

2025 HOUSE EDUCATION

HB 1161

2025 HOUSE STANDING COMMITTEE MINUTES

Education Committee Coteau AB Room, State Capitol

HB 1161
1/15/2025

Relating to funding for vacant full-time equivalent positions at institutions under the control of the state board of higher education.

2:31 p.m. Chairman Heinert called meeting to order.

Members Present: Chairman Heinert, Vice Chairman Schreiber- Beck, Representatives, Conmy, Hager, Hatlestad, Hauck, Heilman, Jonas, Longmuir, Maki, Marchall, Morton, Novak, Osowski

Discussion Topics:

- OMB Budget
- Salaries

2:31 p.m. Representative Murphy introduced the bill and submitted testimony. #29160

2:15 p.m. Lisa Johnson, Vice Chancellor Academic Affairs, testified in opposition and submitted testimony. #29227

2:51 p.m. Chairman Heinert closed hearing.

Leah Kuball, Committee Clerk

HB1161
Bill Testimony
Rep. Eric J. Murphy
District 43, Grand Forks

This bill requires an institution under the control of the State Board of Higher Education to quantify open positions in December of an even numbered year and to place in a salary pool at Office of Management and Budget the funding for salaries and benefits for these open positions in the subsequent biennium. Upon demonstration of need, the funding for a given position is released from this pool to the institution. These funds can be released for a permanent or temporary hire.

Often money intended for salaries is used to fund other efforts in lieu of hiring an individual for an open position. While this can be intentional, more than likely this is the result of difficulty in finding a suitable employee. This is especially true for faculty positions that require a national search and competition on a national level for talented faculty.

The OMB-pool approach has proved to be a successful approach in saving the North Dakota taxpayers money as demonstrated by its implementation in the Executive Branch for the 23-25 biennium. The estimated savings is minimally \$32M but may exceed \$50M by the end of this biennium. Hence, this is a proven responsible approach to save funds and enhance the turnback to the general fund at the end of the biennium.

After speaking with leadership, I was urged to work on a similar approach for institutions under the control of the State Board of Higher Education. This is indeed, like with the Executive Branch, a departure from the *status quo*, but it is anticipated that this will result in significant savings for the North Dakota taxpayers. I recognize that this approach alters the funding formula, but it also preserves the intention of hiring faculty and staff to serve our students across the North Dakota University System's institutions.

With the demonstrated success of this OMB-pool for other state agencies, it is time to apply this approach to institutions of higher education under control of the State Board of Higher Education to realize potential savings.



HB 1161

House Education Committee

January 15, 2025

Lisa Johnson, Vice Chancellor for Academic Affairs and Student Affairs

701-328-4143; lisa.a.johnson@ndus.edu

Chair Heinert and members of the committee, thank you for the opportunity to speak on behalf of the North Dakota University System (NDUS) and the State Board of Higher Education (SBHE) concerning House Bill No. 1161.

The NDUS and SBHE stands in opposition to House Bill No. 1161. While we understand and appreciate the legislative intent to ensure efficient and responsible management of state resources, we believe this bill infringes on the ability of the SBHE and the NDUS institutions to effectively manage the NDUS operations.

House Bill No. 1161 proposes the establishment of a funding pool for vacant full-time equivalent (FTE) positions within institutions under the governance of the SBHE. This bill mandates the transfer of appropriation authority for vacant positions to the Office of Management and Budget (OMB), to be held in a dedicated funding pool. Institutions would then need to request allocations from this pool to fill vacant positions or hire temporary employees.

While the intent of the bill is to optimize resource utilization, it is imperative to recognize the dynamic nature of academic institutions. Vacancies in academia, much like any other sector, can result from retirements, resignations, or grant-funded projects. Maintaining the existing flexibility in fulfilling FTE positions and managing operations by having access to these funds allows the institutions to adapt as needed to mission critical initiatives and programs, while meeting accreditation standards, and ensuring educational excellence.

Turnover is typical and can offer institutions a chance for strategic realignment in faculty and staff roles. However, the restriction imposed by this bill could inadvertently delay hiring processes, affect the quality of education, and hinder institutions' ability to respond quickly to emergent educational and workforce needs.

In conclusion, we ask for a Do Not Pass on HB1161 to allow our NDUS institutions to continue fulfilling their missions to provide quality education, student success, fulfillment of workforce needs and allow the operational flexibility required by our educational institutions.

2025 HOUSE STANDING COMMITTEE MINUTES

Education Committee Coteau AB Room, State Capitol

HB 1161
1/21/2025

Relating to funding for vacant full-time equivalent positions at institutions under the control of the state board of higher education.

2:40 p.m. Chairman Heinert called the hearing to order.

Members Present: Chairman Heinert, Vice Chairman Schreiber- Beck, Representatives, Conmy, Hager, Hatlestad, Hauck, Heilman, Jonas, Longmuir, Maki, Marchall, Morton, Novak, Osowski

Discussion Topics:

- Committee action

2:41 p.m. Representative Hauck moved a Do Pass.

2:41 p.m. Representative Longmuir seconded the motion.

Representatives	Vote
Representative Pat D. Heinert	Y
Representative Cynthia Schreiber-Beck	Y
Representative Liz Conmy	Y
Representative LaurieBeth Hager	Y
Representative Patrick R. Hatlestad	Y
Representative Dori Hauck	Y
Representative Matthew Heilman	Y
Representative Jim Jonas	Y
Representative Donald W. Longmuir	Y
Representative Roger A. Maki	N
Representative Andrew Marschall	Y
Representative Desiree Morton	Y
Representative Anna S. Novak	Y
Representative Doug Osowski	Y

Motion carries: 13-1-0

Bill Carrier: Representative Novak

2:43 p.m. Chairman Heinert closed the hearing.

Leah Kuball, Committee Clerk

REPORT OF STANDING COMMITTEE
HB 1161 ([25.0636.01000](#))

Education Committee (Rep. Heinert, Chairman) recommends **DO PASS** (13 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). HB 1161 was placed on the Eleventh order on the calendar.

2025 HOUSE STANDING COMMITTEE MINUTES

Education Committee Coteau AB Room, State Capitol

HB 1161
1/27/2025

Relating to funding for vacant full-time equivalent positions at institutions under the control of the state board of higher education.

2:32 p.m. Chairman Heinert called the meeting to order.

Members Present: Chairman Heinert, Vice Chairman Schreiber- Beck, Representatives, Conmy, Hager, Hatlestad, Hauck, Jonas, Longmuir, Maki, Marchall, Morton, Novak, Osowski

Members absent: Representative Heilman

Discussion Topics:

- Committee action

2:32 p.m. Vice Chair Schreiber- Beck moved to reconsider and reopen the hearing and receive further testimony on HB 1161.

2:32 p.m. Representative Jonas seconded the motion.

Representatives	Vote
Representative Pat D. Heinert	Y
Representative Cynthia Schreiber-Beck	Y
Representative Liz Conmy	Y
Representative LaurieBeth Hager	Y
Representative Patrick R. Hatlestad	Y
Representative Dori Hauck	N
Representative Matthew Heilman	A
Representative Jim Jonas	Y
Representative Donald W. Longmuir	Y
Representative Roger A. Maki	Y
Representative Andrew Marschall	N
Representative Desiree Morton	N
Representative Anna S. Novak	Y
Representative Doug Osowski	Y

Motion carries: 10-3-1

2:35 p.m. Chairman Heinert closed the hearing.

