

HB1003

House Appropriations Committee

January 5, 2023

Tim Mihalick, State Board of Higher Education Vice Chair

Chair Vigesaa and Committee Members: My name is Tim Mihalick and I serve as the Vice Chair of the State Board of Higher Education. I am here today to begin discussion of HB1003.

The State Board of Higher Education has eight voting members selected via committee and appointed by the governor and approved by the Senate. We have two non-voting board members who serve in an advisee role as representatives of both the staff and faculty that work within our higher education system. Our mission is to enhance the quality of life, and the social and economic vitality of all served by its public colleges and universities. Our Board has six strategic goals that include: a recently added specific goal regarding workforce development, optimizing student affordability while maintaining campus financial health; providing access to programs people want, where and when they need them; preparing students for success; maximizing the strengths of a unified system; and research excellence and innovation. Because of those we serve, we added the sixth goal of workforce development because we know how important our business community is, and, we connect students and people to workforce across the state and we take that into consideration with all aspects of what we do.

We thank you for your past support of higher education and the governor for his recent budget recommendations. The State Board of Higher Education exists to serve the state and its citizens, as you do, and our job is to ensure that policy reflects the needs of our students and the staff and faculty that are the backbone of our institutions.

It is that connection of people, higher education, and workforce, which continues to guide us into the future. The three pillars that we focus on to develop higher education now and into the future include:

1. Workforce:

Our budget has investment opportunities for the state that create economic diversification through research and further innovation on our campuses.

Workforce training and innovative collaboration – Public private partnerships as well as partnerships with industry and business, are very important to both connect students with jobs and continue to build North Dakota's economy.

- *Career and Technical Education:* Dickinson State University is working with Dickinson Public Schools and Career and Technical Education on the proposed construction of a career academy to train area high school and post-secondary students in fields like welding, truck driving, diesel mechanics, CNA, and other health care careers, and possibly even robotics.



- *Apprenticeships & Internships:* LRSC is continuing to work on apprenticeships, including with Northrup Grumman in New Town and another coming to the Grand Sky facility at the GFAFB. LRSC has also expanded its Wind Energy Tech training to Tioga to train oilfield workers to work on wind farms.
- *Dual Mission:* The dual mission committee worked with local and educational partners to bring new opportunities to Dickinson. DSU brought welding and CNA training to Dickinson as well as commercial truck driver training class. The university also expanded certificate, associate, and graduate program offerings.

We continue to find great success through Public Private Partnerships and strive to continue utilizing them across the system to address capital funding needs. This lowers the burden to the state and allows for needed improvements.

2. Innovation:

Our campuses continue to innovate throughout the system including in classroom study/space, research and adapting ever-evolving technology in learning spaces that eventually helps students innovate in the workplace. Examples of innovation include:

- *E-COR – Electronic Curriculum Open Resources:* The future of higher education will include increased pressure for high quality, relevant online education courses and content. By working as a system, we have an opportunity to create the best online higher education content and system in the country. The basic framework is that faculty can share course content they have created across the system with an incentive to reward the faculty member whose course is used more frequently. This will ensure content and courses are current, relevant and the best in the country.
- *Dakota Digital Academy:* The Dakota Digital Academy (DDA) was launched to coordinate, expand, and enhance educational opportunities in computing and cyber sciences in North Dakota and the upper Midwest. DDA has funded several certificates in Cybersecurity and Software Development. The courses are offered through a web portal and are stackable to serve workforce needs.

3. Student success:

Student success is the cornerstone of our overall success. We know legislative support for scholarships such as the *Challenge Grant and Career Builders* has been valuable to students being



able to access higher education needs throughout the system. We encourage continuation of these programs to support our students' learning needs.

Equally important is student mental and behavioral health. We are in the business of educating the whole being of students to ensure their success. We have received direct feedback from our students emphasizing the importance of these needs and have responded through the Student Tele-mental Health, which has proven to be a great resource for our campuses.

We also advocate for continuing dual credit opportunities for our students across the state. Students can save time and money through dual credit and begin a foundation for higher education attainment more quickly and at a lower cost. It is an opportunity that can mean college is more affordable, more accessible and less time consuming once a student gets to college.

Relatedly, Dakota College at Bottineau's addition of the LEAP Beyond program (Leading to Education and Advanced Preparation) allows high school students to earn an associate's degree alongside their high school diploma, saving students up to two years of time and \$67.49 per credit thanks to the discounted dual credit rate.

In support of these three pillars, we need a strong foundation in which higher education can serve our communities, state, and students. To this end, we support the development of a stabilization fund that would make higher education less susceptible to the highs and lows of the markets, which hinders our ability to create opportunities for students and feasible job skills for the workplace.

In closing, we are committed to preparing students for lifelong learning and to support a broad spectrum of workforce needs throughout the state. In our pursuit of connecting students to careers, we want to ensure North Dakota is also prepared to meet the challenges ahead. We will continue to work toward the betterment of the entire state and delivering the benefits of higher education our communities are accustomed to.

The University system and its 11 institutions provide the state with an educated workforce ready to meet the challenges of an ever-changing work environment while providing outreach and continuing education programs for the state's residents and businesses. We will continue to create and support jobs and employment opportunities through research, extension, and teaching activities, all of which provide economic benefits to enhance local and state economies.

I am available to answer your questions. Thank you.

HB1003

House Appropriations Committee

January 5, 2023

Mark Hagerott, Chancellor, NDUS

701.328.2963 | mark.hagerott@ndus.edu

Chair Vigesaa and Committee Members: My name is Mark Hagerott, and I am the Chancellor of the North Dakota University System. I am here to provide testimony on House Bill 1003. As stated earlier by State Board of Higher Education Vice Chair Tim Mihalick, the Board has expressed significant support for a needs-based budget to fund higher education in North Dakota, which will provide stability for students, faculty, and staff in a time of a historic economic and workforce pressures, and also provide the foundation for continued innovation and transformation.

