



SENATE APPROPRIATIONS ENGROSSED HB 1003 TESTIMONY

State Board of Higher Education Vice Chair

Tim Mihalick



SENATE 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

- Preserve free speech in 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 certificates



Hundreds of academic programs – Associates to Ph.Ds



Delivery: Face-to-Face, Online, Hybrid

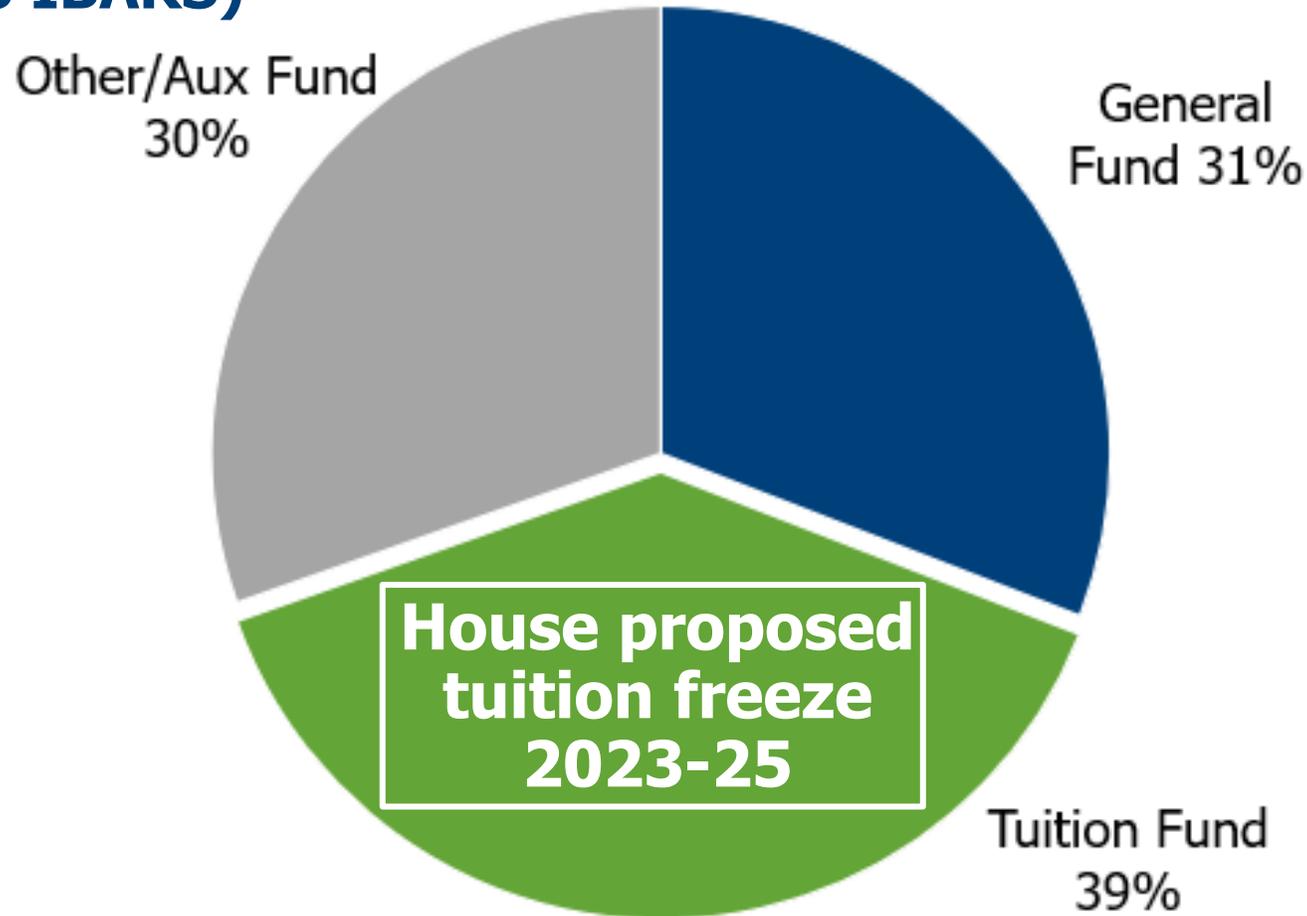
Supporting Legislative and Executive Branch Efforts

- 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)