Leah Kuball, Committee Clerk

2025 HOUSE STANDING COMMITTEE MINUTES

Education Committee Coteau AB Room, State Capitol

HB 1161
2/17/2025

Relating to funding for vacant full-time equivalent positions at institutions under the control of the state board of higher education.

10:01 a.m. Chairman Heinert called the hearing to order.

Members Present: Chairman Heinert, Vice Chairman Schreiber- Beck, Representatives, Conmy, Hager, Hatlestad, Hauck, Heilman, Jonas, Longmuir, Maki, Marchall, Morton, Novak, Osowski

Members absent: Representative Heilman

Discussion Topics:

- Needs of students
- Operating Expenses
- Amendments
- Hiring faculty

10:01 a.m. Representative Murphy introduced the bill and submitted testimony. #37871 and #37830.

10:25 a.m. Mark Sandford, ND Representative, testified in opposition.

10:31 a.m. Tim Mihalick, Chairman of the ND State Board of Higher Education, testified in opposition and submitted testimony. #37771

10:35 a.m. Mark Hagerott, Chancellor, NDUS, testified in opposition.

10:39 a.m. Lisa Montplaisir, President NDSU Faculty, testified in opposition and submitted testimony. #37807

10:45 a.m. Karla Mongeon- Stewart, VP for Finance and Operations, UND, testified in opposition and submitted testimony. #37824

10:50 a.m. Joann Kitchens, VP of Administrative Affairs. Lake Region State College, testified in opposition and submitted testimony. #37734

10:52 a.m. Leslie Wietstock, VP for Finance and Administration. Dickinson State College, testified in opposition and submitted testimony. #37821

10:54 a.m. Rod Flanigan, President NDSCS, testified in opposition and submitted testimony. #37756

10:57 a.m. Andrew Armacost, President, UND, testified in opposition and submitted testimony. #37818

Additional written testimony:

Ericka Buchholz, VP of business affairs, Valley City State University, submitted testimony in opposition. #37751

Amber Hill, Vice President BA, Mayville State University, submitted testimony in opposition. #37833

Steve Shirley, President, Minot State University, submitted testimony in opposition. #37823

Carmen Simone, CEO, Dakota College at Bottineau, submitted testimony in opposition. #37809

10:58 a.m. Chairman Heinert adjourned the meeting.

Leah Kuball, Committee Clerk

HB 1161
Bill Testimony
Joann Kitchens, Vice President of Administrative Affairs, LRSC
701-662-1502; joann.kitchens@lrsc.edu

Chair Heinert and members of the Committee, thank you for the opportunity to share Lake Region State College's position on HB1161.

Lake Region State College opposes HB1161 for the following reasons:

1. Only 48% of LRSC's positions are paid out of the general fund.
2. Positions that are paid out of general funds are also partially paid out of tuition. E.g. if an FTE paid out of general funds is vacant, only a portion of it is paid out of the general funds. OMB would have authority for the entire position, but only funding for a portion. This would make the process very cumbersome and more labor intensive.
3. One of our vacant positions this past December was a federal grant-funded position. It was kept open intentionally until we find out if our federal grant is renewed. There would be no general funding in that position. This would add additional red tape. We would have to request authority from OMB to advertise the position again, when funding is renewed. If funding is not renewed, OMB would be holding authority to funds that no longer exist.
4. Vacant positions are often just a timing issue. They are advertised sometimes more than once to get an applicant with full intention of filling the position.
5. When a faculty position is vacant and we have a hard time getting a qualified applicant, part-time adjunct instructors need to be hired to teach the classes. That funding is used to cover the part-time cost until a full-time replacement can be hired. This would, again, add red tape. We would need to request the funding so we could pay the part-time instructors.
6. Adding this step of turning the money back and then asking for it again, adds more levels of paperwork which is not efficient.

In conclusion, Lake Region State College asks for a Do Not Pass on HB1161.



HB 1161

House Education Committee

January 14, 2025

Erica Buchholz, Vice President of Business Affairs

701-845-7235; erica.buchholz@vcsu.edu

Chair Heinert and members of the committee, thank you for the opportunity to provide testimony on behalf of Valley City State University (VCSU). VCSU stands in opposition of House Bill No. 1161. We understand the legislative intent however this bill would decrease the efficiency of managing our operations.

When turnover and retirements happen causing vacant positions, VCSU evaluates each position to ensure the position meets the needs of the students before reopening. At times we hold positions depending on the timing of the academic calendar or hire a temporary staff replacement or faculty adjunct while strategically reviewing department needs. VCSU utilizes the salary savings from vacant positions to supplement these temporary salaries, therefore the quality of education and service of our students isn't impacted.

Transferring the pool of funds for these vacant positions to OMB and then setting up a process in which campuses request these allocations back would cause hiring delays, reduce funds needed for temporary salaries and hinder our ability to quickly respond to our students when education and workforce needs change rapidly.

In conclusion, VCSU asks for a Do Not Pass on HB1161 and allow institutions to continue fulfilling their missions to provide quality education, student success and fulfillment of workforce needs and allow the operational flexibility that is currently allowed.

**Business Affairs Office**

Haverty Hall 139 | 701.671.2216

North Dakota State College of Science • 800 Sixth Street North • Wahpeton, ND 58076-0002 • 1.800.342.4325 • www.ndscs.edu**HB 1161****House Education Committee**

February 15, 2025

Keith Johnson, CFO

Rod Flanigan, President

701-671-2218/keith.johnson@ndscs.edu701-671-2221/rod.flanigan@ndscs.edu

Chair Heinert and members of the committee, thank you for the opportunity to offer written testimony on behalf of the North Dakota State College of Science concerning House Bill No. 1161.

NDSCS stands in opposition to House Bill No. 1161.

House Bill No. 1161 proposes the establishment of a funding pool for vacant full-time equivalent (FTE) positions. This bill mandates the transfer of appropriation authority for vacant positions to the Office of Management and Budget (OMB), to be held in a dedicated funding pool. NDSCS would then need to request allocations from this pool to fill vacant positions or hire temporary employees.

While NDSCS understands the intent of the bill, HB 1161 will hinder our ability to be flexible and responsive in our mission to train the workforce. At NDSCS, each vacant position is carefully reviewed by the leadership team and potentially revised and/or redeployed to another program/area to meet the needs of the institution as the workforce evolves. These funds allow NDSCS to adapt and focus resources on critical issues for our students, faculty and staff.

NDSCS asks for a Do Not Pass on HB1161 to allow us to continue fulfilling our mission to efficiently and effectively provide training for the workforce of North Dakota.

Respectfully,

Keith Johnson/Rod Flanigan
NDSCS



HB 1161
House Education Committee
February 17, 2025
Tim Mihalick, Chair State Board of Higher Education
timothy.mihalick@ndus.edu

Chair Heinert and members of the committee, thank you for the opportunity to speak on behalf of the State Board of Higher Education (SBHE) and the North Dakota University System concerning House Bill No. 1161.

The SBHE stands in opposition to House Bill No. 1161. While we understand and appreciate the legislative intent to ensure efficient and responsible management of state resources, we believe this bill infringes on the ability of the SBHE and the NDUS institutions to effectively manage the NDUS operations.

