



ACCESS. INNOVATION. EXCELLENCE.

HOUSE APPROPRIATIONS ENGROSSED SB 2003 TESTIMONY

March 5, 2025

Tim Mihalick, Chair
State Board of Higher Education

STATEWIDE COLLABORATIVE SYSTEM

State Board of Higher Education

- Eight voting members
- Faculty representative
- Staff representative

North Dakota University System

- System Office
- Core Technology Services
- Five community colleges
- Four regional universities
- Two research institutions



STRATEGIC PLAN

1. Optimize student affordability while maintaining campus financial health
2. Provide access to programs people want, where and when they need them
3. Prepare students for success
4. Maximize the strengths of a unified system
5. Research excellence
6. Workforce development



THREE PILLARS THAT GUIDE US

1. Workforce

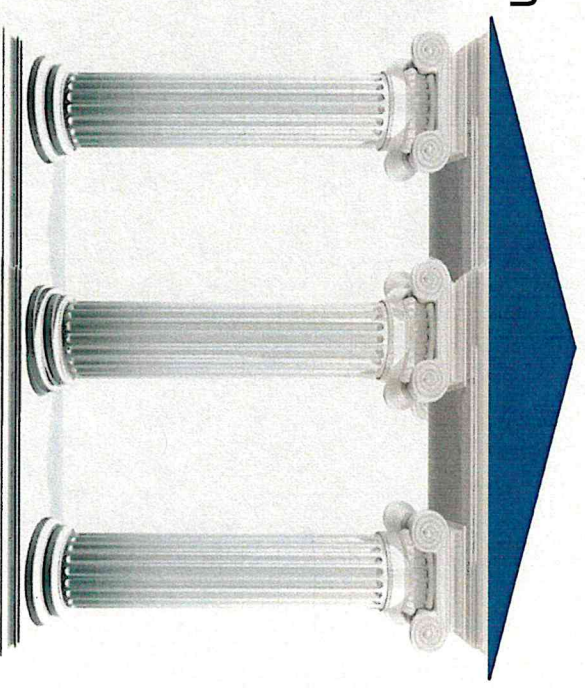
- Programs and degrees in energy, ag, and health
- Research and innovation
- Public/Private partnerships with business and industry

2. Student Success/Student Vitality

- Generous scholarship programs
- Career Builders program
- Challenge Grant program
- Behavioral health support

3. Innovation/Intelligent Machines

- Adapting to evolving technology in learning spaces
- Dakota Digital Academy



LEGISLATIVE, EXECUTIVE BRANCH SUPPORT

- Workforce is Job One...more than 45,800 students in workforce pipeline
- Attract more than 13,000 out-of-state, in-person students, all potential ND workers
- TrainND customized training
- Senior and community enrichment opportunities
- High school students enrolled in college courses – nearly half of ND high school graduates took a dual credit course with NDUS while in high school
- Community vitality thru recreation and entertainment (theater, music, rodeos, and athletics)
- Support Tribal Colleges, underserved Rural Areas (e.g., DDA, online)



**NORTH DAKOTA
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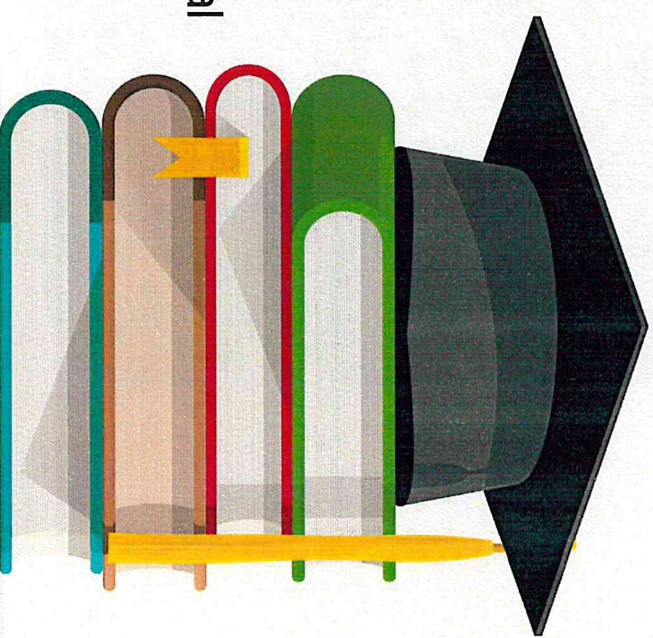
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March 7, 2025