Funding Salaries: Families Carry Heavy Load

Tuition Covers More than 1/3 on Avg

(2021-23 IBARS)



■ Compensation After Past Inflation

SBHE Request:

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

Retain staff and faculty

Attract Talent

Lift Morale

House funded compensation at 4% and 4%

House supported student funded positions with tuition freeze and general funds



SENATE APPROPRIATIONS ENGROSED HB 1003 TESTIMONY

North Dakota Student Association President
Christopher Scott

ND Student Association

- Keep tuition affordable to students
- Behavioral Health Initiative (\$3.6 million one-time in HB1003)
- Support Scholarships and Initiative that make college more affordable to students

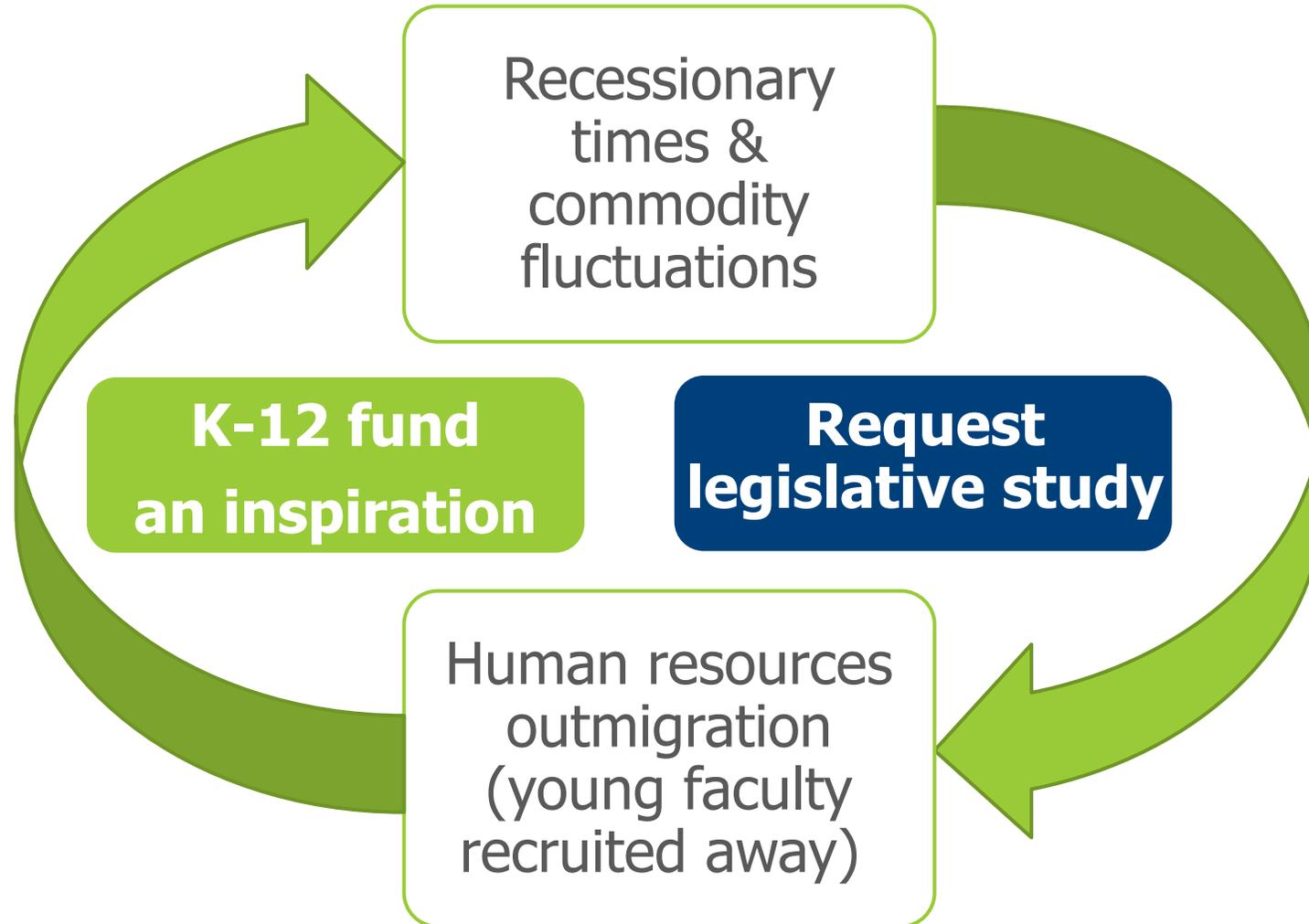
Stabilizing Workforce, Communities, and Economy... our Grandparents challenge...