Several positive news stories have come out of your university system in just this last week. First, enrollment momentum continues in the Spring 2025 semester with the highest spring head count since 2016. Nearly all of the NDUS's 11 institutions reported increased enrollment and this is the third consecutive year of enrollment increases.

Additionally, Carnegie Research Classifications were released last week and both NDSU and UND received Research One classifications, the highest research classification possible. Just 187 institutions in the country are categorized as R1s.

HB 1161 would significantly and negatively impact how we manage our complex financial environment that includes the tuition funding formula, student fees, research dollars, and state appropriations. They are all part of the mix that combines to pay our faculty and staff salaries. While vacancies in academia are similar to other sectors in that there are retirements and resignations, higher education also differs significantly as it has to adjust to changes in academic programming, student enrollment or grant-funded projects. Maintaining the existing flexibility in fulfilling FTE positions and managing operations by having access to these funds allows the institutions to adapt as needed to mission critical initiatives and programs, while meeting accreditation standards, and ensuring educational excellence.

Turnover is typical and can offer institutions a chance for strategic realignment in faculty and staff roles. However, the restriction imposed by this bill could inadvertently delay hiring processes, affect the quality of education, and hinder institutions' ability to respond quickly to emergent educational and workforce needs.

Finally, we are also concerned that this bill would inhibit the SBHE's ability to perform its Constitutional and statutory responsibilities to efficiently & economically administer the State's institutions.



In conclusion, we ask for a Do Not Pass on HB1161 to allow our NDUS institutions to continue fulfilling their missions to provide quality education, student success, fulfillment of workforce needs and allow the operational flexibility required by our educational institutions.

Dear Chairman Heinert and members of the House Education Committee,

I write to you on behalf of the NDSU Faculty Senate of which I serve as the President.

Faculty have raised serious concerns about HB 1161 and we encourage a **do not pass** recommendation.

I wish to share with you some of the concerns from a faculty perspective related to hiring processes and instructional implications.

First, there is a rhythm to the faculty hiring timeline for faculty higher education. Mid-August is the start for the NDUS academic calendar. Faculty contracts for full-time instructional faculty are mid-August – mid-May. Summer session instruction is offered as a separate contract for faculty offered as a course-by-course basis for institution needs. Hiring of faculty, largely regardless of the discipline, is finalized during a spring semester for starting in mid-August. This timing coincides with recruitment for the best talent as students are approaching spring graduation with advanced degrees, or faculty are looking to move into advanced positions or specialty areas that maybe offered at NDSU. We are screening applicants in late fall, conducting interviews in early spring, and making offers in mid-late spring. Outside of this cycle, and an institution is reducing the pool of potential applicants. A December deadline, as described in this bill, will have positions that appear open as active searches to fill them are ongoing.

There are times when a position does open mid-year; in those situations, the salary that is appropriated for that position is used to hire a temporary adjunct instructor to ensure there is no disruption in course offering for students. The search for the full-time faculty member would initiate on the cycle shared above. Thus, while it may look like an open position is sitting vacant, those funds are being used to both hire in the short-term and search for the long-term replacement to fill the line. The need to request the hiring of temporary positions or to extend the time to make an offer will result in delays that will lead to lost candidates.

Second, the appropriated funding received is to ensure the institution can quickly and adeptly meet the needs of the institution. Funds from an open line may need to be used to support temporary hires in multiple areas of growth as the institution responds to the changing demographics of students. The loss of this flexibility will lead to direct impacts on students access to courses and timely degree completion in areas where turnover is happening. The unintended consequence is delay in entering the workforce.

NDSU faculty recognize the importance of accountability and responsible stewardship of resources. One example is the data-driven approach for minimum course sizes and that ensures resources are allocated efficiently, prioritizing high-demand courses and programs. Through our collaborative efforts of advising, course planning, and registration priorities, we have

implemented course demand software, powered by artificial intelligence, to predict exactly how many course sections and seats are needed each semester, eliminating guesswork and inefficiencies. These tools allow us to maximize our instructional resources and ensure students receive the education they need in the most cost-effective way possible. This also relies upon flexible allocations of resources for instructional staff as course demands fluctuate.

Finally, this legislation seems to be counter to other legislation proposed and advancing this session. HB 1220 is seeking to accelerate the rate of degree completion and HB 1437 is seeking to alter the conditions of faculty hiring and increasing administrative oversight while this bill seeks to remove the institutions funding that is needed to address the needs of those other potential pieces of legislation.

As proposed, we encourage a do not pass on HB 1161 to allow not only NDSU, but all institutions to be able to meet the instructional needs as quickly and effectively as possible.

Lisa



HB 1161

House Education Committee

February 17, 2025

Carmen M. Simone, Campus Dean and Chief Executive Officer

carmen.simone@dakotacollege.edu

Chair Heinert and members of the committee:

For the record, my name is Carmen Simone, Campus Dean for Dakota College at Bottineau (DCB). On behalf of our institution, I am providing this written testimony in opposition of HB 1161.

The flexibility currently afforded to our higher education institutions allows us to continuously adjust operations to yield maximum responsiveness and efficiency. DCB has benefitted from this flexibility over the past several years. Two specific examples are given below.

The Minot Airforce Base (MAFB) traditionally allows only five higher education institutions to have physical access to their facilities and servicemen. In spring 2024, MAFB experienced turnover with the departure of Park University. Because we are considered local and due to our affiliate relationship with Minot State University, DCB was offered an opportunity to have a presence at MAFB. This arrangement came with the stipulation that DCB provide an onsite coordinator to work closely with individuals seeking higher education. Because we already had a few vacant positions, we were able to quickly redeploy one of them to be utilized to build this unanticipated, but absolutely invaluable relationship.

Due to her unique background, a part-time sociology instructor expanded her role by agreeing to cover new courses in human resources at DCB. Her resulting student evaluations were stellar. Because of her value to the institution, she was offered a full-time position. She accepted, and we continue to reap the benefits of her excellent instruction today. Without the current flexibility given to administration, we would not have been able to react to these positive outcomes, and the services of an outstanding educator may have been lost.

These two recent examples at DCB help illustrate the value of rapid reorganization in response to community-driven factors. The ability to be responsive is crucial to higher education and we appreciate the trust placed in our organizations. In the end, our students and our communities benefit from our nimble decision-making.

We respectfully ask the committee to give a DO NOT PASS recommendation on this bill. Thank you for your consideration.



Testimony for the 69th Legislative Assembly – House Education

February 17, 2025

Andy Armacost, President, UND

andrew.armacost@UND.edu | 701.777.2121

Bill: HB 1161

Chair Heinert and Members of the House Education Committee,

For the record, my name is Andy Armacost, and I serve as the President of the University of North Dakota. I am offering neutral testimony regarding HB 1161. While I oppose the original version of HB 1161, I appreciate the efforts of the bill's primary sponsor to develop an amended version of the bill for consideration.

As you will hear in testimony from UND Vice President for Finance and Operations Karla Mongeon-Stewart, the impact of the original bill on the University of North Dakota's budget and operations would be significant.

Unlike other state agencies, funding for higher education is not tied to specific FTE requirements. Rather, at institutions like UND, funding is provided on an outcome-based model relative to the institution's success in completed credit hours.

