
- Provides time for enrollment strategy & program adjustment to stabilize or increase credit production

# Responding to Energy Workforce Shortages: Oil & Gas Scholarships (pilot program)



## Oil and Gas: Key Industry

- \$3.8B in tax revenue
- \$36.68 direct economic impact
- 59,100 direct and indirect jobs

- **Recruit** and train individuals to work in the ND energy industry
- **Retain** current energy workers to keep them in state with ND-funded scholarships that can **Re-Train**, or up-skill for ANY industry later
- **Build a Reserve** or 'bullpen' of workers ready to step into energy sector jobs as they become available
- **Inspiration: Military GI Bill**



# Accelerate Adaption to Changing Economy

*Workforce Education Innovation Fund*



- Start-up funds to establish innovative high-demand programs to meet workforce needs
- Provides curriculum development, purchase of equipment and technology to train or certify new and existing instructors
- Promote programs to respond to workforce needs of the state

# ■ Respond to Digitization



- North Dakota's Own Big Data: State Longitudinal Data System
- Statewide Digital Program: Dakota Digital Academy
- Network security efficiencies by working systematically
- Digital Literacy: A general education requirement of all students (we need help with this)

## Maintain High Quality NDUS Staff/Faculty after Years of Reductions



### Focused on Efficiencies with Huge Savings

- Belt tightening past 3 Legislative Sessions
- NDUS staffing, **Reduced 800 FTEs** since 2017
- Greater Staff/Faculty Reductions than 16 other Western States (WICHE) from 2015-21

### Urgent now to Attract and Retain talent

- Out-of-state universities are poaching our talent
- **Other states call NDUS the "candy jar" of talent**
- Need for competitive pay and stability in future



# **HOUSE APPROPRIATIONS HB 1003 TESTIMONY**

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Vice Chancellor for Information Technology / CIO

Darin King





# ■ IT Challenges and Considerations

## **Software costs have increased 23% since 2015**

- requesting \$3M adjustment to base general fund appropriation

## **Continue to Strengthen Cybersecurity**

- NDIT Advanced endpoint \$1,000,000
- Advanced email security, \$400,000
- 2 FTEs, \$400,000

## **NDUS Longitudinal Data System in our state/Data Warehouse**

- Tied to NDIT NDSLDS request, \$2,000,000





# **HOUSE APPROPRIATIONS HB 1003 TESTIMONY**

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Vice Chancellor for Academic and Student Affairs

Lisa A. Johnson



# Strength of NDUS Enrollment

- NDUS 2022 enrollment up; contrast 3% decline in national enrollment
- Seamless transfer and campus collaboration
- Future growth: dual credit, ND high school graduates, & returning adults

## Critical to Fulfilling Workforce Needs

- Certificate Programs – relevant, stackable, flexible
- 13,000 in-person, out-of-state enrollments
- 10,000+ graduates each year: majority in high need areas education, healthcare, and business

## Paying for College

- Academic and CTE Scholarships
- ND Career Builders Scholarship and Loan Repayment
- Dual Credit Tuition Scholarship