Mark Hagerott, Chancellor
North Dakota University System

Enrollment Successes

- Spring 2025: nearly all 11 institutions reported enrollment gains
 - Spring headcount – highest since 2016 at **44,880 students**
 - Spring FTEs – increased **4.71%** from Spring 2024
 - Spring Total Credit Hours – increased **4.28%** from Spring 2024
- Fall 2024 enrollment up **+10%** beating the national decline of -5%
- FTE Enrollment increased for 3rd straight year
- Successfully confronted Free Application for Federal Student Aid (FAFSA) challenges



Graduation Rates On Target (2023 data)



Highest Graduation Rates in past 10 Years



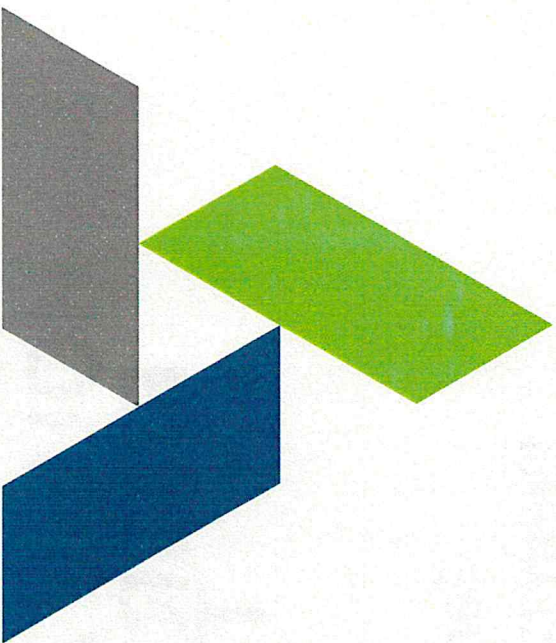
An 8% increase over that time period



NDUS 4-Year Universities had 61% combined graduation rate, beating national average of 59%



NDUS 2-Year Community Colleges had 48% combined graduation rate, beating national average of 31%



RUN — ND

retool and upskill now
for North Dakota

STUDENT VITALITY

- Clear minds: learn how to learn
- Strong Bodies: addiction free
- Resilient spirit: ND civic values
- Enrollment: Lumina 2.0

WORKFORCE

- More Productive
- Urban-Rural; Energy; Ag; Health; Defense

INTELLIGENT MACHINES

- Make AI a tool for all Dakotans
- Robotics
- Increase productivity

INFRASTRUCTURE

- Digital
- Physical



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March 7, 2025

Sammi Weber, President

North Dakota Student Association



North Dakota Student Association (NDSA) 2025 Legislative Priorities

- Maintain affordable tuition
- Offer scholarship opportunities for students
- Student wellness
- Provide comfortable and accessible residence halls



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Jerry Rostad, Vice Chancellor for Strategic Engagement
North Dakota University System

ENVISION

2035

WHEN I GROW UP, I WANT TO BE...

a hygienist



MAURA SCHMIDT
CLASS OF 2035

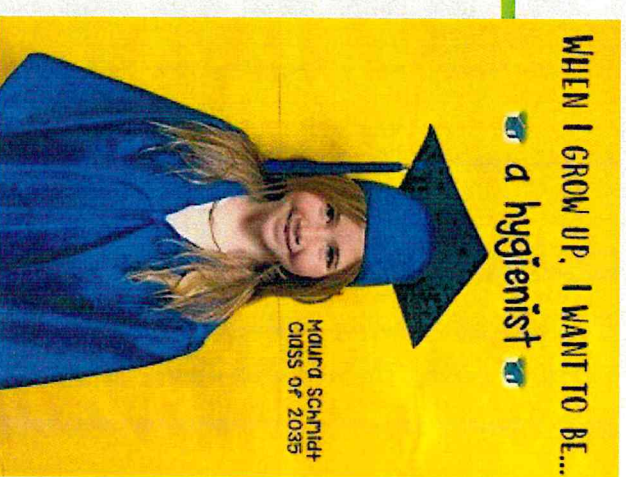
TRENDS IN HIGHER ED

9 Study Groups

- Agriculture of the Future
- Energy of the Future
- Healthcare of the Future
- Digital Sciences of the Future
- Student of the Future
- Teacher of the Future
- Infrastructure of the Future
- Human Capital of the Future
- Values/Civics of the Future

DRIVERS OF CHANGE

- AI and digitization
- Energy
- Inflation
- Human capital crisis
 - Career long productivity
- Student behavioral issues
- National Security Crisis