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



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
- Included 96% minimum amount payable
- Performance-based
- Student credit hours establishes campus funding

Restore minimum amount payable

- 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

Current Status

- Minimum Amount Payable removed in 2021
- House restored minimum amount payable at 96%
- Requesting Senate to support 98%

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



Accelerate Adaption to Changing Economy

Workforce Education Innovation Fund

- SBHE requested \$24 Million
- 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



HB1241 Defines Program
HB1003 Provides Funding:
\$10M

Respond to Digitization



House Support:

- Statewide Digital Program: Dakota Digital Academy
- Network security efficiencies by working systematically
- **In NDIT Bill:**
- North Dakota's Own Big Data: State Longitudinal Data System



■ Summary: Seek Senate Support

- SBHE endorses engrossed HB1003 with two exceptions – request Senate removes section 19 and section 20
- Restore Assistant Vice Chancellor – to work with SBHE Research Committee, the two research institutions, and Chancellor (\$425,000)
- Restore systemwide marketing of degrees/programs offered by the 11 institutions of the NDUS (\$900,000)
- Behavioral health – House supported one-time funding; request Senate support for permanent funding
- Minimum amount payable – House supported 96%; request Senate support 98%
- Campus inflationary costs (7.5%)



SENATE APPROPRIATIONS HB 1003 TESTIMONY

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, \$100,000
- 2 FTEs, \$400,000





SENATE 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
- HB 1003, Section 20: 30-day program approval is problematic and infringes on SBHE constitutional authority; request removal

Paying for College

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



Senate APPROPRIATIONS Engrossed HB 1003 TESTIMONY

Vice Chancellor for Administrative Affairs / CFO

David Krebsbach

Higher Education 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		



Higher Education 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

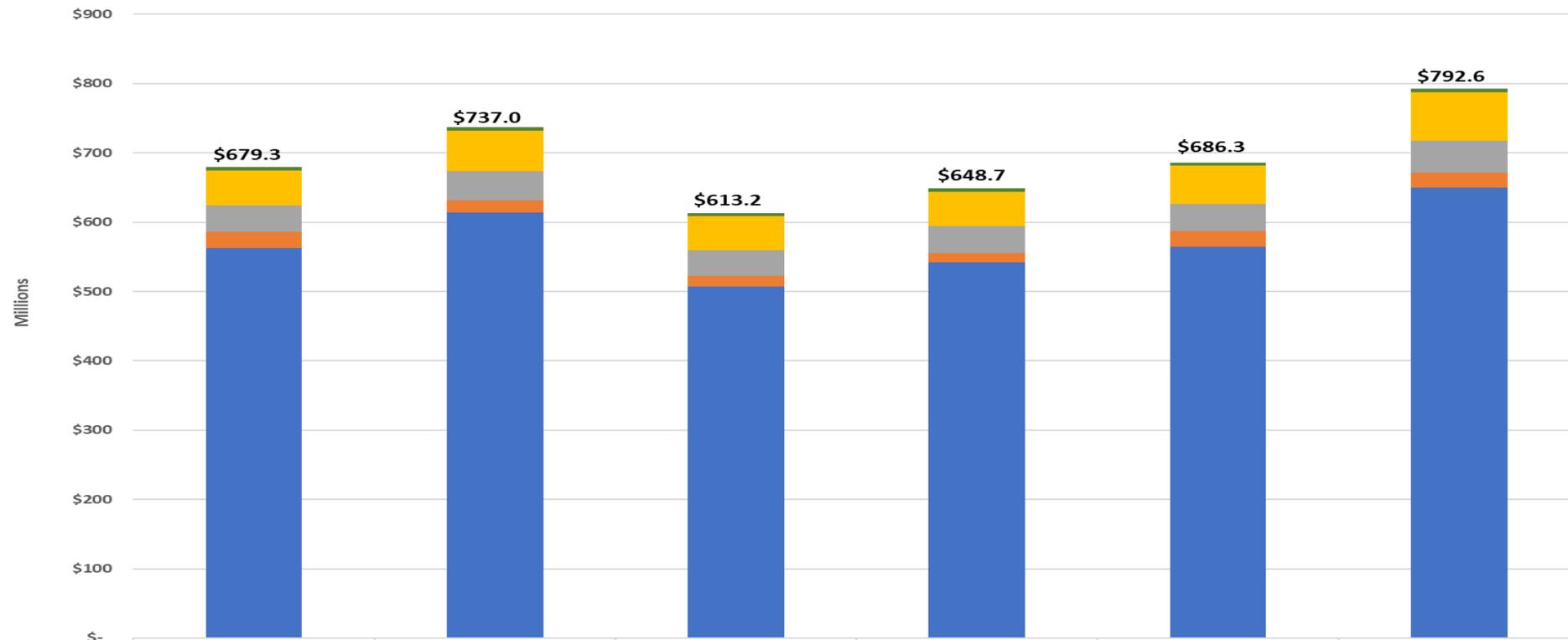
Higher Education Funding Formula (Continued)