Our public system of higher education includes 11 colleges and universities spread throughout the state that offer a full spectrum of learning ranging from trades and technical education through advanced scholarship and cutting-edge research. Our campuses have a proud history of working closely with business and industry to best identify changing community and workforce needs, and offering nearly 45,000 students the programs they want, where and when they need them.

The North Dakota University System is governed by the State Board of Higher Education, whose eight voting members are appointed by the Senate. The system was organized in 1990 and includes two research universities, four regional universities and five community colleges. The mission of the State Board of Higher Education and my office is to unleash the potential of higher education in the state to enhance the quality of life, and the social and economic vitality of all served by its public colleges and universities.

That mission is supported by a framework of six strategic goals, which the board regularly reviews and receives updates on the progress of each. Those goals include optimizing student affordability while maintaining campus financial health; providing access to programs people want, where and when they need them; preparing students for success; maximizing the strengths of a unified system; research excellence and innovation; and workforce development. Each goal comes with several objectives, outcomes, and metrics, which are used to track progress via the NDUS Dashboards.

Each institution has a distinct mission and transformative priorities. The current priorities for each institution are provided at the end of this testimony. Despite their individual distinctions, they all fall under the same overarching themes:

1. Workforce development was identified by the state board two years ago as the newest strategic goal to pursue. To that end, the board regularly approves, modifies, and discontinues programs of study in direct response to changing student and workforce needs. As just one example, the campuses now offer an expansive collection of program



certifications, in addition to the standard two-year and four-year degrees programs. To this end, the university system serves to train and retrain new and returning students based on their changing needs.

2. Diversification of the economy continues to be a priority for the university system, whether that goal is reached through identification and partnership with emerging industries, or the continued adaptation to the digitization of our world. That is why our 11 public institutions, the System Office, and CTS all continue to focus on innovation and transformation. The ability to be agile and responsive gives students the opportunity to find more success while concurrently creating an economic impact that totaled **\$2.68** billion during the **2021 fiscal year**.
3. An all-of-the-above approach to higher education. It's not only vital to create a technically oriented workforce, but also to take care of the "caring economy" of people. To that end, we continue to support programs that help educate the nurses, teachers, and police officers of tomorrow. Having such a diverse outlook from an academic and technical education programming perspective will help all students have a more well-rounded education that will aid them in becoming good citizens during divisive times.

To achieve these goals for the state and the system, we've identified the following priorities in the 2023-25 NDUS budget request:

- Support for a NDUS budget stabilization fund and a permanent research funding stream.
- 96% minimum amount payable. *Additional request:* Consider increasing the minimum to 98-99% for the 2023-25 biennium.
- Support for the Governors compensation package of six-and-four-percent salary adjustments, equity adjustments and continued state coverage of health insurance increases for faculty and staff. *Additional request:* General fund dollars to cover salary increases from other funds.
- NDUS looks forward to working with the Legislative Assembly to address 2021-23 inflation as part of a statewide plan. *Request:* Consider an increase in the funding formula per credit hour rate for NDUS institutions.
- Workforce Education Innovation Grant Program.

The state, our system, and our workforce continue to face new challenges and unprecedented change. As you know, change brings with it an equally unprecedented opportunity for the state and our public higher education system to become leaders within emerging industries. The NDUS is well positioned to take on these challenges to provide North Dakota's future workforce and leaders.

Thank you.