2025-27 SBHE ENVISION REQUESTS



Approved, budgeted items:

1. Nursing ed consortium
2. AI and machine learning
3. Planned obsolescence of technical infrastructure
4. High-demand workforce development
5. High performance computing (UND/NDSU)
6. Inflation factor increase
7. Dakota Digital Academy
8. ND state grants



2025-27 SBHE ENVISION REQUESTS

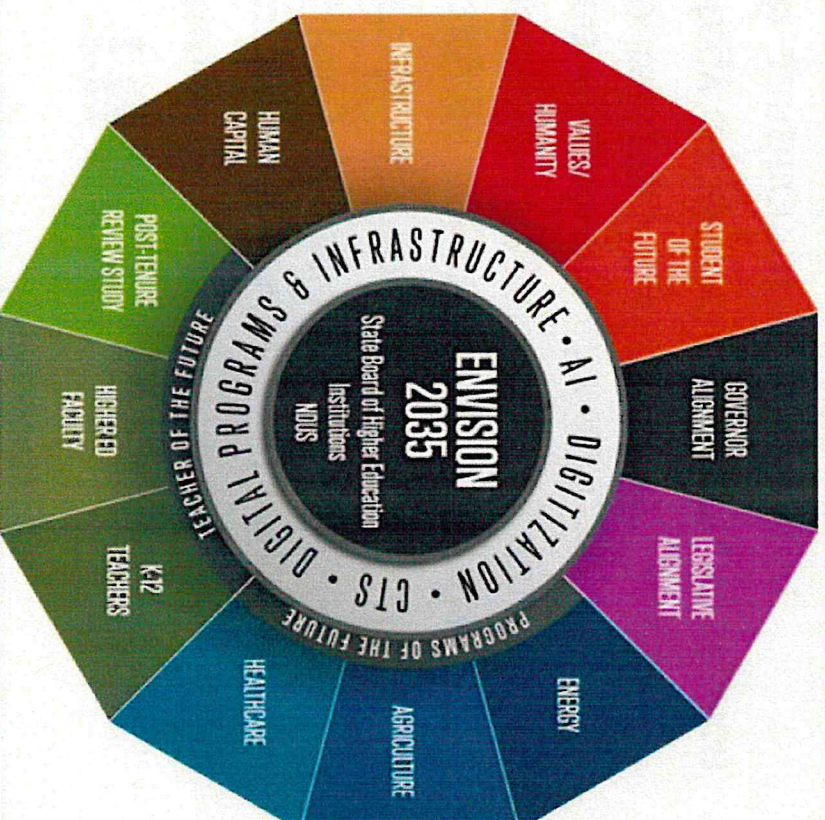


Initiatives to Support:

1. Annual salary increases
2. Challenge grant program
3. Workforce education innovation program
(Rep Schreiber-Beck supports)
4. Economic diversification research fund
5. Higher ed stabilization fund
6. SIM-ND mobile simulation program
7. Dakota Humanities Academy



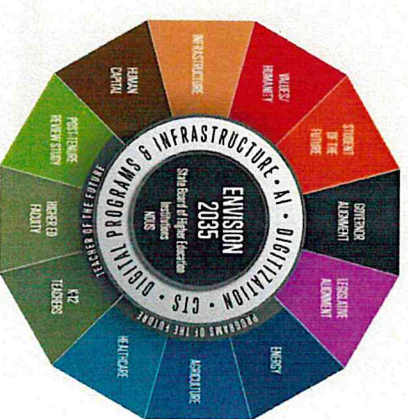
AI (DIGITIZATION) WILL AFFECT ALL SECTORS*



*Presented Nov 2023
SBHE Envision Retreat

AI GAINS TRACTION

- 2024 Gov Spring Strategy Review – AI concept presented as Big Hairy Audacious Goal (BHAG)
- Led to Governor's AI Task Force
- Five separate study groups including governance, workforce, infrastructure, legislation, org structure
- Strategy emerged w/elements of workforce, education, compute/data in ND and leverage ND
- Investment strategy developed for legislative session
- Fog of election & transition of administration
- Rep Christy; 4 bills: HB 1448 and HB 1265; HB 1386 (certain generated images); HB 1320 (deepfake videos and images, failed)



ND AI STRATEGY

The Dakota AI Collaborative (DAIC)

- State AI talent and compute resources are linked
- State baseline funding, with soft-money scaling
- State funded activities focus on state impact
- Stakeholder governance