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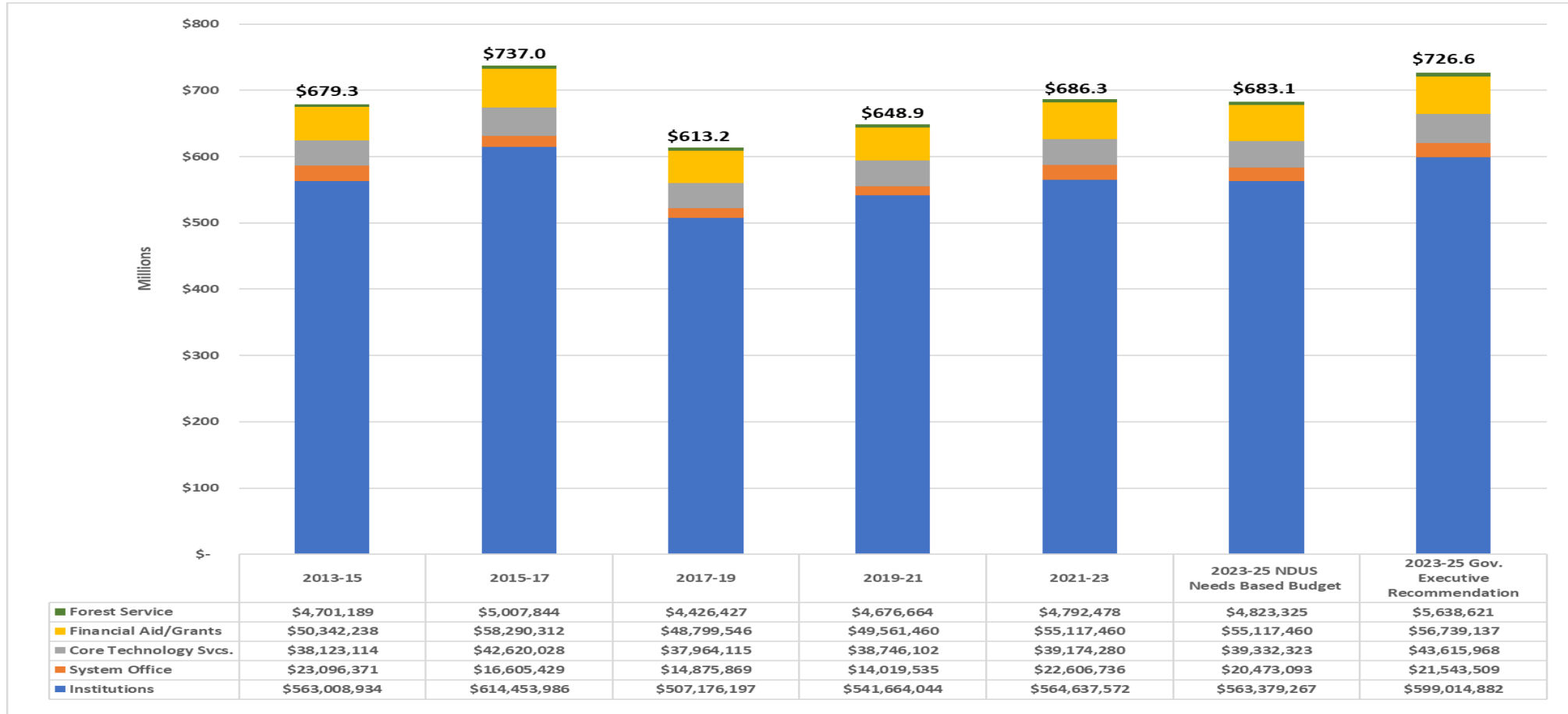
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Vice Chancellor for Administrative Affairs / CFO

David Krebsbach

# NDUS State General Fund Appropriations:

## Only 1% Growth Since 2013-15 Biennium



# Performance-Based Funding Formula

- Established during the 2013 North Dakota Legislative Assembly.
- Cost-based funding model providing a fixed dollar amount per completed adjusted student credit hour.
- Student Credit Hours (SCH) used are from the most recently completed biennium (2023-25 calculation uses SCH from the 2019-21 biennium). This performance model rewards institutions for students' progress towards completion.
- Completed SCH's are applied to instructional program factor weights which are then multiplied by a credit completion factor and then to a per credit dollar amount established in statute.

Completed SCH	Factor	Completed SCH	Factor
< 30,000	1.80	120,000 - 129,999	1.20
30,000 - 39,999	1.70	130,000 - 134,999	1.15
40,000 - 49,999	1.60	135,000 - 179,999	1.10
50,000 - 59,999	1.50	180,000 - 239,999	1.05
60,000 - 69,999	1.40	240,000 +	1.00
70,000 - 119,999	1.30		

# Performance-Based Funding Formula (Continued)

- 2021 Legislature implemented changes to establish the current factor as the new base. Credits above the base receive a 1.0 weighting factor.
- Two-year colleges paid at regional university rate for upper division SCH (polytechnic).
- Regional universities paid at two-year college rate for lower division CTE credits (dual mission).
- Capital investments are appropriated separately. The Legislative Assembly can appropriate additional amounts as necessary.