HOUSE APPROPRIATIONS HB 1003 TESTIMONY

State Board of Higher Education Vice Chair
Tim Mihalick



HOUSE APPROPRIATIONS HB 1003 TESTIMONY

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

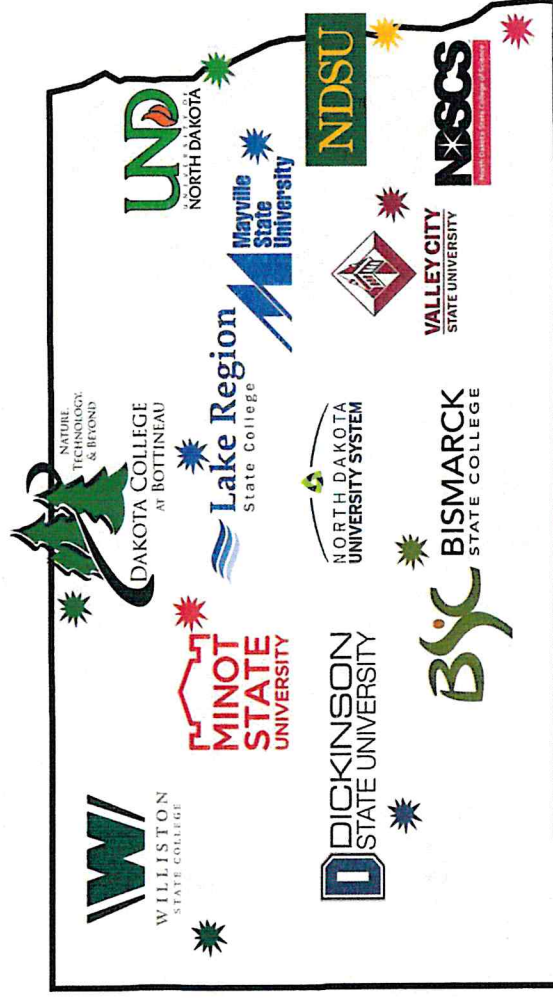
Statewide Collaborative System



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

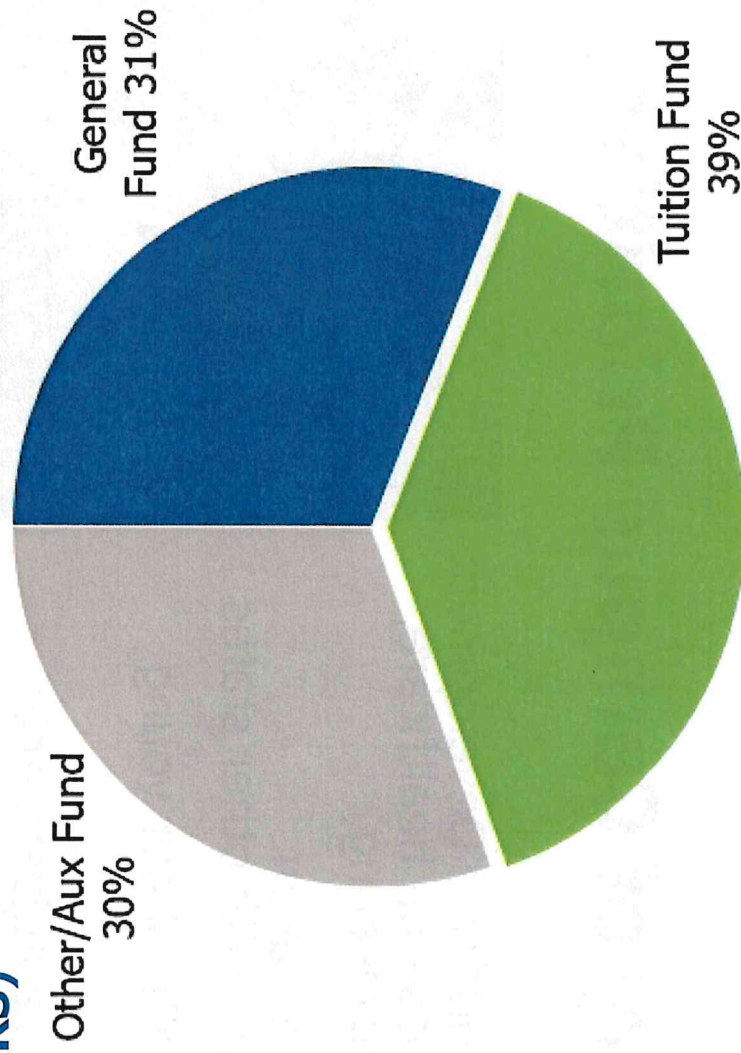
- Workforce is Job One...43,500 students in workforce pipeline
- Attract 13,000 'out-of-state' students, all potential ND workers (and families)
- TrainND customized training
- Senior and community enrichment opportunities
- College for Kids – dual credit to high school students
- Community Vitality 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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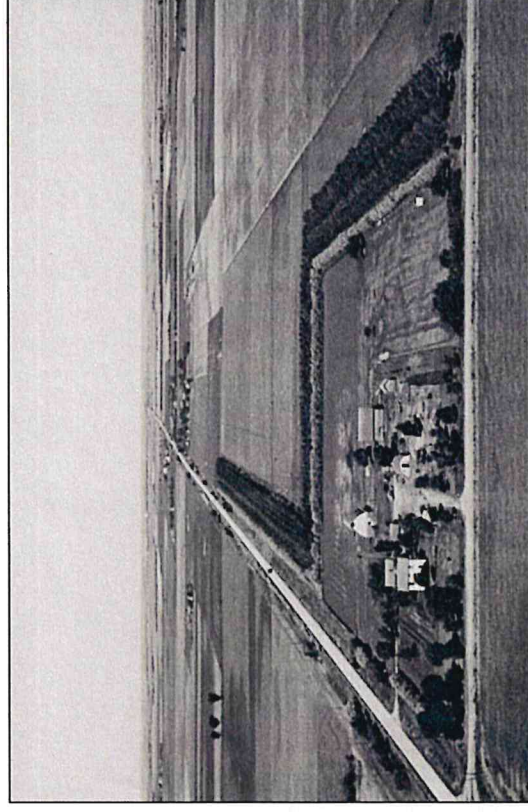
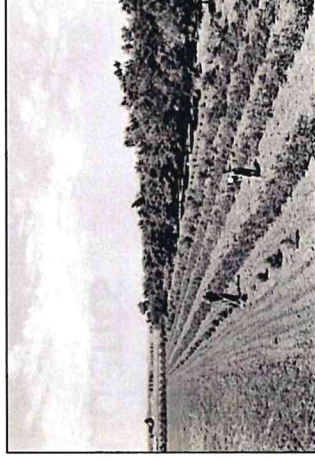
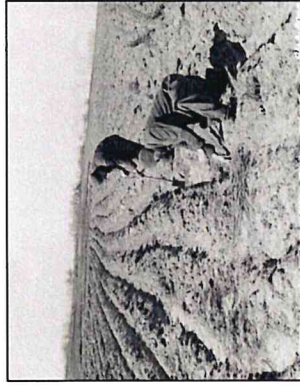
North Dakota Student Association President
Christopher Scott