ND Compute Fund

- Compute tokens as an investment vehicle for economic development

The Bakken Digital Dividend (possible long-term strategy)

- Recovered NG/NGL enables Bakken growth and powers data centers



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March 5, 2025

Thomas Danford, Vice Chancellor for Information Technology/CIO

Corey Quirk, Deputy CIO

Core Technology Services of the NDUS



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Lisa Johnson, Vice Chancellor for Academic and Student Affairs
North Dakota University System



Strength of NDUS Enrollment

- NDUS 2024 enrollment up 3.6%, beating national enrollment growth for fifth year in a row
- 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



Student Financial Assistance Programs

2023-25 Base Appropriation - \$63.3 million

- Student Financial Assistance Grants - \$29,917,306
- ND Academic/CTE/ND Scholarship - \$17,216,749
- Scholars Program - \$1,807,115
- Dual Credit Scholarship - \$1,500,000
- Native American Scholarship - \$1,000,000
- Professional Student Exchange Program - \$3,699,342
- ND Career Builders Scholarship \$3,400,000
- ND Career Builders Loan Repayment \$3,400,000
- Tribally Controlled Colleges Assistance Grant - \$1,400,000



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David Krebsbach, Vice Chancellor for Administrative Affairs/CFO
North Dakota University System

NDUS State General Fund Appropriations (nominal dollars)



Higher Education Funding Formula (before Engrossed SB2003 amendments)

Institution	2021-23 Completed SCH	2021-23 Weighted SCH	2021-23 WSCH Base	Credit Completion Factor	WSCH Growth Factor	Credit Growth Factor	2021-23 Adjusted SCH	2023-25 Base Per Credit Hour	Adjust	Minimum Amount Payable	Preliminary 2025-27 Base Funding	2023-25 Base Funding	2025-27 Base Incr/Decr	2025-27 Base % Incr/Decr
BSC	138,223	300,716	300,716	1.10	0	1.00	330,788	\$110.38	(\$134,156)	\$0	\$36,378,223	\$36,354,055	\$24,165	0.07%
DCB	33,535	57,802	54,267	1.80	3535	1.00	101,216	\$110.38	\$0	\$0	\$11,172,222	\$11,130,278	\$41,944	0.38%
LRSC	46,867	77,534	77,534	1.60	0	1.00	124,054	\$110.38	\$0	\$945,308	\$14,638,389	\$15,248,322	(\$609,933)	-4.00%
NIDSCS	109,532	285,505	285,505	1.30	0	1.00	371,157	\$110.38	\$0	\$0	\$40,968,310	\$38,761,924	\$2,206,386	5.69%
WSC	34,605	63,497	63,497	1.70	0	1.00	107,945	\$110.38	\$0	\$678,630	\$12,593,599	\$13,118,332	(\$524,733)	-4.00%
DSU	61,462	159,070	159,070	1.40	0	1.00	222,698	\$103.76	\$12,790	\$0	\$23,119,934	\$23,801,610	(\$681,676)	-2.86%
MASU	45,889	127,424	127,424	1.60	0	1.00	203,878	\$103.76	\$0	\$0	\$21,154,381	\$21,698,810	(\$544,429)	-2.51%
MISU	123,426	370,232	370,232	1.20	0	1.00	444,278	\$103.76	\$0	\$0	\$46,098,285	\$47,677,097	(\$1,578,812)	-3.31%
WCSU	64,575	166,147	161,572	1.50	4575	1.00	246,933	\$103.76	\$0	\$885,840	\$26,507,608	\$27,612,092	(\$1,104,484)	-4.00%
NDSU	589,220	1,971,645	1,971,645	1.00	0	1.00	1,971,645	\$73.15	\$0	\$6,396,841	\$150,622,673	\$156,898,618	(\$6,275,945)	-4.00%
UND	623,862	2,420,139	2,420,139	1.00	0	1.00	2,420,139	\$73.15	\$0	\$0	\$177,033,166	\$176,704,163	\$329,005	0.19%
SMHS	0	1,070,680	1,070,680	1.00	0	1.00	1,070,680	\$73.15	\$0	\$0	\$78,320,242	\$70,189,742	\$8,130,500	11.56%
Totals	1,871,196	7,070,391	7,070,391				7,615,411		(\$121,366)	\$8,906,619	\$638,607,034	\$639,195,043	(\$588,009)	-0.09%

Engrossed SB2003 Compared to SBHE Requested Budget and Armstrong Executive Budget Recommendation