The changes suggested in the original bill contradict the already established Century Code, existing OMB guidance, and past Legislative intent. It would also restrict our ability to respond to enrollment fluctuations and force us to conduct business in a much less flexible, efficient, and cost-effective way.

There are more effective approaches to enforce accountability, and I believe the primary sponsor's amendment would accomplish this in a much better way than what was originally proposed in HB 1161.

Thank you.



DICKINSON STATE UNIVERSITY

291 Campus Drive • Dickinson, ND 58601 • (800) 279-HAWK • dickinsonstate.edu

Chief Operating Officer

(701) 502-4067
May Hall - Room 109

HB1161
House Education Committee
Chair Heinert
February 17, 2025

Chair Heinert and Committee members, I am Leslie Wietstock, Vice President for Finance and Administration at Dickinson State University. I am here to testify in opposition to House Bill 1161.

When looking at this proposed bill, I have been trying to figure out what problem this is intended to solve, and quite frankly, I have not been able to identify one. During the initial hearing on this bill, a presenter speaking favor indicated that approving this bill would save the State a minimum of \$32 million and could reach as much as \$50 million. Given that the university system's appropriations are based on credit hours, which is significantly different than other state departments, I am not sure how savings of this level could be attained.

It was also noted at the initial hearing that to implement this change would require changes be made to the funding formula used to determine the level of each university's appropriation. I am not sure how these changes could be identified and put into place by the time this legislative session ends.

Newton's third law of motion is "for every action there is an equal and opposite reaction!" Do we know what the reaction would be if this bill passes? Again, I ask, what problem is this bill intended to fix? If we cannot answer that, then we should not approve a measure that will know will cause a significant reaction.

Please give this measure a Do Not Pass recommendation.

Thank you for your time and I would be happy to answer any questions that you may have.



President's Office

Dr. Steve Shirley, President, Minot State University & Dakota College at Bottineau
HB 1161 (in **Opposition**) RE: Vacant FTE positions at SBHE campuses
69th ND Legislative Session, February 17, 2025
House Education Committee

Chair Heinert and members of the House Education Committee, thank you for the opportunity of submitting testimony in opposition to HB 1161. I am Steve Shirley and serve as president of Minot State University as well as Dakota College at Bottineau.

The proposed changes in HB 1161 would create inefficiencies and add an unnecessary level of governmental bureaucracy for Minot State, DCB, and all North Dakota University System (NDUS) campuses. The finances on a college campus are unique when compared to nearly all other state agencies. While other state agencies receive separate salary and operating appropriation lines, NDUS institutions receive appropriations as operating funding and are allowed to allocate between salary and operating as necessary to address the typical ebbs and flows commonplace on campuses. This includes student enrollment, both overall campus enrollments as well as those specific to individual departments and majors, along with the fact that funds supporting the numerous campus programs (both academic and otherwise) are from a variety of sources (state appropriations, tuition, fees, auxiliary units, grants, contracts, etc.) creating for a very dynamic and unique budgetary model.

Our flexibility with finances when a vacant position emerges helps navigate other changes and initiatives that might be occurring across campus (ie – surging enrollment in a new academic program or high-need workforce area where a new faculty member might need to be hired). The changes proposed in this bill would create challenges and limit our flexibility of adapting and re-prioritizing resources as needed to best serve our students and the citizens of North Dakota.

Minot State University and DCB both have strong track records of being efficient while responsibly utilizing our state resources. This bill creates inefficiencies with additional red-tape, new administrative accounting burdens, and the high likelihood of creating additional delays in hiring processes. All of these issues will undoubtedly reduce our ability for operational flexibility and responsiveness. I sincerely hope we can continue managing vacant positions as they arise within the overall structure of our individual campus budget needs.

I strongly urge a DO NOT PASS recommendation on HB 1161, and appreciate your time and thoughtful deliberation. Thank you.

UND.edu

DIVISION OF FINANCE & OPERATIONS

Vice President for Finance and Operations

Twamley Hall, Room 314
264 Centennial Dr Stop 8378
Grand Forks, ND 58202-8378
Phone: 701.777.3511

HB 1161
House Education Committee
Neutral Testimony
February 17, 2025

Karla Mongeon-Stewart, Vice President for Finance and Operations
701-777-3511; karla.stewart@und.edu

Chair Heinert and members of the committee, thank you for the opportunity to speak on behalf of the University of North Dakota regarding House Bill No. 1161.

The University of North Dakota opposes HB 1161 as originally drafted. I met with the primary sponsor of this bill Representative Murphy regarding our opposition to the bill as drafted and the negative impact it would have on UND. Representative Murphy took note of our concerns and drafted an amended version of this bill which you have before you this morning. We appreciate his willingness to discuss this bill and the amended bill draft.

Importance of flexibility in the use of funds

Campuses require flexibility in the allocation of resources to respond to the changing needs of each campus and to allocate resources as needed to achieve its mission. Because budgets are not assigned or allocated based on budgeted expenses, campuses rely on carefully allocating resources to maximize the impact of all funding.

Fluctuations in enrollment require flexibility in the hiring process. Tuition dollars represent 65% of the appropriated dollars allocated to salaries and wages at UND and these dollars would be “swept” based on the original language in the bill. Additionally, unplanned operating expenses are common and campuses must often reallocate resources from multiple sources including vacant lines.

Additionally, the original bill draft contradicts Century Code, existing OMB guidance and the intent of the legislative funding mechanism for higher education.

Transparency

The bill sponsor emphasized transparency. The amended version ensures both transparency and accountability while maintaining the flexibility needed by institutions to meet campus demands.

HB1161
Bill Testimony
Rep. Eric J. Murphy
District 43, Grand Forks

Chairman Heinert and members of the House Education Committee, for the record my name is Eric Murphy, representative from District 43, Grand Forks.

This bill was previously voted a do pass by this committee in a 13-1 vote. But this morning we find ourselves in a new hearing, certainly a departure from normal legislative processes.

Today I present an amended bill that requires institutions under the control of the State Board of Higher Education (SBHE) to quantify newly created and vacant positions on December 1st of an even numbered year and to place funds in a central funding pool designated for funding salaries and benefits for these open positions in the subsequent year. Upon demonstration of need, the funding for a given position is released from this pool by the institution. These funds can be released for either a permanent or temporary hire.

The SBHE shall report to each regular meeting of the budget section regarding salaries and wages, position information, and operational uses of funding if applicable. This includes the amount of funds transferred from the pool, information on vacant full-time equivalent positions, including dates when the positions were vacated and filled, and as noted, operational use of funds.

Working with a higher educational institution in a community of >50,000 people, this amended bill was produced to accomplish the following:

- 1) Enhance the transparency on position needs and hiring of individuals into full time equivalent positions.
- 2) Requiring yearly advanced planning for the hiring of individuals and a report of open positions to the Budget Section of the Legislature.
- 3) Allow flexibility to use funds designated for salaries and benefits for operations if needed.
- 4) Requires reporting on the use of funds for operations to the Budget Section.
- 5) Preserves the State Board of Higher Education as the reporter of each institution's use of funds quarterly, this is consistent with the ND Constitution required control of institutions by the SBHE.
- 6) Permits monitoring of expenditures by the Budget Section, enhancing oversight of financial expenditures from this pool.
- 7) Each institution determines how much of their general funds are placed into this pool to meet funding of newly created and vacated positions noted as of 1 December of each year.