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

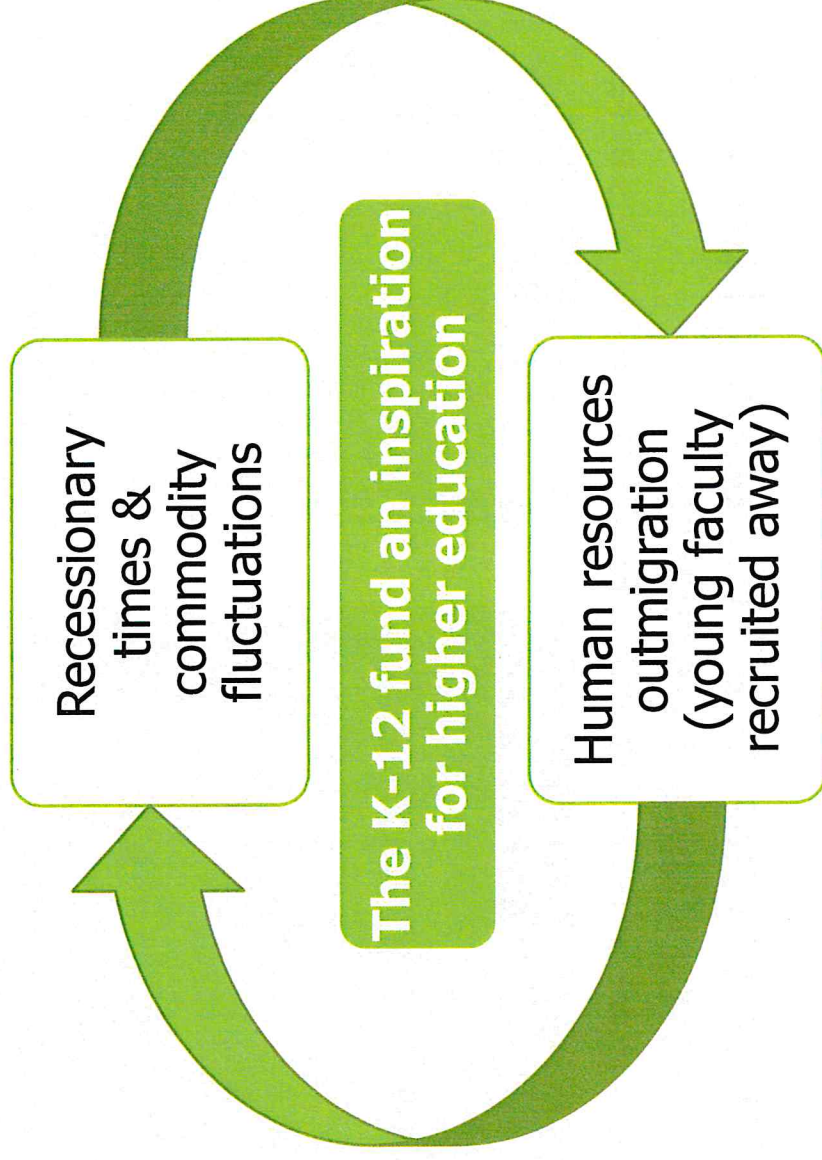
Stabilizing Workforce, Communities, and Economy... our Grandparents challenge...



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)

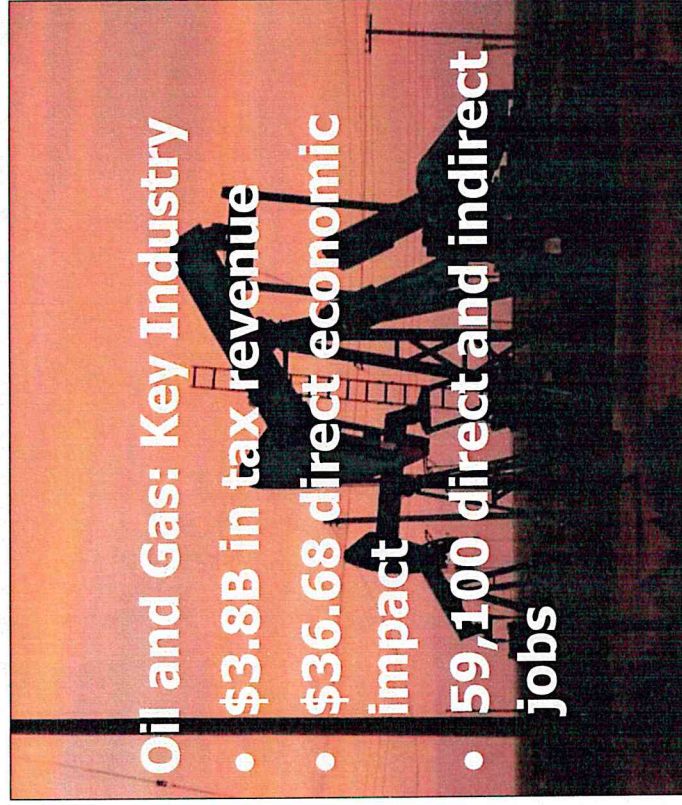
Funding Formula

- 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

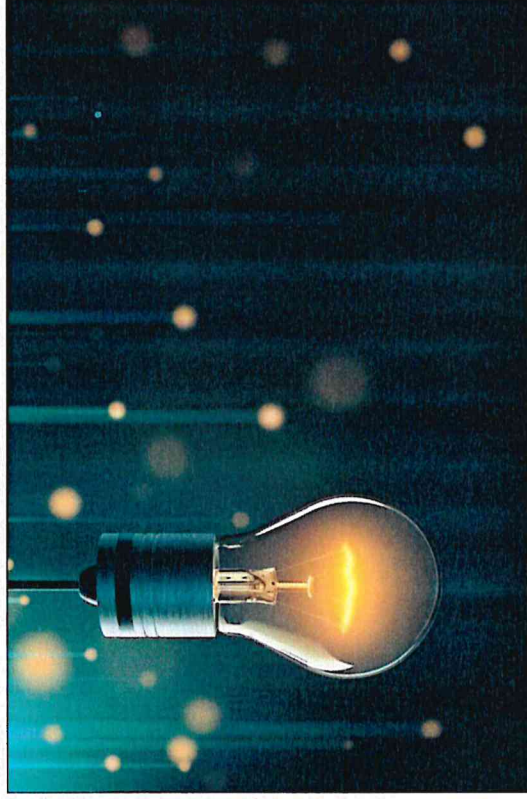
Responding to Energy Workforce Shortages: Oil & Gas Scholarships (pilot program)



