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Dr. Brian Van Horn, President
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Mayville State University
HB 1161 Testimony

Mayville State stands in opposition to House Bill No. 1161

Chairman Sorvaag and Appropriations - Education and Environment Division Committee Members,

Mayville agrees with the legislature's intent to ensure accountability and efficiency; however, this bill reduces the ability of MSU to be agile and adapt to changing markets, student needs and creates an additional layer of reporting.

This bill, if passed, hinders MSU's ability to manage our operations efficiently and effectively. HB 1161 proposes the establishment of an additional funding pool for tracking newly created vacant full-time equivalent (FTE) positions and mandates additional reporting requirements. Institutions within the North Dakota University System (NDUS) are currently required to justify new FTE in the budgeting process and this legislation would add a layer of inefficiency and administrative red tape to the process.

Yet one important aspect that differentiates higher education institutions from the other state agencies is that the NDUS and entities therein are funded uniquely by performance standards set within the funding formula, based on completed credit hours, not full-time positions. This bill would cause each institution to reserve a portion of the general fund appropriation for these activities in a new and unique funding pool.

Each NDUS institution would then be required to report to the state board of higher education at each regular meeting of the budget section regarding salaries and wages, position information, and operational use of funding, if applicable, in the pool including amounts transferred from the pool, information on vacant full-time equivalent positions including dates the positions were vacated and filled, and the operational use of funds.

This bill does not acknowledge the dynamic and necessarily adaptive nature of our institution. Vacancies in higher education, much like any other sector, can result from retirements, resignations, terminations and grant-funded projects, yet the responsibilities to fulfill those obligations via one funding mechanism or another, do not go away with those individuals or FTE vacancies.

What is not considered is the need for MSU to fulfill our responsibilities through other channels when

such a vacancy occurs, such as contracts and MOUs with other state entities, third parties and other NDUS institutions. The fulfillment of the duties through an operational line, or other pay lines in wages, does not align with the reduction of authority for funds for vacancies in FTE, nor is this compatible with the methods with which the entities like Mayville State are funded.

Examples of areas that would be impacted for Mayville specifically include contracting for urgent student counseling services, student health services, accounting services to address critical business processes and operational continuity, critical procurement processes, athletic training needs, student recruitment targeting and additional auxiliary positions based on student service fluctuations.

If these vacant positions had been defunded/deauthorized, MSU's ability to quickly and efficiently fund the contracts from other operational line items that completed these responsibilities would have been difficult, if possible, at all. Additionally, with faculty vacancies that occur unexpectedly, current and planned courses still need to be filled, and those costs are typically shifted to adjunct and overload pay lines. This is not accounted for in the current language of the bill.

Maintaining flexibility in fulfilling FTE positions and managing operations by maintaining access to these funds allows the institutions to remain agile, meet accreditation standards, and ensure educational excellence.

MSU agrees with accountability and fosters this culture at every level of university operations.

MSU respectfully requests a Do Not Pass recommendation on HB1161.

Thank you for the opportunity to submit this testimony.