# Higher Education Funding Formula (Continued)

Institution	2019-21 Completed SCH	2019-21 Weighted SCH	WSCH Base Factor	Historical Base Factor	WSCH Growth Factor	Credit Growth Factor	2019-21 Adjusted SCH	2021-23 Base Per Credit Hour	Adjustments	Prelim 2023-25 Base	2021-23 Base	2023-25 Base Incr/Decr	2023-25 Base % Incr/Decr
BSC	139,377	288,369	288,369	1.10	0	1.00	317,206	\$98.84	(\$101,618)	\$31,251,023	\$32,084,055	(\$833,032) ↓	-2.60%
DCB	31,746	56,796	55,050	1.80	1746	1.00	100,836	\$98.84	\$0	\$9,966,630	\$9,537,862	\$428,768 ↑	4.50%
LRSC	54,480	88,253	88,253	1.50	0	1.00	132,380	\$98.84	\$0	\$13,084,439	\$14,242,152	(\$1,157,713) ↓	-8.13%
NDSCS	106,401	246,809	246,809	1.30	0	1.00	320,852	\$98.84	\$0	\$31,713,012	\$35,714,792	(\$4,001,780) ↓	-11.20%
WSC	37,801	67,990	67,990	1.70	0	1.00	115,583	\$98.84	\$0	\$11,424,224	\$11,286,737	\$137,487 ↑	1.22%
DSU	60,000	152,927	152,927	1.50	0	1.00	229,391	\$92.60	\$0	\$21,241,607	\$20,242,730	\$998,877 ↑	4.93%
MASU	47,249	130,703	130,703	1.60	0	1.00	209,125	\$92.60	\$0	\$19,364,975	\$18,679,828	\$685,147 ↑	3.67%
MISU	128,850	382,912	382,912	1.20	0	1.00	459,494	\$92.60	\$0	\$42,549,144	\$41,206,630	\$1,342,514 ↑	3.26%
VCSU	67,531	179,920	172,389	1.50	7531	1.00	266,115	\$92.60	\$0	\$24,642,249	\$24,161,377	\$480,872 ↑	1.99%
NDSU	629,828	2,116,803	2,116,803	1.00	0	1.00	2,116,803	\$61.81	\$0	\$130,839,593	\$138,431,325	(\$7,591,732) ↓	-5.48%
UND	630,113	3,375,173	3,375,173	1.00	0	1.00	3,375,173	\$61.81	\$0	\$208,619,443	\$208,373,934	\$245,509 ↑	0.12%

<b>Totals</b>	1,933,376	7,086,655					7,642,958			\$544,696,339	\$553,961,422	(\$9,265,083)	-1.67%
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# 2023-25 Base General Fund Budget Request

North Dakota University System			
2023-25 Needs-Based Budget Request Comparison to Executive Recommendation			
Base Budget - Needs-Based	Total NDUS Request	Executive Recommendation	Variance from NDUS Request
	General Fund	General Fund	General Fund
<b>2021-23 Needs-Based Budget</b>	\$ 686,328,526	\$ 686,328,526	\$0
Cost to Continue Salaries	3,033,698	3,033,698	0
State Bond Payments	(2,187,368)	(2,187,368)	0
Funding Formula - SCH Production Changes	(9,265,083)	(9,265,083)	0
Funding Formula - Minimum Amount Payable	5,215,694	5,215,694	0
Compensation Package(6%-1st yr./4%-2nd yr & State paid Health Ins.)	0	38,501,167	38,501,167
Other program base increases	0	4,925,482	4,925,482
<b>2023-25 Needs-Based Budget</b>	<b>\$ 683,125,467</b>	<b>\$ 726,552,116</b>	<b>\$ 43,426,649</b>
Dollar Change from 2021-23 Base	\$ (3,203,059)	\$ 40,223,590	
Percentage Change from 2021-23 base	-0.5%	5.9%	

# 2023-25 Optional General Fund Budget Requests

Investments (General Fund Optional Adjustment Requests)	Total NDUS Request	Executive Recommendation	Variance from NDUS Request	
<b>Systemwide Projects / Initiatives</b>				
Workforce Education Innovation Grant Program - one-time	\$ 24,000,000	\$ 10,000,000	(\$14,000,000)	1-time funds
Education Scholarships for Energy Workforce - one-time	10,000,000	10,000,000	0	1-time Legacy Funds
Behavioral Health Initiative (12 FTE's, 1 PTE, 4 interns) - base	3,640,624	3,640,624	0	1-time NDUSO
Veterans Program - base	177,000	177,000	0	
Dakota Digital Academy - one-time	450,000	450,000	0	1-time funds
Systemwide Marketing Program - one-time	900,000	-	(900,000)	
Forest Service - Cooperative Fire Protection Initiative - One-time	187,000	187,000	0	
Forest Service - Forest recreation enhancement - One-time	200,000	200,000	0	
<b>NDUSO - Student Grants</b>				
ND AC/CTE Scholarship funding shortage - Base	1,000,000	1,000,000	0	
Financial Aid Systems - Licensing & Maintenance(\$1,554,354 implementation - One-time; \$273,180 annual cost - Base)	1,827,534	1,827,534	0	1-time \$1.55M
<b>NDUSO - System Security &amp; Research</b>				
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	2,500,000	(2,300,000)	
CTS - \$2M Data Warehouse and Predictive Analytics	2,000,000	0	(2,000,000)	Included in NDIT
Assistant Vice Chancellor - Research and Workforce - Base	425,000	0	(425,000)	
<b>Investments (Optional Adjustment Requests)</b>	<b>\$ 49,607,158</b>	<b>\$ 29,982,158</b>	<b>\$ (19,625,000)</b>	

