

Senate Appropriations Committee Hearing

February 7, 2025

Andrew Armacost, President

Karla Mongeon-Stewart, VP Finance & Operations/COO





Support for 2025-27 SBHE Budget Proposal

Statutory **funding formula base budget**

Continue **equity pay and retirement increases** from previous biennium (funded in OMB bill SB2015 in 23-25)

Support **annual merit pay increases** for each year of biennium

Support **NDUS system-wide additional requests**

(e.g., nursing education consortium, AI/digitization requests, inflation factor, workforce initiatives, student grants)

2025-27 Operating Expense Increases

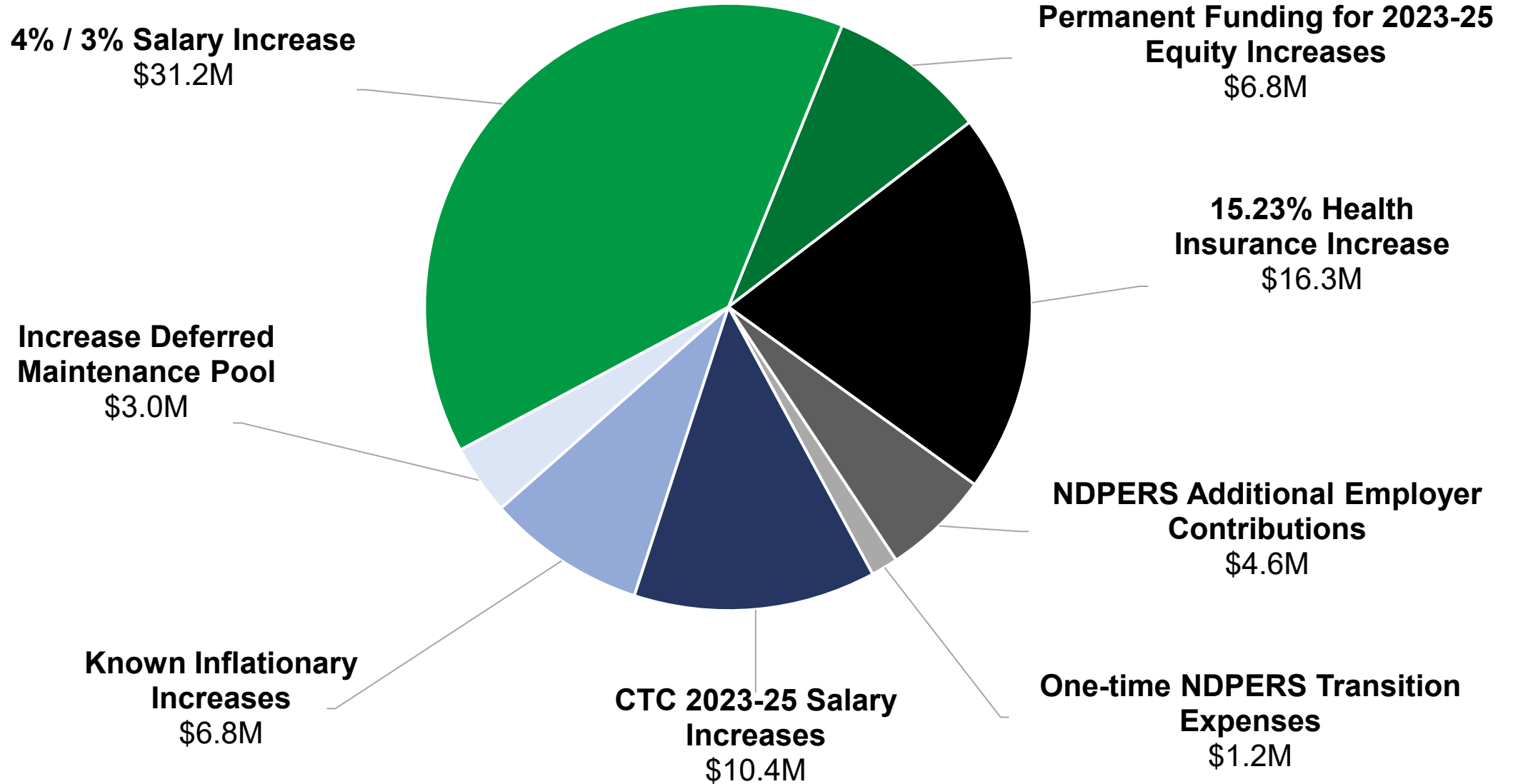
UND and SMHS

Cost to continue 23-25 salary increases	\$10.35M biennially
Health insurance increases of 15.23% ¹	\$16.3M biennially
NDPERS closure-5.92% ADEC ¹	\$5.7M biennially
Insurance reserve fund ¹	\$1.39M biennially
Market equity from previous biennium ¹	\$6.8M biennially

Note 1: The impact is not limited to NDUS but will affect all state agencies. Assumes ADEC calculation of 5.92% and 50% eligible transition to new DC plan.

\$80.3 Increase in Biennial Operating Expenses

Shown by Expense Type



Tuition Impact Based on Funding Formula Options

Funding Source	Option 1	Option 2	Option 3
General Fund Share	\$20.73M	\$25.56M	\$28.99M
Tuition Share	\$33.03M	\$28.21M	\$24.76M
Other Funding	\$26.55M	\$26.54M	\$26.55M
Total	\$80.31M	\$80.31M	\$80.31M
UND tuition increase % needed	6.76%	5.96%	5.46%
SMHS tuition increase needed	7.41%	4.90%	2.58%

Option 1: Base funding with increased personnel expenses, 4%/3% salary increase and market equity only.

Option 2: 10% flat rate increase per governor's recommendation.

Option 3: Base funding + increased Personnel Expenses + 2% Inflation.



UND Capital Projects and Land Transactions

STEM Complex

Phase I: \$82.4M

\$57.4M State / \$25M Local
Funded in 2023-25 Biennium

Phase II: \$80.6M

\$55.6M State / \$24M Local

Health Professions Addition

Range of Options

Support for proposed Tiers funding changes and revolving loan fund

Seeking appropriations bill amendment to authorize sale of two UND properties