North Dakota University System

2025-27 Needs-Based Budget Request Comparison to Executive Recommendation to Senate Engrossed SB2003

Base Budget - Needs-Based	Total NDUS Request	Executive Recommendation	2025 Engrossed SB2003	Variance from NDUS Request
2023-25 Needs-Based Budget				
Cost to Continue 2023-25 Target Market Equity & DB Retirement	\$ 792,409,065	\$ 792,409,065	\$ 792,409,065	\$ -
NDIT IT Rate Adjustment	1,532,333	1,532,333	1,532,333	-
State Bond Payments	231,253	231,253	231,253	-
Funding Formula - SCH Production Changes including MAP	(936,521)	(936,521)	(936,521)	-
Compensation Package(3%/3% Salary/FB/Health Insurance(Excludes Institutions)	(588,009)	(588,009)	(588,009)	-
Funding Formula Inflation of 9% Armstrong/4% Senate	-	2,400,509	2,400,509	2,400,509
Student Financial Aid System	-	47,755,665	62,860,713	62,860,713
Student Financial Assistance Grants	273,180	273,180	273,180	-
Inflation - (Armstrong Forest Service/Senate NDUSO-CTS-Forest Service)	1,000,000	1,000,000	2,000,000	1,000,000
Student Financial Aid/Fin Aid Title IV System	1,916,401	175,700	1,916,401	-
Institution IT Infrastructure Replacement	180,000	-	180,000	-
Tribal Community College grants	2,600,000	-	1,000,000	(1,600,000)
Working Parent Credit - Employee child care reimbursement program	-	-	200,000	200,000
2025-27 Needs-Based Budget	\$ 798,617,702	\$ 910,000	\$ 864,388,924	\$ 65,771,222
Dollar Change from 2023-25 Base	\$ 6,208,637	\$ 52,754,110	\$ 71,979,859	
Percentage Change from 2023-25 base	0.8%	6.7%	9.1%	

2025-27 Optional General/SIIF Fund Budget Requests

North Dakota University System		SBHE	Governor Armstrong	Senate			
	SBHE Request	Notes	Executive Budget Recommendation	Notes	Engrossed SB2003 Budget Adjustments	Notes	
Systemwide Projects / Initiatives							
Tab							
1	Nursing Education Consortium (ENVISION - CRITICAL)	\$ 2,049,000	Base	\$ 1,100,000	SIIF; One-time	\$ 1,100,000	SIIF; One-time
2	Artificial Intelligence (AI) and Machine Learning (ML) (ENVISION -IMPORTANT)	\$1M Base; \$2M One-time				-	
4	High Demand Workforce Development (ENVISION)	3,000,000	One-time	-		-	
5	High Performance Computing NTN - UND/NDSU (ENVISION)	3,000,000	Base	-		2,000,000	SIIF; One-time
7	Dakota Digital Academy (ENVISION) (2023-25 ONE-TIME FUNDS)	8,000,000	Base	-		450,000	GF; One-time
8	Financial Aid Enhancement/Title IV Course Auditor	450,000	Base				GF; \$180,000 Base
18	Challenge Grant	25,000	\$180,000 Base \$25,000 One-time	900,000	SIIF; One-time	25,000	\$25,000 One-time
19	Capital Building Fund (Tier II/III)		One-time	50,000,000	SIIF; One-time	25,000,000	SIIF; One-time
			One-time	20,000,000	SIIF; One-time	31,500,000	SIIF; One-time
20	Workforce Education Innovation Program		One-time				SIIF; One-time; Limited to 9 Institutions
21	Economic Diversification Research funding	SBHE Supported	One-time	-		12,000,000	SIIF; One-time; Appropriated to BND
25	Enterprise Resource Planning (ERP) - Cloud Readiness for Peoplesoft Replacement		One-time	-		8,000,000	
	Emerald Ash Borer Initiative - Forest Service			950,000	SIIF; One-time	950,000	SIIF; One-time
	MISU Advancing Students towards educational and employment program	-		-		500,000	GF; One-time
	UND National Security Crossroads	-		-		12,000,000	SIIF; One-time
	NDSU New Horizon programming	-		-		12,000,000	SIIF; One-time
	Working Parent Credit - Employee child care reimbursement program(HHS)	-		910,000	GF; Base	910,000	GF; Base