- **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**

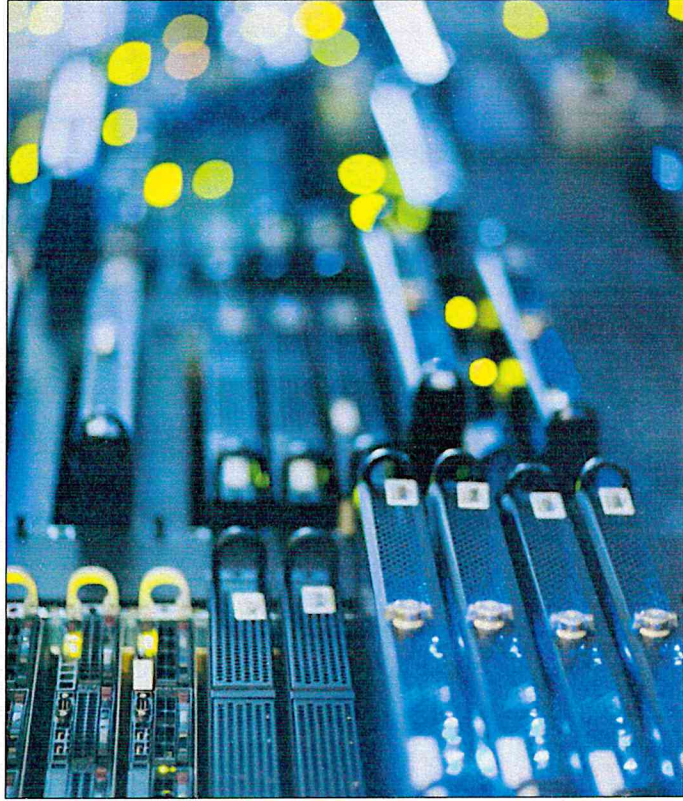
Accelerate Adaption to Changing Economy

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



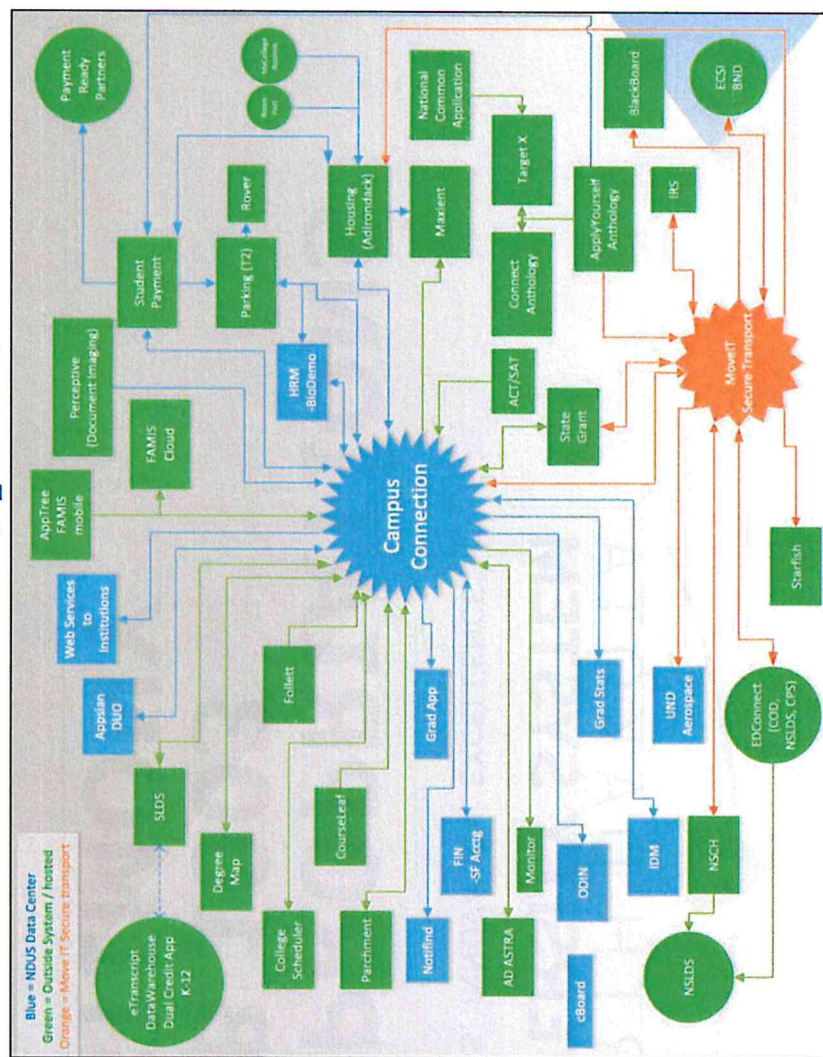
HOUSE APPROPRIATIONS HB 1003 TESTIMONY

Vice Chancellor for Information Technology / CIO

Darin King

Consolidated, Resilient IT systems

- Student Information System
- Financial System
- HR System
- Security Operations Center
- Ancillary Systems



IT Challenges and Considerations

Software costs have increased 23% since 2015

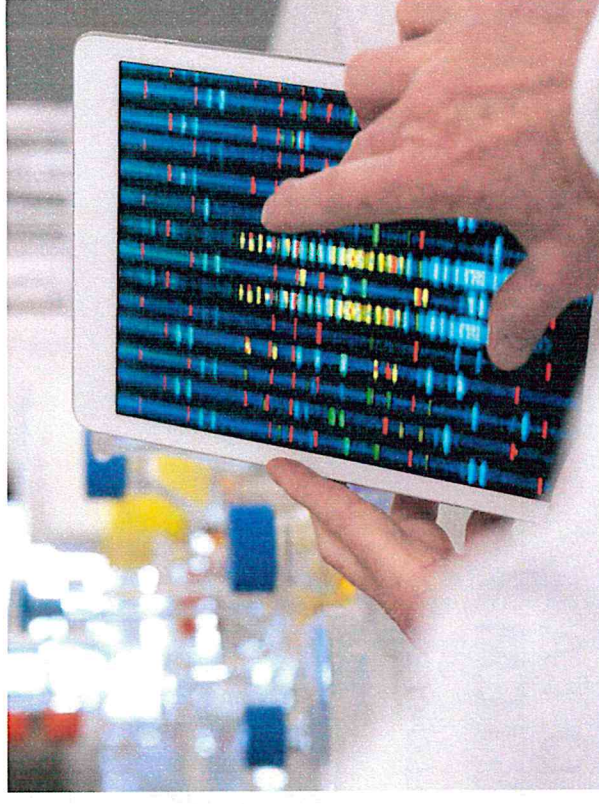
- requesting \$3M adjustment to base general fund appropriation