STEM Complex



STEM Complex Phase I



STEM Complex Phase II



Continue & Grow Key NDUS Initiatives

Challenge Grant Fund Increase to \$50M

Economic Diversification Research Fund Increase to \$25M

National Security Crossroads \$36M

Nursing Education Consortium Increase by \$2M

High-Performance Computing & Northern Tier Network Increase base funding by \$8M
Split between UND and NDSU

Additional Question: Online Courses

Tremendous benefit to all students in North Dakota – provides access to higher ed

Nearly half of online students are from ND or military-affiliated

State funding keeps tuition expenses reasonable for all students

Attracting out-of-state students enables programs that benefit ND students

Each dollar of state investment in online yields multiple dollars of tuition coming to ND

Quality of our online programs creates a strong national reputation – Top 20%

International students represent 2.9% (64) of undergraduate online students

The expense of offering high quality online courses is at least as much as offering in person courses (WCET 2017, 2025)

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Appendix

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2023-25 One-time Funding and Special Initiatives

Summary of Status

Economic Diversification Research Funds

\$2.5M Appropriated for 2023-25 Biennium

Early career faculty research awards	\$280K
New technology readiness program	\$300K
UND-NDSU research w/ NDUS and Tribal Colleges	\$201K
Post-doc funding	\$255K
Undergraduate research	\$66K
UND Connect	\$91K
AI computation support	\$1.21M
Remaining funding for FY25	\$97K

Challenge Fund Grants

\$25M

**North Dakota
Higher Education
Challenge Fund**

+

\$52M

**UND Private
Support**

=

\$77M

**For Endowed
Scholarships, Faculty
Positions and Programs**

TOTALS ARE SINCE THE PROGRAM'S INCEPTION IN 2013

Space & National Security Appropriations

2021-23

\$4M

100% allocated

Satellite Ops Center
Digital Engineering/Big Data
Satellite Design/Engineering Lab
Satellite Fabrication Lab (I)