- 8) Eliminates the Office of Management and Budget control of the pool, maintaining the autonomy of the institution to control and report its use of funds from this pool to the SBHE.
- 9) Recognizes that the funding of institutions with general funds is different for each institution, but separates funds generated from tuition, housing, dining, fees, and other sources from general funds allocated by the legislature using the higher education formula.
- 10) This bill is structured to speed up the hiring of newly created and vacated positions in a timely manner to serve students.

This overall thrust of this bill has not materially changed, but the amended bill establishes a central fund designated for hiring to fill new and vacated positions with the SBHE reporting to the budget section fund expenditures from this pool by each institution. By requiring the preplanning of new positions and listing of vacated positions, this will provide more transparency for the Budget Section on each institution's progress in hiring to fill positions funded by this pool as well as use for operations as needed.

This bill is much more suitable as amended and I request a do pass vote.



February 17, 2025

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

Mayville State stands in opposition to the original version of House Bill No. 1161

Chairman Heinert and 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, conditions and student needs.

This bill, if passed in its original version, hinders MSU's ability to manage our operations efficiently and effectively. House Bill No. 1161 proposes the establishment of a funding pool for vacant full-time equivalent (FTE) positions and mandates the transfer of appropriation authority for vacant and new positions to the Office of Management and Budget (OMB). Institutions would then need to request allocations from this pool to fill vacant positions or hire temporary employees, adding a layer of inefficiency and administrative red tape to the process.

The intent of this bill attempts to optimize resource utilization but 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 our responsibilities do not go away with those individuals.

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 funds for vacancies in FTE.

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.

Additionally, turnover is a normal occurrence and can offer institutions a chance for strategic realignment in all roles, enhancing accountability. The restrictions imposed by this bill, as currently stated, could inadvertently delay critical processes, affect the quality of education, and hinder our ability to respond to emerging educational and workforce needs.

We understand that the bill may be amended to allow for the following modifications:

The funding pool for vacant FTEs could be held at each institution, rather than at OMB: this modification would eliminate the added administrative steps of OMB tracking and administering the funds, as well as the additional time and resources involved on the institutional side – both of which do not contribute to efficiency or accountability.

Access to and expenditure of these funds for other uses would be determined by the institution and would annually report on these funds and how they were used to the SBHE - not OMB: while this still creates a layer of administrative burden, reporting on the funds in place of losing them is a less restrictive measure that still produces the desired result of accountability.

It may apply to only newly created positions and not vacancies: New fte are already justified in the budget and legislative process, making this step redundant to existing processes.

Only the general fund portion of funding would be applicable: This increases the ability of MSU to fill critical auxiliary and grant funded positions, but not the vital faculty, staff and student service roles.

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 a culture of accountability and currently fosters this at every level of university operations.

MSU requests a Do Not Pass on HB1161 as originally proposed and shares the above impacts for additional consideration regarding anticipated amendments.

Thank you for the opportunity to present this testimony.

330 Third Street NE, Mayville, North Dakota 58257 • (701) 788-2301
www.mayvillestate.edu

- 1 A BILL for an Act to create and enact a new section to chapter 15-10 of the North Dakota
 2 Century Code, relating to funding for newly created full-time equivalent positions at institutions
 under the control of the state board of higher education.

3 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

4 **SECTION 1.** A new section to chapter 15-10 of the North Dakota Century Code is created
 5 and enacted as follows:

6 **Newly created full-time equivalent position funding pool - Transfers of general fund
 appropriation**

7 **authority - Budget section report.**

- 8 1. Notwithstanding any other provision of law, on July first of each odd-numbered year,
 9 each institution under the control of the state board of higher education shall transfer
 10 all general fund appropriation authority for the current biennium relating to the full-time
equivalent positions identified as vacant and newly created positions as of December
first of the most recent even-numbered year to a central fund at the institution.
- 11 2. Each institution shall maintain a portion of the general fund appropriation in a designated
position funding pool as provided for in this section.
- 1 3. Each institution shall report to the state board of higher education which shall report to
each regular meeting of the budget section regarding salaries and wages, position
information, and operational uses of funding if applicable in the pool including:
- 2 a. amounts transferred from the pool, information on vacant full-time equivalent
positions, including dates the positions were vacated and filled, and operational use of
funds.

25.0636.01000

Sixty-ninth
Legislative Assembly
of North Dakota

HOUSE BILL NO. 1161

Introduced by

Representatives Murphy, Schreiber-Beck, Warrey

Senators Bekkedahl, Dever

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1 A BILL for an Act to create and enact a new section to chapter 15-10 of the North Dakota

2 Century Code, relating to funding for newly created vacant full-time equivalent positions at
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32 the control of the state board of higher education.

43 BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

54 SECTION 1. A new section to chapter 15-10 of the North Dakota Century Code is created

65 and enacted as follows:

76 Newly created Vacant full-time equivalent position funding pool - Transfers of general
fund appropriation -

87 authority - Budget section report.

98 1. Notwithstanding any other provision of law, on July first of each odd-numbered year,

109 each institution under the control of the state board of higher education shall transfer

11 all general fund appropriation authority for the current biennium relating to the full-time
equivalent

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12 positions identified as vacant and newly created positions as of December first of the
most recent even-numbered

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1310 year to the office of management and budget a central fund at the institution.

14 2. The office of management and budget Each institution shall maintain a portion of the the

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Sixty-ninth Legislative Assembly

1 4. The office of management and budget may transfer general fund appropriation
2 authority from the higher education vacant position funding pool to an institution only
3 upon the institution certifying to the office of management and budget that other funds
4 from federal or other sources are not available for the salaries and wages of the full-
5 time equivalent position.
6 5. An institution may not receive more funding from the pool than the amount that was
7 transferred from the institution's appropriation for vacant full-time equivalent positions.
8 6. Notwithstanding any other provision of law, the office of management and budget shall
9 transfer appropriation authority from the higher education vacant position funding pool
10 to eligible institutions within fifteen days of receiving a request for filling a full-time
11 equivalent position that was vacant on December first of the most recent even-
12 numbered year or for a temporary position, along with documentation verifying that
13 funding available for salaries and wages within the institution's budget is insufficient to
14 provide funding for the position for the remainder of the biennium.

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15-37. Each institution shall report to ~~the~~ the state board of higher education which shall
report to each regular meeting of the budget section

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16 regarding salaries and wages, vacant position information, and operational uses of funding if
applicable in the

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17-1 pool including:

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18 a. ~~The number of institution requests submitted,~~ amounts transferred from the pool,

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19 and information on vacant full-time equivalent positions, including dates the

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20 positions were vacated and filled, and operational use of funds; and

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242 b. ~~Salaries and wages savings to date resulting from vacant positions by institution;~~

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2025 HOUSE STANDING COMMITTEE MINUTES

Education Committee Coteau AB Room, State Capitol

HB 1161
2/18/2025

Relating to funding for vacant full-time equivalent positions at institutions under the control of the state board of higher education.

9:07 a.m. Chairman Heinert called the hearing to order.

Members Present: Chairman Heinert, Vice Chairman Schreiber- Beck, Representatives, Conmy, Hager, Hatlestad, Hauck, Heilman, Jonas, Longmuir, Maki, Marchall, Morton, Novak, Osowski

Discussion Topics:

- Committee action

9:07 a.m. Vice Chair Schreiber- Beck moved to adopt an amendment. 25.0636.01002

9:07 a.m. Representative Longmuir seconded the motion.