# 2023-25 Optional General Fund Budget Requests

Other NDUS Executive Recommended State Funded Programs			
Native American Scholarship		\$ 444,677	Increased to \$1M GF
Capital Building funds		19,000,000	SIIF
Challenge Grant		50,000,000	Legacy Funds
Capitol Building Rent		143,625	General Funds
NDUS Executive Recommended State Funded Capital Projects			
LRSC - Gearbox for Wind Turbine		\$ 600,000	SIIF-\$480k; \$120k Local fund match
DSU - Ag Building Renovation		900,000	SIIF-\$900k- Planning and design.
MaSU - Old Main Renovation		3,779,100	SIIF- \$3.8M- Planning and design
MiSU - Dakota Residence Hall Demolition		765,000	SIIF-\$765k
DCB - Old Main/Center for Rural Health		3,700,000	SIIF-\$3.7M
NDUS Executive Recommended Special Funded Capital Projects			
UND - EERC AMPF & Elec. Dist.		\$ 33,000,000	Special fund authority
NDSU - Music Building Addition		20,000,000	Special fund authority
NDSU - Sudro Hall Small Animal Research Facility		3,000,000	Special fund authority
VCSU - Osmon Field House Athletic Addition		20,000,000	Special fund authority
VCSU - Student Center Renovation		2,000,000	Special fund authority





# Capital Budget

# 2023-25 Investment Opportunities – Capital Funding Request

- \$291 million Total Request
  - \$236.5 million general fund
  - \$54.5 million non-general fund
- Highest priority general fund project at each institution prioritized by:
  - % life safety & deferred maintenance
  - % of local funding
  - Projects address life/health/safety issues, deferred maintenance, and program driven needs. \$188.3 million in combined deferred maintenance and life/health/safety issues

# 2023-25 Investment Opportunities – Capital Funding Request

**CAPITAL PROJECT REQUEST RECOMMENDATION**  
(DM-Deferred Maintenance; LS- Life Safety; PED- Program & Enrollment Driven)