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	(\$111,780)	\$31,240,861	\$32,084,055	(\$843,194)	↓ -2.63%
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%
Totals	1,933,376	7,086,655					7,642,958			\$544,686,177	\$553,961,422	(\$9,275,245)	-1.67%

Higher Education Funding Formula (Continued)

Institution	2021-23 Base Budget	Credit Production Changes	House Amendments to HB1003				2023-25 Engrossed HB1003	Percent Change
			Cost to Continue 2021-23 Salary Increases	Funding Formula CTE Weighting Factor Adj. to 5.0 & Dental Hygiene moved to CTE	96% Minimum Amount Payable	Salary & Health Insurance Increases General funds 4%/4% & Tuition funds-6%/4%		
BSC	\$32,084,055	(\$843,194)	\$156,583	\$1,306,862		\$3,294,678	\$35,998,984	12.20%
DCB	9,537,862	428,768	49,819			1,004,926	11,021,375	15.55%
LRSC	14,242,152	(1,157,713)	65,404	412,756	175,271	1,362,972	15,100,842	6.03%
NDSCS	35,714,792	(4,001,780)	156,925	2,765,148		3,491,815	38,126,900	6.75%
WSC	11,286,737	137,487	57,105	322,613		1,186,035	12,989,977	15.09%
DSU	20,242,730	998,877	98,272			2,236,928	23,576,807	16.47%
MASU	18,679,828	685,147	89,590			2,039,303	21,493,868	15.06%
MISU	41,206,630	1,342,514	196,850			4,480,799	47,226,793	14.61%
VCSU	24,161,377	480,872	114,005			2,595,046	27,351,300	13.20%
NDSU	138,431,325	(7,591,732)	696,301		2,054,479	21,699,475	155,289,848	12.18%
UND	208,373,934	245,509	1,110,229			34,599,101	244,328,773	17.25%
SMHS-HWI	10,676,150						10,676,150	
Total	\$564,637,572	(\$9,275,245)	\$2,791,083	\$4,807,379	\$2,229,750	\$77,991,078	\$643,181,617	13.91%

NDUS State General Fund Appropriations: Ongoing



	2013-15	2015-17	2017-19	2019-21	2021-23	House Engrossed HB1003
Forest Service	\$4,701,189	\$5,007,844	\$4,426,427	\$4,676,664	\$4,792,478	\$5,575,521
Financial Aid/Grants	\$50,342,238	\$58,290,312	\$48,799,546	\$49,561,460	\$55,117,460	\$69,739,137
Core Technology Svcs.	\$38,123,114	\$42,620,028	\$37,964,115	\$38,746,102	\$39,174,280	\$46,187,623
System Office	\$23,096,371	\$16,605,429	\$14,875,869	\$14,019,535	\$22,606,736	\$21,546,549
Institutions	\$563,008,934	\$614,453,986	\$507,176,197	\$541,664,044	\$564,637,572	\$649,583,817

Budget Comparison: Needs-Based to Engrossed HB1003

North Dakota University System

Base Budget - Needs-Based	Total SBHE Request	Engrossed HB1003	Variance from NDUS Request
	General Fund	General Fund	General Fund
2021-23 Needs-Based Budget	\$ 686,328,526	\$ 686,328,526	\$ -
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	(9,275,245)	(9,275,245)	0
Funding Formula -98% Minimum Amount Payable (House at 96%)	5,805,556	2,229,749	(3,575,807)
Legislative Funding Formula Change (CTE/Dental Hyg)	-	4,807,380	4,807,380
2023-25 Needs-Based Budget	\$ 683,705,167	\$ 684,936,740	\$ 1,231,573
Dollar Change from 2021-23	\$ (2,623,359)	\$ (1,391,786)	
Percentage Change from 2021-23	-0.4%	-0.2%	