Representatives	Vote
Representative Pat D. Heinert	Y
Representative Cynthia Schreiber-Beck	Y
Representative Liz Conmy	Y
Representative LaurieBeth Hager	Y
Representative Patrick R. Hatlestad	Y
Representative Dori Hauck	Y
Representative Matthew Heilman	Y
Representative Jim Jonas	Y
Representative Donald W. Longmuir	Y
Representative Roger A. Maki	Y
Representative Andrew Marschall	Y
Representative Desiree Morton	Y
Representative Anna S. Novak	Y
Representative Doug Osowski	A

Motion carries: 13-0-1

9:09 a.m. Vice Chair Schrieber- Beck Moved a Do Not Pass as amended.

9:09 a.m. Representative Conmy seconded the motion.

Representatives	Vote
Representative Pat D. Heinert	N
Representative Cynthia Schreiber-Beck	Y
Representative Liz Conmy	Y
Representative LaurieBeth Hager	Y
Representative Patrick R. Hatlestad	N
Representative Dori Hauck	N
Representative Matthew Heilman	N
Representative Jim Jonas	Y
Representative Donald W. Longmuir	N
Representative Roger A. Maki	N
Representative Andrew Marschall	N
Representative Desiree Morton	N
Representative Anna S. Novak	N
Representative Doug Osowski	A

Motion Failed: 4-9-1

9:16 a.m. Representative Heilman moved a Do Pass as amended.

9:16 a.m. Representative Hauck seconded the motion.

Representatives	Vote
Representative Pat D. Heinert	Y
Representative Cynthia Schreiber-Beck	N
Representative Liz Conmy	Y
Representative LaurieBeth Hager	N
Representative Patrick R. Hatlestad	Y
Representative Dori Hauck	Y
Representative Matthew Heilman	Y
Representative Jim Jonas	N
Representative Donald W. Longmuir	Y
Representative Roger A. Maki	Y
Representative Andrew Marschall	Y
Representative Desiree Morton	Y
Representative Anna S. Novak	Y
Representative Doug Osowski	A

Motion carried: 10-3-1

Bill carrier: Representative Heilman

9:17 a.m. Chairman Heinert closed the hearing.

Leah Kuball, Committee Clerk

February 18, 2025

Sixty-ninth
Legislative Assembly
of North Dakota

PROPOSED AMENDMENTS TO

HOUSE BILL NO. 1161

Introduced by

Representatives Murphy, Schreiber-Beck, Warrey

Senators Bekkedahl, Dever

- 1 A BILL for an Act to create and enact a new section to chapter 15-10 of the North Dakota
2 Century Code, relating to funding for ~~vacant~~ newly created full-time equivalent positions at
3 institutions under the control of the state board of higher education.

4 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

- 5 **SECTION 1.** A new section to chapter 15-10 of the North Dakota Century Code is created
6 and enacted as follows:

7 ~~Vacant~~ Newly created full-time equivalent position funding pool - Transfers of general
8 fund appropriation authority - Budget section report.

- 9 1. Notwithstanding any other provision of law, on July first of each odd-numbered year,
10 each institution under the control of the state board of higher education shall transfer
11 all general fund appropriation authority for the current biennium relating to the full-time
12 equivalent positions identified as vacant and newly created positions as of December
13 first of the most recent even-numbered year to ~~the office of management and budget~~
14 central fund at the institution.
- 15 2. ~~The office of management and budget~~ Each institution shall maintain a portion of the
16 general fund appropriation authority in a ~~separate higher education vacant~~ designated
17 position funding pool ~~line item designated for institutions under the control of the state~~
18 ~~board of higher education~~ as provided for in this section.
- 19 3. ~~An institution that transferred appropriation authority to the office of management and~~
20 ~~budget under this section may submit a request to the office of management and~~

- 1 budget for an allocation of appropriation authority from the pool to provide funding for
2 the salaries and wages necessary for the biennium for filling a full time equivalent
3 position that was vacant on December first of the most recent even-numbered year,
4 from the date of hiring through the end of the biennium or for the funding needed for
5 the hiring of a temporary employee as an alternative to filling the position.
- 6 ~~4.~~ The office of management and budget may transfer general fund appropriation
7 authority from the higher education vacant position funding pool to an institution only
8 upon the institution certifying to the office of management and budget that other funds
9 from federal or other sources are not available for the salaries and wages of the full-
10 time equivalent position.
- 11 ~~5.~~ An institution may not receive more funding from the pool than the amount that was
12 transferred from the institution's appropriation for vacant full time equivalent positions.
- 13 ~~6.~~ Notwithstanding any other provision of law, the office of management and budget shall
14 transfer appropriation authority from the higher education vacant position funding pool
15 to eligible institutions within fifteen days of receiving a request for filling a full time
16 equivalent position that was vacant on December first of the most recent even-
17 numbered year or for a temporary position, along with documentation verifying that
18 funding available for salaries and wages within the institution's budget is insufficient to
19 provide funding for the position for the remainder of the biennium.
- 20 ~~7.~~ TheEach institution shall report to the state board of higher education which shall
21 report to each regular meeting of the budget section regarding salaries and wages,
22 vacant position information, and operational use of funding, if applicable, in the pool
23 including:
- 24 ~~a.~~ The number of institution requests submitted, amounts transferred from the pool,
25 and information on vacant full-time equivalent positions, including dates the
26 positions were vacated and filled,; and
- 27 ~~b.~~ Salaries and wages savings to date resulting from vacant positions by institution
28 the operational use of funds.

**REPORT OF STANDING COMMITTEE
HB 1161**

Education Committee (Rep. Heinert, Chairman) recommends **AMENDMENTS** ([25.0636.01002](#)) and when so amended, recommends **DO PASS** (10 YEAS, 3 NAYS, 1 ABSENT OR EXCUSED AND NOT VOTING). HB 1161 was placed on the Sixth order on the calendar.

2025 SENATE APPROPRIATIONS

HB 1161

2025 SENATE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division Sakakawea Room, State Capitol

HB 1161
3/17/2025

A BILL for an Act to create and enact a new section to chapter 15-10 of the North Dakota Century Code, relating to funding for newly created full-time equivalent positions at institutions under the control of the state board of higher education.

9:14 a.m. Chairman Sorvaag called the meeting to order.

Members Present: Chairman Ronald Sorvaag, Senator Cole Conley, Senator Scott Meyer, Senator Donald Schaible, Senator Paul J. Thomas.

Discussion Topics:

- Hiring Transparency.
- Monitoring of funds used for FTE's.
- Reporting Duties of Higher Ed.

9:14 a.m. Eric Murphy, Representative, District 43, introduced the bill in favor and submitted testimony #42103.

9:29 a.m. David Krebsbach, CFO, NDUS, testified in opposition and submitted testimony #41626.

9:34 a.m. Krista Lambrecht, VP for Administration and Finance, Minot State University, testified in opposition and submitted testimony #42182.

Additional written testimony:

Bernell Hirning, President, Williston State College, submitted testimony in opposition #42177

Steve Shirley, MSU, President, submitted testimony in opposition #42116.

Amber Hill, Mayville State University, submitted testimony in opposition #42054.