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

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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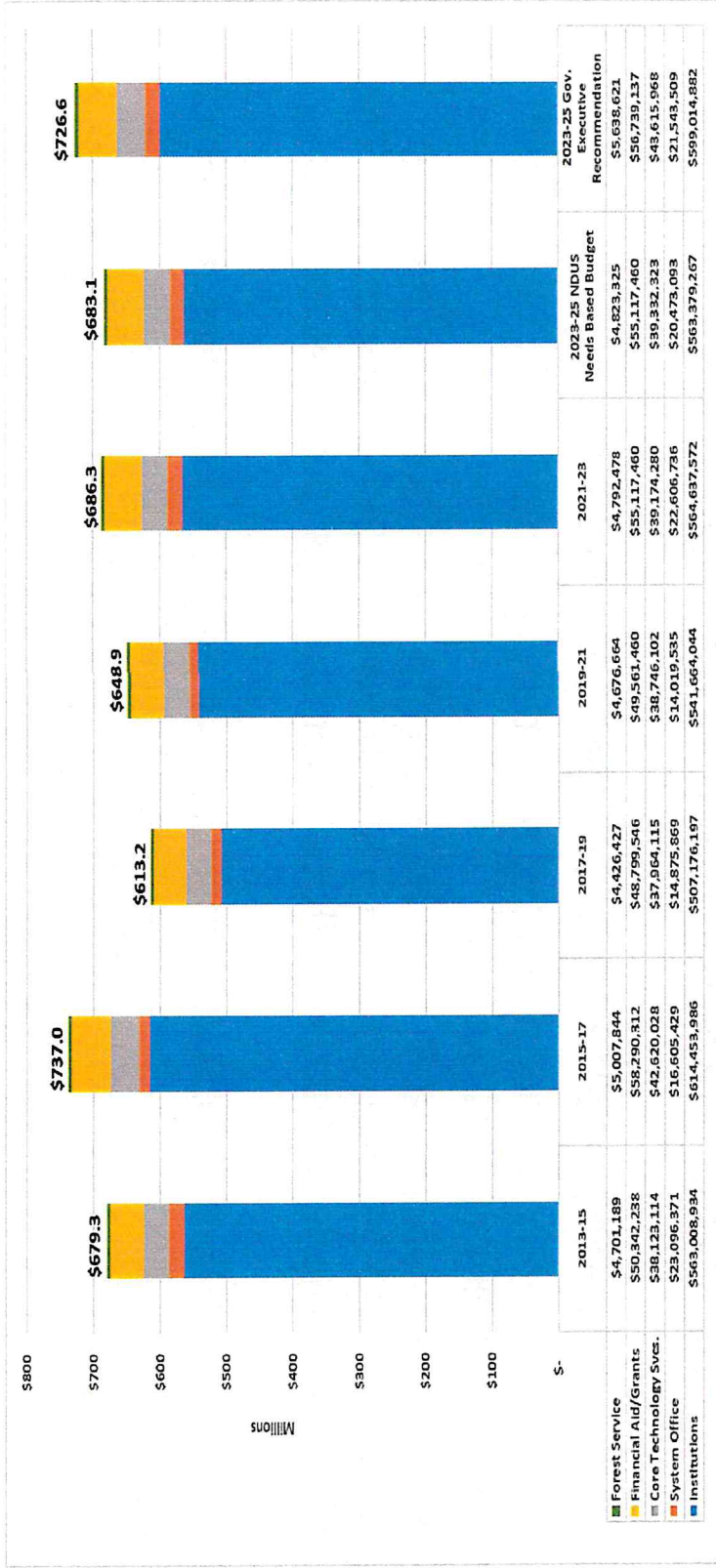
HOUSE APPROPRIATIONS HB 1003 TESTIMONY

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.

2021 Credit Completion Factors			
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	245,809	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	\$19,364,575	\$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	629,628	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%
Totals	1,933,376	7,086,655					7,642,958			\$544,696,339	\$553,961,422	(\$9,265,083)	-1.67%

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	General Fund
2021-23 Needs-Based Budget	\$ 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	
2023-25 Needs-Based Budget	\$ 683,125,467	\$ 726,552,116	\$ 43,426,649	
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	
Systemwide Projects / Initiatives					
	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	
NDUSO - Student Grants					
	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
NDUSO - System Security & Research					
	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)	
Investments (Optional Adjustment Requests)		\$ 49,607,158	\$ 29,982,158	\$ (19,625,000)	

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



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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)

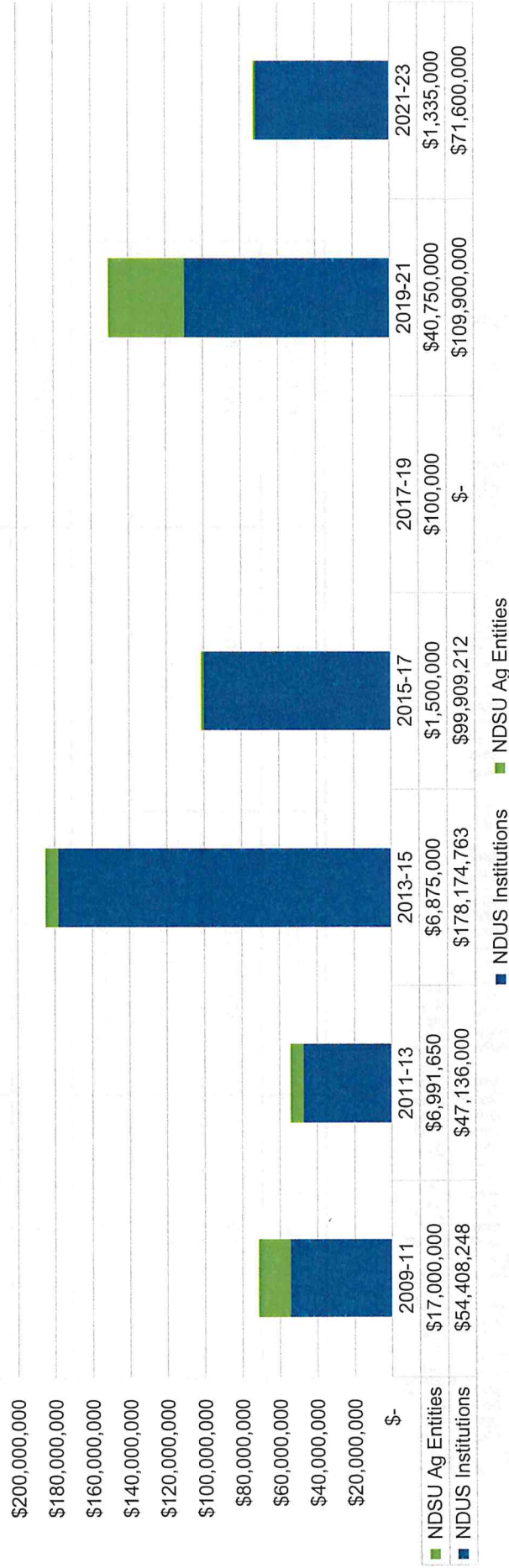
Institution	Institution Priority	SIBIE Priority	Project Title	Project Total	Funding Source		Project Type	% DM/L S	% PED	% Local \$	Amount DM/L S
					General Funds	Other Funds					
DCB	1	1	Old Main Center for Rural Health Education	\$1,375,000	\$1,375,000		Major renovation to existing facility.	100%		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
MASU	1	1	Dakota Residence Hall Renovation	\$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%	\$11,250,000
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	\$31,400,000	\$25,000,000	\$6,500,000	New construction with demolition of existing facility.	30%	70%	22.81%	\$9,450,000.00
NDSU	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
			State General Fund Projects	\$291,020,505.	\$236,503,364	\$54,517,141					\$188,271,351