2023-25 Investment Opportunities - Optional Adjustments Requests

Investments (General Fund Optional Adjustment Requests)	Total SBHE Request	House Budget	Variance from NDUS Request
Systemwide Projects / Initiatives			
Workforce Education Innovation Grant Program - one-time	\$ 24,000,000	\$ 10,000,000	(\$14,000,000)
Ed. Scholarships for Energy Workforce - one-time(SB2197)	10,000,000	5,125,000	(4,875,000)
Behavioral Health Initiative (12 FTE's, 1 PTE, 4 interns) - base	3,640,624	3,640,624	0
Veterans Program - base	177,000	177,000	0
Operations 7.5% inflationary increase on funding formula - Base	40,859,847	0	(40,859,847)
Salary 6%/4% increase plus health insurance increase (House at 4%/4%) & Tuition portion of Salary and health insur. Increases - base	84,152,090	81,243,225	(2,908,865)
Executive Budget Salary Equity program(OMB Bill SB2015)	16,772,877	16,772,877	0
Executive Budget Salary Equity program - Tuition portion(OMB)	9,129,043	0	(9,129,043)
Systemwide Marketing Program - one-time	900,000	0	(900,000)
Dakota Digital Academy - one-time	450,000	450,000	0
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
Native American Scholarship - base	0	444,677	444,677
Student support for single mothers - one-time	0	4,500,000	4,500,000
Northern Tier/High Performance Computing (NDSU/UND) - base	0	6,402,200	6,402,200
NDSU Workforce Development Funding - one-time	0	4,800,000	4,800,000
Challenge Grant - one-time	11,150,000	36,000,000	24,850,000
UND Space Initiative - one-time	0	45,000,000	45,000,000
Capital Building funds - one-time	19,000,000	29,000,000	10,000,000
Capital Project Inflationary Increases - one-time	0	20,100,000	20,100,000

2023-25 Investment Opportunities - Optional Adjustments Requests

Investments (General Fund Optional Adjustment Requests)		Total SBHE Request	House Budget	Variance from NDUS Request
NDUSO - Student Grants				
	ND AC/CTE Scholarship funding shortage - Base (HB1382-\$399k)	1,000,000	1,399,000	399,000
	Dual Credit Scholarships - BND Profits	0	1,500,000	1,500,000
	Tribal College Grants	0	1,000,000	1,000,000
	Career Builders Scholarships/Loan forgiveness - BND Profits	0	15,000,000	15,000,000
	State Financial Aid Grant -(Needs based) - Base	0	12,000,000	12,000,000
	Financial Aid Systems - Licensing & Maintenance(\$1,554,354 implementation - One-time; \$273,180 annual cost - Base)(0.5-FTE)	1,827,534	1,952,534	125,000
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	4,500,000	(300,000)
	Assistant Vice Chancellor - Research and Workforce - Base	425,000	0	(425,000)
	Capitol Building Rent	0	143,625	143,625
	NDUSO transfer to NDSU - (\$367,000 - 21-23 Biennium)	0	0	0
Investments (Optional Adjustment Requests)		\$ 228,671,015	\$ 301,537,762	\$ 72,866,747
Total NDUS Request		\$ 912,376,182	\$ 986,474,502	\$ 74,098,320



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
- House Budget includes all SBHE requested first priority requested capital projects and all requested special fund authority capital projects.