9:46 a.m. Chairman Sorvaag adjourned the meeting.

Steven Hall, Committee Clerk



Engrossed House Bill No. 1161
Senate Appropriations Committee
Education & Environment Division
March 17, 2025
David Krebsbach
david.krebsbach@ndus.edu

Chair Sorvaag and members of the committee, thank you for the opportunity to speak on behalf the North Dakota University System (NDUS) concerning House Bill No. 1161.

The NDUS stands in opposition to House Bill No. 1161. While we understand and appreciate the legislative intent to ensure efficient and responsible management of state resources, we believe this bill is contrary to the purpose of the higher education funding formula, adds to existing reporting requirements, and most importantly, could potentially inhibit NDUS institutions' ability to effectively manage their operations.

NDUS institutions are not funded on a per FTE basis. Rather, State general fund appropriations are provided through a performance funding model based on successfully completed student credit hours. The institutions' number of FTEs is adjusted based on academic program needs, student needs, and/or research & grant needs and only if funds are available. Positions can be funded by State general funds, tuition, auxiliary services like housing or dining, federal grant funds or any combination thereof.

Perhaps Senator Sorvaag explained it best, when he presented SB2003 to the Senate for approval on February 25, 2025. He stated that you "don't see any of these FTE pools (in SB2003) because they don't apply" to higher education. Sen. Sorvaag told Senators that while the FTE numbers are included in the bill, there is a lot of fluctuation and the Legislature uses them more as a reference. He summarized that the Legislature does not add or reduce FTEs; rather, they "give them (higher ed) the money and they have the freedom to determine" the number of positions.

HB1161 could significantly and negatively impact how we manage our complex financial environment that includes tuition, the funding formula, student fees, research dollars, and state appropriations. They are all part of the mix that combines to pay our faculty and staff salaries. While vacancies in academia are similar to other sectors in that there are retirements and resignations, higher education also differs significantly as it has to adjust to changes in academic programming, student enrollment or grant-funded projects. Maintaining the existing flexibility in fulfilling FTE positions and managing operations by having access to these funds allows the institutions to adapt as needed to mission critical initiatives and programs, while meeting accreditation standards, and ensuring educational excellence.

Turnover is typical and can offer institutions a chance for strategic realignment in faculty and staff roles. However, the restriction imposed by this bill could inadvertently delay hiring processes, affect

the quality of education, and hinder institutions' ability to respond quickly to emergent educational and workforce needs.

HB1161 requires quarterly reporting to both the Budget Section and SBHE basis on the status of each vacant position. Reports must include information for each vacant full-time equivalent position including; salary & wages amounts; dates the positions were vacated and filled; and any operational use of funds. Much of this information is already provided to the Legislative Assembly and SBHE through existing reporting requirements.

NDUS institutions currently report on vacant positions to the Interim Higher Education Committee (as requested) and Legislative Appropriations Committees each session. Institutions also report FTE adjustments to OMB as part of the biennial budget request. The NDUS provides an annual report to Legislative Management on higher education trends, including new, expanded or closed educational programs. The State Board of Higher Education (SBHE) receives multiple financial reports from institutions, including: annual financial statements, mid-year budget status reports, comprehensive financial review reports and biennial budget requests. The SBHE must approve any transfers of operation (formula) funding to extraordinary repairs or capital projects. These transfers are reported to the Legislative Appropriations Committees each session.

In conclusion, we ask for a Do Not Pass on HB1161 to allow our NDUS institutions to continue fulfilling their missions to provide quality education, student success, fulfillment of workforce needs and allow the operational flexibility required by our educational institutions.



March 17, 2025

Dr. Brian Van Horn, President
Amber Hill, VPBA
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.

HB1161
Bill Testimony
Rep. Eric J. Murphy
District 43, Grand Forks

Chairman Sorvaag and members of the Senate Environment and Education Appropriations sub-Committee, for the record my name is Eric Murphy, representative from District 43, Grand Forks.

Today I present an amended bill HB1161 that requires institutions under the control of the State Board of Higher Education (SBHE) to quantify and list newly created and vacant positions on December 1st of an even numbered year and to place funds in a central funding pool designated for funding salaries and benefits for these open positions in the subsequent years. Upon demonstration of need, the funding for a given position is released from this pool by the institution. These funds can be released for either a permanent or temporary hire.

The SBHE shall report to each regular meeting of the budget section regarding salaries and wages, position information, and operational uses of funding if applicable. This includes the amount of funds transferred from the pool, information on vacant full-time equivalent positions, including dates when the positions were vacated and filled, and as noted, operational use of funds.

Working with a higher educational institution in a community of >50,000 people, this amended bill was produced to accomplish the following:

- 1) Enhance the transparency on position needs and hiring of individuals into full time equivalent positions.
- 2) Requiring biennial advanced planning for the hiring of individuals and a report of open positions to the Budget Section of the Legislature.
- 3) Allow flexibility to use funds designated for salaries and benefits for operations if needed.
- 4) Requires reporting on the use of funds for operations to the Budget Section.
- 5) Preserves the State Board of Higher Education as the reporter of each institution's use of funds quarterly, this is consistent with the ND Constitution required control of institutions by the SBHE.
- 6) Permits monitoring of expenditures by the Budget Section, enhancing oversight of financial expenditures from this pool.
- 7) Each institution determines how much of their general funds are placed into this pool to meet funding of newly created and vacated positions noted as of 1 December of even numbered years.
- 8) Eliminates the Office of Management and Budget control of the pool, maintaining the autonomy of the institution to control and report its use of funds from this pool to the SBHE.

9) Recognizes that the funding of institutions with general funds is different for each institution, but separates funds generated from tuition, housing, dining, fees, and other sources from general funds allocated by the legislature using the higher education formula.

10) This bill is structured to speed up the hiring of newly created and vacated positions in a timely manner to serve students.

This overall thrust of this bill has not materially changed from the original version, but the amended bill establishes a central fund designated for hiring to fill new and vacated positions with the SBHE reporting to the budget section fund expenditures from this pool by each institution. By requiring the preplanning of new positions and listing of vacated positions, this will provide more transparency for the Budget Section on each institution's progress in hiring to fill positions funded by this pool as well as use of funds for operations as needed.

This bill is much more suitable as amended and I request a do pass vote.



President's Office

Dr. Steve Shirley, President, Minot State University & Dakota College at Bottineau

HB 1161 (in **Opposition**)

69th ND Legislative Session, March 17, 2025

Senate Appropriations – Education and Environment Division

Chair Sorvaag and members of the Senate Appropriations Education & Environment Division, thank you for the opportunity of submitting testimony in opposition to HB 1161. I am Steve Shirley and serve as president of Minot State University as well as Dakota College at Bottineau.

The proposed changes in HB 1161 would create inefficiencies and add an unnecessary level of governmental bureaucracy for Minot State, DCB, and all North Dakota University System (NDUS) campuses. The finances on a college campus are unique when compared to nearly all other state agencies. While other state agencies receive separate salary and operating appropriation lines, NDUS institutions receive all their funding as operating funding and are allowed to allocate between salary and operating as necessary to address the typical ebbs and flows campuses experience. This includes student enrollment, both overall campus enrollments as well as those specific to individual departments and majors, along with the fact that funds supporting the numerous campus programs (both academic and otherwise) are from a variety of sources (state appropriations, tuition, fees, auxiliary units, grants, contracts, etc.) creating for a very dynamic and unique budgetary model.