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 institutions and NDSU agriculture entities
Paid by State General Fund, Permanent Oil Trust Fund or State Bonds





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CURRENT PRIORITIES

1. **BSC Armory non-compliance issues / need for educational spaces**

As an extension of the Bismarck State College (BSC) polytechnic mission, a multi-purpose academic/athletic performance center is a proposed facility that addresses the BSC Armory's Life, Health and Safety issues and supports BSC's academic programs that resolve regional workforce needs. BSC and partners have identified four needs for the center:

- a. *Address the BSC Armory's Life, Health, and Safety and Non-Compliance Issues*
- b. *Workforce opportunities in exercise science, clinical exercise therapy, physical mobility, sports and movement science, coaching, strength and conditioning, athletics*
- c. *Support our communities at BSC, Bismarck-Mandan, and surrounding rural areas by providing a physical space and exceptional integrated services to pivot the decline of physical abilities, mental health, and general wellness*
- d. *A teaching and athletic facility that fosters healthcare academics, community wellness, and a compliant athletics space*

2. **Expansion of CDL Workforce training at BSC**

The high-demand transportation sector in North Dakota is being negatively impacted by the lack of a CDL-trained workforce. BSC can positively impact industry needs by expanding its Commercial Driver's License (CDL) workforce training. In order to expand, BSC would need \$1,540,000 in funding for additional program infrastructure:

- Four tractor and trailer training vehicles
- Two CDL training simulators
- Four CDL-certified training instructors

CURRENT PRIORITIES

1. **The Center for Rural Healthcare Education Capital Project**

Completing the transformation of the DCB Old Main facility into the Center for Rural Healthcare Education remains a top priority for the institution. This renovation project supports an expansion of the DCB nursing program to enhance our workforce, especially in rural ND. Other Allied Health programs and fields will also benefit from this investment.

2. **Faculty and Staff Support**

Supporting the faculty and staff who work with our students every day is critical for us. Salaries have fallen behind, making it difficult to attract and retain talent throughout the institution. This situation has been exacerbated by recent inflationary pressures. Market adjustments and appropriations for the tuition portion of any modifications to salary and benefits packages would be strategic investments.

CURRENT PRIORITIES

1. Full funding of all compensation increases

- Raises and health insurance premium increases
- 7.5% assistance with non-compensation portion of budget, where expenses have already skyrocketed

2. Agriculture & Technical Education Building

- \$16 million renovation proposal
 - \$2.4 to be fundraised by DSU
 - \$13.6 state support requested

CURRENT PRIORITIES

1. Wind Turbine Gearbox Replacement

- In May of 2022, the main gearbox on LRSC's GE 1.6 wind turbine failed. The turbine is a major instructional component the delivery of the Wind Energy Technician degree program. This is our first major component failure in the ten years the turbine has been in operation. Cost estimate to bring in a crane and replace the gearbox \$600,000. It costs LRSC approximately \$1000/day that the turbine isn't running in lost revenue and additional expense buying power. The legislature provided \$2.7 million towards the purchase and installation of the turbine and we used an energy performance contract to secure the rest of the funding. The campus utilizes the power generated by the turbine and the excess is sold to generate revenue to pay off the energy performance contract. There are 5 years remaining on the contract.
- \$600,000 replacement gearbox
- \$180,000 lost revenue and power purchase

2. Parking Lot, Road & Sidewalk Repair

- Received approval to start the work 21-23 biennium-no funding (\$250,000)
- Operating budget not able to handle project
- Did not make the top-ten SBHE projects
- New Cost \$504,000
 - Asphalt (Milling, Overlay and Patching) 15,000 SY \$412,500
 - Curb and Gutter (remove and replace) 950 LF \$76,800
 - Sidewalk (remove and replace) 2100 SF \$14,700

CURRENT PRIORITIES

1. Old Main Renovation Capital Project

- This project is extremely important for the life safety of our students, faculty, and staff.
- Will address the most significant deferred maintenance on campus.
- Will address life safety concerns including replacing fire alarms, adding emergency notification system, and new or enhanced automatic fire suppression system.
- Will reorganize administrative/faculty areas to meet current/future needs.
- Will reconfigure interior stairway access to address fire safety concerns.
- Will provide new technology, data, communication systems, and infrastructure.
- Will address ADA compliance with accessible restrooms, elevator to all levels, staircase for egress from theatre, and house new mechanical systems and equipment.
- Will address renovation of Theatre.