2023-25 Investment Opportunities – Capital Funding Request

2023-25 Capital Project Recommendations from House

Institution	Institution Priority	SBHE Priority	Project Title	Project Total	Funding Source		Project Type
					Strategic Investment and Improvements Fund	Other Funds	
DCB	1	1	Old Main/Center for Rural Health Education	\$ 5,300,000	\$ 4,300,000	\$ 1,000,000	Major renovation to existing facility.
LRSC	1	1	Wind Turbine Gearbox Replacement	600,000		600,000	Equipment repair - Tier Funding (HB 1003 Section 41)
MaSU	1	1	Old Main Renovation	49,970,100	49,970,100		Major renovation to existing facility.
MiSU	1	1	Dakota Residence Hall Demolition	765,000	765,000		Removal of facility
DSU	1	2	Agriculture & Technical Education Building	18,000,000	17,100,000	900,000	Major renovation to existing facility.
NDSU	1	3	Engineering Building	84,000,000	59,000,000	25,000,000	New construction with major renovation to existing facility
VCSU	1	4	McCarthy Hall Renovation	13,500,000	11,500,000	2,000,000	Major renovation to existing facility.
UND	1	5	Science, Engineering, & National Security Corridor Planning & Demolition	82,000,000	57,400,000	24,600,000	Renovation, removal, and planning
BSC	1	6	Multipurpose Academic/Athletic Performance Center	31,500,000	29,900,000	1,600,000	New construction with demolition of existing facility.
NDSUS	1	7	Agriculture, Automation & Autonomous Systems	19,975,000	18,975,000	1,000,000	Major renovation to existing facilities and new construction.
WSC	1	8	Medical Healthcare Building	36,600,000	34,750,000	1,850,000	New Construction
UND			STEM Building	75,000,000	52,000,000	23,000,000	
MiSU			MiSU Academic	8,000,000	7,600,000	400,000	Nursing, computer science, math, science renovations
State General Fund Projects				\$ 425,210,100	\$ 343,260,100	\$ 81,950,000	

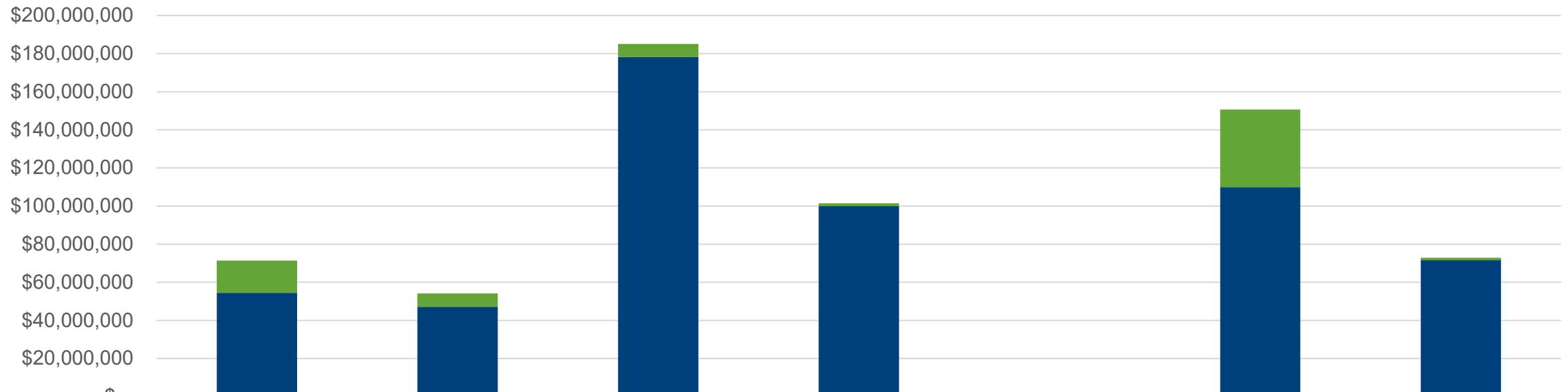
2023-25 Investment Opportunities – Capital Funding Request Non-General Fund Projects

2023-25 Capital Project Recommendations from House Non-General Funded Projects

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 R&R	2,000,000	DONATIONS
UND	EERC AMPF & ELEC. DIST.	33,000,000	\$30M LEASE REVENUE BONDS/\$3M LOCAL FUNDS
WSC	BASEBALL/SOFTBALL TURF PROJECT	7,313,939	DONATIONS
MiSU	STUDENT CENTER RENOVATION	3,100,000	STUDENT FEES
		88,413,939	

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



	2009-11	2011-13	2013-15	2015-17	2017-19	2019-21	2021-23
■ NDSU Ag Entities	\$17,000,000	\$6,991,650	\$6,875,000	\$1,500,000	\$100,000	\$40,750,000	\$1,335,000
■ NDUS Institutions	\$54,408,248	\$47,136,000	\$178,174,763	\$99,909,212	\$-	\$109,900,000	\$71,600,000

■ NDUS Institutions ■ NDSU Ag Entities



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THANK YOU