2025-27 Optional General/SIIF Fund Budget Requests

North Dakota University System	SBHE		Governor Armstrong		Senate	
	SBHE Request	Notes	Executive Budget Recommendation	Notes	Engossed SB2003 Budget Adjustments	Notes
NDUSO - System Governance						
9	Student Financial Aid System	273,180 Base	273,180	GF; Base	273,180	GF; Base
10	Increase Shared Services	200,000 Base	-		-	
11	Internal Audit Software	143,000 \$83,000 Base \$60,000 One-time	-		-	
NDUSO - Student Grants						
12	Professional Exchange Program (PSEP)	1,500,000 Base	-		1,500,000	GF; One-time
13	North Dakota State Grant	1,000,000 Base	1,000,000	GF; Base	1,000,000	GF; Base
14	Dual Credit Scholarship	1,500,000 Base	-		1,500,000	BND Profits; One-time
15	North Dakota State Grant - remove ND HS Graduate requirement (ENVISION)	1,000,000 Base	-		1,000,000	GF; Base



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Capital Budget

2025-27 Investment Opportunities – Capital Funding Request

- \$244.4 million Total Request
 - \$217.3 million general fund
 - \$27.1 million non-general fund
- Projects address life/health/safety issues, deferred maintenance, and program driven needs. \$129.3 million in combined deferred maintenance and life/health/safety issues

2025-27 Investment Opportunities – Capital Funding Request

- HB1003 Section 47 Legislative Intent Capital Projects during the 68th Legislative Assembly approved by the SBHE for inclusion in the 2025-27 budget request
- Engrossed SB2003 includes all three of these projects using SIIF

Institution	Institution Priority	SBHE Priority	Project Title	Project Total	Funding Source		Project Type	% DML S	% PED	% Local S	Amount DML S
					General Funds	Other Funds					
UND	1	1	Science, Technology, Engineering, and Math Building	79,500,000	55,640,000	23,860,000	New Construction	N/A	N/A	N/A	N/A
MiSU	1	1	Academic Building	8,132,000	8,132,000		Renovation	N/A	N/A	N/A	N/A
MaSU	**	**	Old Main Renovation or Loan Repayment	34,924,814	34,924,814		Major renovation to existing facility.	N/A	N/A	N/A	N/A
State General Fund Projects				122,556,814	98,696,814	23,860,000					

2025-27 Investment Opportunities – SBHE Approved Capital Funding Request

Institution	Institution Priority	Project Title	Project Total	Funding Source		Project Type	% PED	% DM	% LS	Amount DM/LS
				General Funds	Other Funds					
MISU	1	Regional Health Sciences Institute – PHASE ONE	13,000,000	12,350,000	650,000	L ease Purchase Renovation / Other	90%		10%	1,300,000
DSU	1	Education Innovation & Academic Excellence Center	48,500,000	48,500,000	-	Major renovation to existing facility.	45%	25%	30%	48,400,000
DCB	1	Modernizing the Living & Learning Environment for Students	875,000	875,000	-	Demolition	20%	50%	30%	22,600,000
NDS CS	1	Revitalization of Johnson Educational Innovation Center	24,759,730	23,521,744	1,237,987	Major renovation to existing facilities	10%	75%	15%	22,283,757
MaSU	1	Campus Security: Lights, Cameras, and Card Access	1,311,630	1,311,630		Major renovation to existing facility.			100%	1,311,630
VCSU	1	McFarland Deferred Maintenance and Energy Project	27,300,000	25,935,000	1,365,000	Renovation		80%	20%	27,300,000
LRSC	1	Campus Infrastructure Repairs/Upgrades	6,087,341	6,087,341		Repairs, new construction, upgrades.		100%		6,087,341
		State General Fund Projects	121,833,701	118,580,715	3,252,987					129,282,728

2025-27 Investment Opportunities – Capital Funding Request – SBHE approved non-General Fund Projects

- Engrossed SB2003 includes these projects

Institution	Project	Cost	Source of Funding
NDSU	Practice Wrestling Facility	13,000,000	Donations
NDSU	University Village	54,000,000	Self Liquidating Revenue Bond/Donations/Local Funds
NDSU	Memorial Union	50,000,000	Self Liquidating Revenue Bond/Donations/Local Funds
NDSU	Van ES Biosafety Lab	8,000,000	Grants/Local Funds
BSC	Remodel for additional Dorm rooms	1,400,000	Tier II/III Funding
DSU	Woods Hall & Agriculture and Tech Education Building/Rodeo Arena	12,500,000	Self Liquidating Revenue Bond
MISU	Student Center Renovation	3,100,000	Self Liquidating Revenue Bond



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THANK YOU