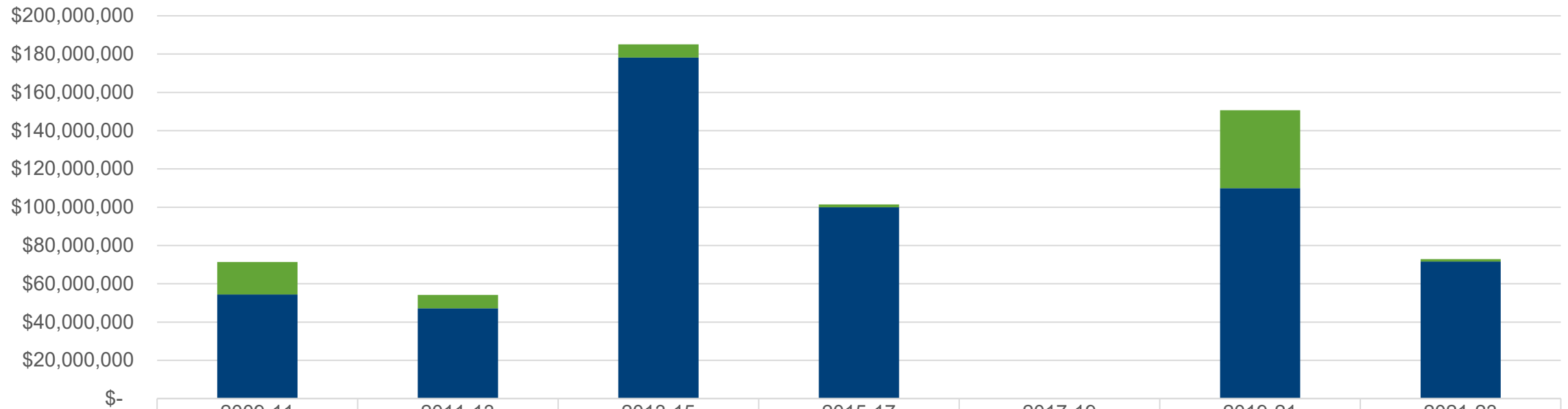
Institution	Institution Priority	SBHE Priority	Project Title	Project Total	Funding Source		Project Type	% DM/LS	% PED	% Local \$	Amount DM/LS \$
					General Funds	Other Funds					
DCB	1	1	Old Main/Center for Rural Health Education	\$1,375,000	\$1,375,000		Major renovation to existing facility.	100%		0.00%	\$1,375,000.00
LRSC	1	1	Wind Turbine Gearbox Replacement	\$600,000	\$600,000		Equipment repair.	100%		0.00%	\$600,000.00
MaSU	1	1	Old Main Renovation	\$49,970,100	\$49,970,100		Major renovation to existing facility.	100%		0.00%	\$49,970,100
MiSU	1	1	Dakota Residence Hall Demolition	\$765,000	\$765,000		Removal of facility	100%		0.00%	\$765,000.00
DSU	1	2	Agriculture & Technical Education Building	\$12,500,000	\$9,100,000	\$3,400,000	Major renovation to existing facility.	90%	10%	33.33%	\$11,250.00
NDSU	1	3	Engineering Building	\$111,600,000	\$83,700,000	\$27,900,000	New construction with major renovation to existing facility	85%	15%	25.00%	\$94,860,000.00
VCSU	1	4	McCarthy Hall Renovation	\$13,439,000	\$11,439,000	\$2,000,000	Major renovation to existing facility.	60%	40%	23.57%	\$8,063,400.00
UND	1	5	Science, Engineering, & National Security Corridor Planning & Demolition	\$14,500,000	\$11,600,000	\$2,900,000	Renovation, removal, and planning	51%	49%	20.00%	\$7,395,000,000
BSC	1	6	Multipurpose Academic/Athletic Performance Center	\$31,500,000	\$25,000,000	\$6,500,000	New construction with demolition of existing facility.	30%	70%	22.81%	\$9,450,000.00
NDSCS	1	7	Agriculture, Automation & Autonomous Systems	\$18,171,405	\$16,354,264	\$1,817,141	Major renovation to existing facilities and new construction.	25%	75%	10.00%	\$4,542,851
WSC	1	8	Medical Healthcare Building	\$36,600,000	\$26,600,000	\$10,000,000	New Construction		100%	27.32%	\$0.00
<b>State General Fund Projects</b>				<b>\$291,020,505.</b>	<b>\$236,503,364</b>	<b>\$54,517,141</b>					<b>\$188,271,351</b>

# 2023-25 Investment Opportunities – Capital Funding Request – non-General Fund Projects (unranked)

INSTITUTION	PROJECT	COST	SOURCE OF FUNDS
NDSU	MUSIC BUILDING	\$20,000,000	DONATIONS
NDSU	SUDRO SMALL ANIMAL LAB	\$3,000,000	GRANTS/OTHER
VCSU	OSMON FIELD HOUSE	\$20,000,000	DONATIONS
VCSU	STUDENT CENTER Renovation and Repair	\$2,000,000	DONATIONS
UND	EERC AMPF & ELEC. DIST.	\$33,000,000	\$30M LEASE REVENUE BONDS \$3M LOCAL FUNDS

# Capital Project History – State Funded

**Capital Project Appropriations**  
 All NDUS insitutions and NDSU agriculture entities  
 Paid by State General Fund, Permanent Oil Trust Fund or State Bonds



■ NDSU Ag Entities  
 ■ NDUS Institutions

\$17,000,000

\$6,991,650

\$6,875,000

\$1,500,000

\$100,000

\$40,750,000

\$1,335,000

\$54,408,248

\$47,136,000

\$178,174,763

\$99,909,212

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\$109,900,000

\$71,600,000

■ NDUS Institutions ■ NDSU Ag Entities



**THANK YOU**

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