

SB 2034
Senate Appropriations
Education and Environment Division
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David Krebsbach, Vice Chancellor for Administrative Affairs/CFO
North Dakota University System
701-328-4116 | David.krebsbach@ndus.edu

Chair Sorvaag and Committee members: My name is David Krebsbach, and I am here today to testify in support of Senate Bill 2034. The bill modifies the higher education funding formula's credit completion factor to eliminate an institution from receiving a reduced credit completion factor if they produce student credit hours above their current range and provides for a 1.0 growth factor for student credit hours in excess of the range. Section 2 of the bill transfers the wind energy and law enforcement courses to the career and technical education instructional program classification.

Section 1 modifies NDCC 15-18.2 State Aid for Institutions of Higher Education NDCC 15-18.2-03 provides the credit completion factor for each institution based on student credit hour production. The credit hour production ranges and associated credit completion factors are as follows:

- 1.00 if the number of credit-hours is at least 240,000;
- 1.05 if the number of credit-hours is at least 180,000 but less than 240,000;
- 1.10 if the number of credit-hours is at least 135,000 but less than 180,000;
- 1.15 if the number of credit-hours is at least 130,000 but less than 135,000;
- 1.20 if the number of credit-hours is at least 120,000 but less than 130,000;
- 1.30 if the number of credit-hours is at least 70,000 but less than 120,000;
- 1.40 if the number of credit-hours is at least 60,000 but less than 70,000;
- 1.50 if the number of credit-hours is at least 50,000 but less than 60,000;
- 1.60 if the number of credit-hours is at least 40,000 but less than 50,000;
- 1.70 if the number of credit-hours is at least 30,000 but less than 40,000; and
- 1.80 if the number of credit-hours is less than 30,000.

For the 2025-27 biennium, DSU produced 61,462 student credit hours reducing their credit completion factor from 1.50 factor to 1.40 factor. By DSU successfully increasing the number of graduating students and thus student credit hours, DSU is penalized by a \$1,575,575, or 6.4%, reduction in the higher education funding formula. The NDUS supports SB 2034 to eliminate this penalty for DSU and all NDUS institutions in future biennia.

Section 2 transfers the weighted credit hours instructional program classification for wind energy technology and law enforcement courses to the career and technical education instructional program classification.

The SBHE created a Funding Formula ad hoc Committee in 2024 to study the funding formula. One result of the Committee's work identified the wind energy technology and law enforcement programs as higher cost programs and supported this transfer of the program classifications to the Career and technical education instructional program classification to provide higher weightings within the funding formula.

This change affects LRSC this biennium by increasing formula funding by \$1.2M and decreasing the need for the \$945,308 minimum amount payable. Therefore, the LRSC's net increase in general funds for the 2025-27 biennium is \$289,182.

The proposed changes improve the higher education funding formula. The NDUS urges the committee to approve a Do Pass recommendation for Senate Bill No. 2034.

A/D Draft