2. Responsibility and Needs

Over the last several years, Mayville State University addressed difficult budget reductions and a critical financial status through realignments and improved efficiencies. In doing so, it raised the CFI (Composite Financial Index) score from .4 to 3.92 in addition to maintaining its current bond rating and restoring appropriate reserve levels. To protect our workforce retention efforts, we request that all benefitted positions be funded for pay increases at 6% and 4%, which include health and other benefits, and cost increases.

- Specific examples of cost increases include food costs at 39% and utility costs at 42%.
- This funding request will improve our ability to attract and retain qualified employees to produce North Dakota workforce.



CURRENT PRIORITIES

1. Nurturing enrollment growth while focusing on key academic programming aligned with North Dakota's workforce needs:

Focusing growth in student recruitment to support areas where MiSU has added new academic programs such as Cybersecurity Operations, Entrepreneurship, and Exercise Science & Rehabilitation. Additionally, to maintain growth in traditional campus strengths such as Nursing, Education, Social Work, Accounting, Biology, Speech Language Pathology, Criminal Justice, Management, Corporate Fitness, Finance, and Computer Science.

2. Supporting MiSU's human capital and talent throughout our faculty, staff, and administration:

Addressing the inflationary impacts and other human resource concerns currently impacting MiSU's ability to attract and retain human talent to educate and serve our students. This issue is reaching a tipping point with certain key positions and academic fields across campus.

CURRENT PRIORITIES

1. **Funding Formula**

Working with Legislators to modify how CTE credits are paid within the funding formula.

2. **Precision Ag capital project request**

This is an \$18M project that will provide our Precision Ag program(s) the resources they need to grow. Enrollment has doubled in the past several years, and we are out of space. We need the room for the new equipment, labs, and higher enrollment.

CURRENT PRIORITIES

1. Budget Hold Harmless

NDSU continues to strongly support the higher education funding formula but because of enrollment declines, NDSU is budgeted to receive a significant reduction in funding in the next biennium. NDSU requests that the floor for funding reductions be reinstated (it was removed during in the last biennium) with a new hold harmless rate at 0%.

Reducing NDSU's budget loss allows it more time for strategic planning and efficient reduction of operating costs. Reinstatement of the funding formula floor is also a priority of the NDUS, and the governor's budget proposal reinstated it at 4%.

2. Engineering Project

NDSU seeks to meet North Dakota's workforce needs by recruiting and educating future generations of leaders in engineering, innovation and entrepreneurship. Existing facilities are inadequate to meet the current and future workforce demands of the state. A new facility would combine engineering, precision agriculture, energy stewardship, computer science/cybersecurity/AI and entrepreneurship with state-of-the-art teaching and research tools. This has been a capital project priority for NDSU since 2014. The total project estimated cost is \$111,600,000 with \$27,900,000 (25%) privately funded.

CURRENT PRIORITIES

1. **McCarthy Hall School of Education Renovation - \$11.4 Million**

- North Dakota has a critical shortage of teachers in all K-12 content areas. VCSU leads the state in teacher preparation. 1,514 educators in 151 North Dakota communities are VCSU alumni.
- VCSU is committed to bringing our nationally-recognized School of Education and Graduate Studies under the same roof in McCarthy Hall. Classrooms and lab spaces will be designed with flexible seating and updated technology which would be similar to what students will encounter in real-world school environments. The layout will also incorporate a large student workroom, curriculum library, and numerous study spaces.
- VCSU will contribute \$2 million in private donations to this project. This will also eliminate more than \$8 million in deferred maintenance.

2. **Behavioral Health Initiative - \$236,000**

- During the past two academic years, our students have had an increased wait time to be seen by behavioral health staff due to increased numbers seeking services as well as difficulties in filling an open counselor position.
- This initiative supports a mental health provider (1 FTE) and professional development trainings to help VCSU meet the behavioral health needs of its students.

CURRENT PRIORITIES

1. **Funding Formula adjustment to fully cover proposed equity pool, salary and benefits increase**

The increase in salary (6%/4%) and benefits proposed by the governor and supported by the NDUS are a critical component in recruiting and retaining key talent– Merit pay, health care premiums, and pay equity adjustments are covered only for the state share of appropriated funds. However, a significant portion of these expenses must be covered by students through tuition, fees, and room & board rate increases. Given the inflationary impacts on families and students, UND supports the NDUS request that the tuition portion of these increases be funded through the formula as well. In addition, UND supports the School of Medicine's request to increase the Healthcare Workforce Initiative (HWI) funding to cover any salary and benefit increases funded under this separate appropriation.

2. **Inflation adjustment to the funding formula**

The rate at which higher ed is funded (currently \$61.81 per credit) is below the level at which the funding formula was adopted in 2014 (\$66.35 per credit). Accounting for the recent period of unprecedented inflation is in order. The NDUS proposes a 7.5% increase in the funding formula to specifically account for the inflationary impacts on the operations of campuses.

CURRENT PRIORITIES

1. **Pay Increase, Inflationary Increase, and Health Premium Increase fully funded in General Fund**

Any pay increases, inflationary increases, and/or healthcare premium increases optimally should be fully funded in the general fund as WSC doesn't have the monies in reserve to cover any part of these increases that aren't absorbed in general fund appropriations.

2. **Healthcare Training Facility (Capitol Project Request)**

With the growth of Williston to become the sixth largest city in ND (34,000 pop.), and the movement in Williston to become a healthcare hub of the region, there is the need to be expand healthcare training in the region. WSC is asking for \$26.6 million in state appropriations, while bringing \$10 million (27.3% of total cost) to the project in private donations, to build a healthcare training center on the WSC Campus. The center would expand WSC healthcare programs, while also bringing four-year completion programs to the region from the other six, four-year universities in the NDUS. The project has support from every regional healthcare provider in northwest ND and eastern MT. It would meet Governor Burgum's desire to expand workforce training in the State of ND by providing the trained healthcare workforce needed for northwest ND to continue its growth and the important healthcare services needed to serve such growth.