2021-23

Special Session

\$10M

100% allocated

Advanced Materials Lab
Classified Lab
Satellite and Debris Tracking
Lab Configuration
Satellite Fabrication Lab (II)

2023-25

\$9M

95% allocated

Laser for Optical Communication
Satellite and Debris Tracking
Molecular Beam Epitaxy



National Security Corridor
Clean Room

Behavioral Health

\$720K Appropriated for 2023-25 Biennium

One additional psychologist position hired*	\$256K
Two psychologist intern positions hired*	\$180K
Expanded six student practicum opportunities	\$84K
Enhanced evaluation services	\$150K
Increased operating expenses for additional staff	\$50K

*The new positions' one-time start-up costs (furniture, computers, etc.) were funded by position savings while recruiting occurred.

NDUS Institutions Comparison of SBHE General and Special Funds Budget Request Engrossed HB1003	University of North Dakota			UND SMHS			Subtotal UND and SMHS		
	SBHE 2025-27 GF Budget Request	Burgum Executive Recommendation	Executive Budget Over (Under) Budget Request	SBHE 2025-27 GF Budget Request	Burgum Executive Recommendation	Executive Budget Over (Under) Budget Request	SBHE 2025-27 GF Budget Request	Burgum Executive Recommendation	Executive Budget Over (Under) Budget Request
2023-25 Adjusted General Fund Appropriation	\$ 179,204,139	\$ 179,204,139	\$ -	\$ 80,865,916	\$ 80,865,916	\$ 80,865,916	\$ 260,070,055	\$ 260,070,055	\$ -
Base Adjustments - Funding Formula	329,005	329,005	-	8,130,500	8,130,500	8,130,500	8,459,505	8,459,505	-
IT Rate Adjustment	39,532	39,532	-	9,577	9,577	9,577	49,109	49,109	-
Employer Retirement Contribution	100,821	100,821	-	38,691	38,691	-	139,512	139,512	-
Target Market Equity	4,850,420	4,850,420	-	1,926,669	1,926,669	1,926,669	6,777,089	6,777,089	-
3% Budget Reduction	(5,535,718)		5,535,718	(2,408,856)		2,408,856	(7,944,574)	-	7,944,574
Restore 3% Budget Reduction	5,535,718		(5,535,718)	2,408,856		(2,408,856)	7,944,574	-	(7,944,574)
Inflation Factor Increase	5,535,718		(5,535,718)	2,729,141		(2,729,141)	8,264,859	-	(8,264,859)
High Performance Computing NTN	4,000,000		(4,000,000)			-	4,000,000	-	(4,000,000)
2023-25 Adjusted General Fund Appropriation, Net of Base Adjustments	194,059,635	184,523,917	\$ (9,535,718)	93,700,494	90,971,353	88,203,521	287,760,129	275,495,270	(12,264,859)
Executive Recommendation Base Increases (Decreases):			\$ -						-
2025-27 Adjustments:			\$ -						-
2023-25 Formula Rate Averaging 75% Adjustment (one-time)			\$ -			-	-	-	-
2025-27 Governor Adjustment - 10% Netted (10% gross adjustment includes IT Rate Adjustment, Employer Retirement Contribution, Target Market Equity, Health Insurance, Remove Minimum Amount Payable, Adjustment for 2-year credits at 4-year Institutions and 4-year credits at 2-year Institutions)		9,621,862			4,622,011	4,622,011	-	14,243,873	14,243,873
Health Insurance		3,102,806			1,240,406	1,240,406	-	4,343,212	4,343,212
High Performance Computing NTN (one-time)		2,000,000	\$ 2,000,000			-	-	2,000,000	2,000,000
Total Adjustments	-	14,724,668	2,000,000	-	5,862,417	5,862,417	-	20,587,085	20,587,085
Total Base General Fund Request & Recommendation	\$ 194,059,635	\$ 199,248,585	\$ (7,535,718)	\$ 93,700,494	\$ 96,833,770	\$ 3,133,276	\$ 287,760,129	\$ 296,082,355	\$ 8,322,226

Campus and Online Enrollment Headcount