Our flexibility with finances when a vacant position emerges helps navigate other changes and initiatives that might be occurring across campus (ie – surging enrollment in a new academic program or high-need workforce area where a new faculty member might need to be hired). The changes proposed in this bill would create major challenges and limit our flexibility of adapting and re-prioritizing resources as needed to best serve our students and the citizens of North Dakota.

Minot State University and DCB both have strong track records of being efficient while responsibly utilizing our state resources. This bill creates inefficiencies with additional red-tape, new administrative accounting burdens, and the potential of creating additional delays in hiring processes. All of these issues will undoubtedly reduce our ability for operational flexibility and responsiveness. I sincerely hope we can continue managing vacant positions as they arise within the overall structure of our individual campus budget needs.

I strongly urge a DO NOT PASS recommendation on HB 1161, and appreciate your time and thoughtful deliberation. Thank you.



Office of the President

To: Senate Appropriations Committee

From: Dr. Bernell Hirning, President-WSC

Date: March 17, 2025

Subject: Testimony on HB1161

Greetings! I am writing today in opposition of HB1161, related to funding for newly created FTE positions at institutions of higher education.

There are a number of unique aspects of higher education that make it distinctly different from other State of ND agencies in filling positions. One aspect is the nature of the 'semester' format in higher education, which makes filling faculty positions difficult outside of the normal 'seasonal' format that is higher education. The most opportune time to fill a faculty position would be around the midpoint of the Spring Semester as that's when most faculty are seeking new positions to best fit with the start of the Fall Semester. If by chance, a faculty position becomes vacant in the summer or fall of the year, very few faculty are on the market at that time.

Additionally, unique to Williston State College, doing business in the heart of oil and gas country makes it very difficult especially on the staff side to fill positions. For example, recently when there was an opening for a human resources director at Williston it took over a year to fill the position due to the competition between the college and the companies in the oil and gas industry. Therefore, placing timelines on filling positions when we are in an aggressive competition with oil and gas companies would make it difficult to have stability in the workforce at Williston State College.

In conclusion, WSC asks for a Do Not Pass on HB1161 to allow WSC and other NDUS institutions to continue fulfilling their missions to provide quality education, student success, fulfillment of workforce needs and allow the operational flexibility required by our educational institutions.

Bernell Hirning, PhD
President-Williston State College



Vice President for Administration & Finance

Engrossed House Bill No. 1161

Senate Appropriations Committee

Education & Environment Division

March 17, 2025

Krista Lambrecht

Krista.lambrecht@minotstateu.edu

Chair Sorvaag and members of the committee, thank you for the opportunity to submit testimony in opposition to HB 1161. For the record, my name is Krista Lambrecht, and I serve as the Vice President for Administration and Finance at Minot State University.

Currently, NDUS institutions do not receive funding based on a per-FTE basis but instead on a funding formula based on the completion of scheduled credit hours. This funding is allocated as one amount and is not broken out into salary and operation lines like many other state agencies. The institution determines throughout the biennium how to best use the resources. Institution budgets are complex with numerous funding sources in addition to general fund appropriations including tuition, student fees, grant dollars, and auxiliary revenues (housing, food services, bookstore, etc.).

Flexibility is needed to be able to adjust to the ebbs and flows institutions experience. For any turnover experienced in a full-time benefited position, an analysis is done before refilling the position. Sometimes a decision is made not to refill the position due to known upcoming funding formula decreases the institution needs to prepare for or sometimes a strategic decision is made to reclassify the position to a different department that is experiencing growth. These are just a couple of examples of how institutions evaluate positions to strategically and efficiently best use their available resources.

HB 1161 would require additional reporting on top of significant reporting requirements already in place. In recent years many efforts have been made to reduce "red-tape" and this bill seems to be counterproductive to those initiatives.

In conclusion, I ask that you continue to let the NDUS institutions have the flexibility to manage their budgets without creating additional accounting and reporting requirements responsibilities and therefore ask for a DO NOT PASS recommendation on HB 1161.

2025 SENATE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division Sakakawea Room, State Capitol

HB 1161
3/19/2025

A BILL for an Act to create and enact a new section to chapter 15-10 of the North Dakota Century Code, relating to funding for newly created full-time equivalent positions at institutions under the control of the state board of higher education.

9:14 a.m. Chairman Sorvaag called the meeting to order.

Members Present: Chairman Ronald Sorvaag, Senator Cole Conley, Senator Scott Meyer, Senator Donald Schaible, Senator Paul J. Thomas.

Discussion Topics:

- Relevance and Scope of the Bill.
- Agenda Regarding Remaining Bills.

9:15 a.m. Senator Thomas discussed concerns regarding bill and moved a Do Not Pass.

9:16 a.m. Senator Schaible Seconded the motion.

Senators	Vote
Senator Ronald Sorvaag	Y
Senator Cole Conley	Y
Senator Scott Meyer	Y
Senator Donald Schaible	Y
Senator Paul J. Thomas	Y

Motion passed: 5-0-0.

Chairman Sorvaag will carry the bill.

9:23 a.m. Chairman Sorvaag closed the meeting.

Steven Hall, Committee Clerk

2025 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee Harvest Room, State Capitol

HB 1161
3/20/2025

A BILL for an Act to create and enact a new section to chapter 15-10 of the North Dakota Century Code, relating to funding for newly created full-time equivalent positions at institutions under the control of the state board of higher education.

3:12 p.m. Vice-Chairman Erbele opened the hearing.

Members Present: Vice-Chairman Erbele, and Senators Burckhard, Cleary, Conley, Davison, Dever, Dwyer, Magrum, Mathern, Meyer, Schaible, Sickler, Sorvaag, Thomas, Wanzek.

Members Absent: Chairman Bekkedahl.

Discussion Topics:

- Committee Action

3:13 p.m. Senator Sorvaag introduced the bill.

3:14 p.m. Senator Sorvaag moved a Do Not Pass.

3:14 p.m. Senator Thomas seconded the motion.

Senators	Vote
Senator Brad Bekkedahl	A
Senator Robert Erbele	Y
Senator Randy A. Burckhard	Y
Senator Sean Cleary	N
Senator Cole Conley	Y
Senator Kyle Davison	Y
Senator Dick Dever	Y
Senator Michael Dwyer	Y
Senator Jeffery J. Magrum	Y
Senator Tim Mathern	Y
Senator Scott Meyer	Y
Senator Donald Schaible	Y
Senator Jonathan Sickler	Y
Senator Ronald Sorvaag	Y
Senator Paul J. Thomas	Y
Senator Terry M. Wanzek	Y

Motion Passed 14-1-1.

Senator Sorvaag will carry the bill.

Senate Appropriations Committee

HB 1161

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3:15 p.m. Vice-Chairman Erbele closed the hearing.

Elizabeth Reiten, Committee Clerk

**REPORT OF STANDING COMMITTEE
ENGROSSED HB 1161 ([25.0636.02000](#))**

Appropriations Committee (Sen. Bekkedahl, Chairman) recommends **DO NOT PASS** (14 YEAS, 1 NAY, 1 ABSENT OR EXCUSED AND NOT VOTING). HB 1161 was placed on the Fourteenth order on the calendar. This bill does not affect workforce development.