



SENATE APPROPRIATIONS COMMITTEE 2021 SENATE BILL 2003

NDUS SYSTEMWIDE OVERVIEW JANUARY 18, 2021

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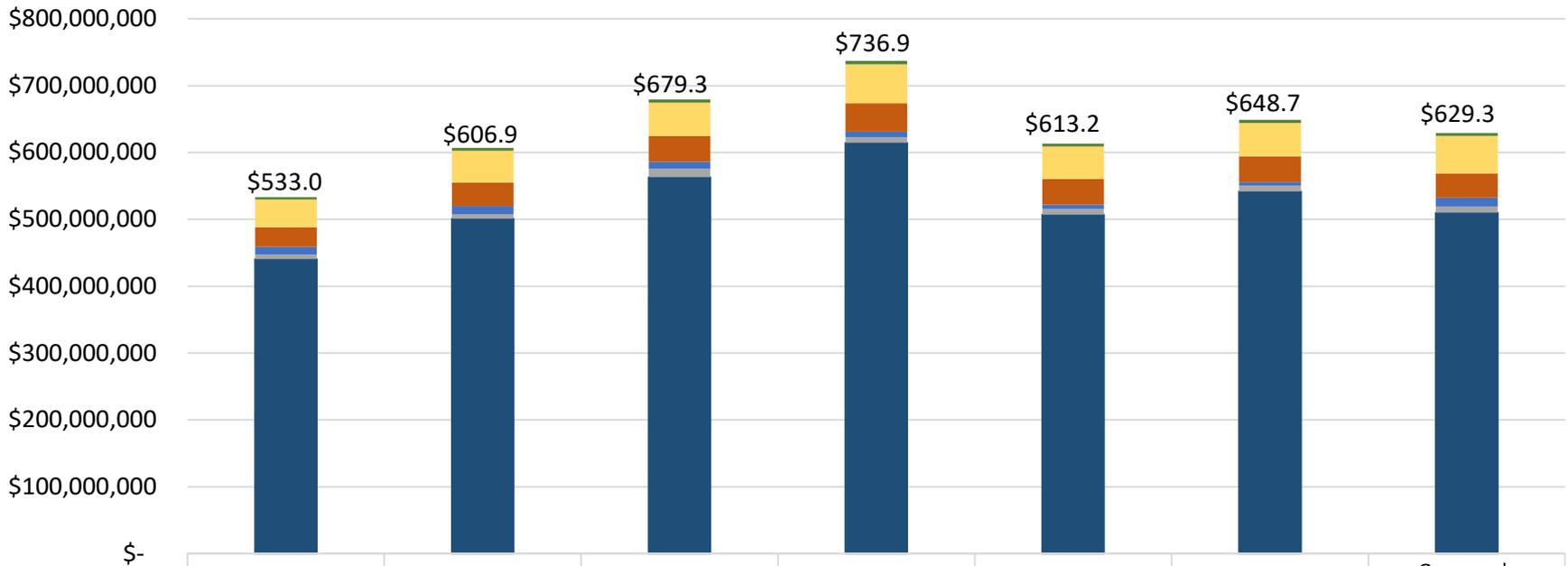


SBHE Needs-Based Request

1/18/2021

NDUS State General Fund Appropriations (Ongoing)

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	2009-11	2011-13	2013-15	2015-17	2017-19	2019-21 Base	Governor's Recommendation 2021-23
■ Forest Service	\$3,510,192	\$4,287,283	\$4,701,189	\$5,007,844	\$4,426,427	\$4,676,664	\$4,556,471
■ Financial Aid/Grants	\$41,342,944	\$47,395,920	\$50,342,238	\$58,290,312	\$48,799,546	\$49,561,460	\$56,161,460
■ Core Technology Svcs.	\$29,209,438	\$35,467,230	\$38,123,114	\$42,620,028	\$37,964,115	\$38,746,102	\$36,328,627
■ Capital Bond Payments	\$11,296,798	\$11,787,519	\$10,436,045	\$8,368,836	\$6,605,326	\$4,959,448	\$13,385,264
■ System Office	\$6,909,502	\$6,722,043	\$12,660,326	\$8,236,593	\$8,270,543	\$9,060,087	\$8,715,651
■ Institutions	\$440,727,020	\$501,190,253	\$563,008,934	\$614,453,986	\$507,176,197	\$541,664,044	\$510,135,956

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Budget Comparison: Needs-Based to Executive Recommendation

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North Dakota University System 2021-23 Needs-Based Budget <i>In Millions</i>				
	General Fund	Tuition	Other Funds	Total
2019-21 Base	\$ 648.7	\$ 647.2	\$ 1,253.7	\$ 2,549.6
Formula Production Change	\$ (1.2)	\$ -	\$ -	\$ (1.2)
Bond Payments	\$ (1.7)			\$ (1.7)
Base Budget	\$ 645.8	\$ 647.2	\$ 1,253.7	\$ 2,546.7
<i>% Change</i>	<i>-0.4%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>-0.1%</i>
Salary Increase 3%/3%	\$ 14.7	\$ 14.2	\$ 15.0	\$ 43.9
Total	\$ 660.5	\$ 661.4	\$ 1,268.7	\$ 2,590.6
\$ Change	\$ 11.8	\$ 14.2	\$ 15.0	\$ 41.0
<i>% Change</i>	<i>1.8%</i>	<i>2.2%</i>	<i>1.2%</i>	<i>1.6%</i>

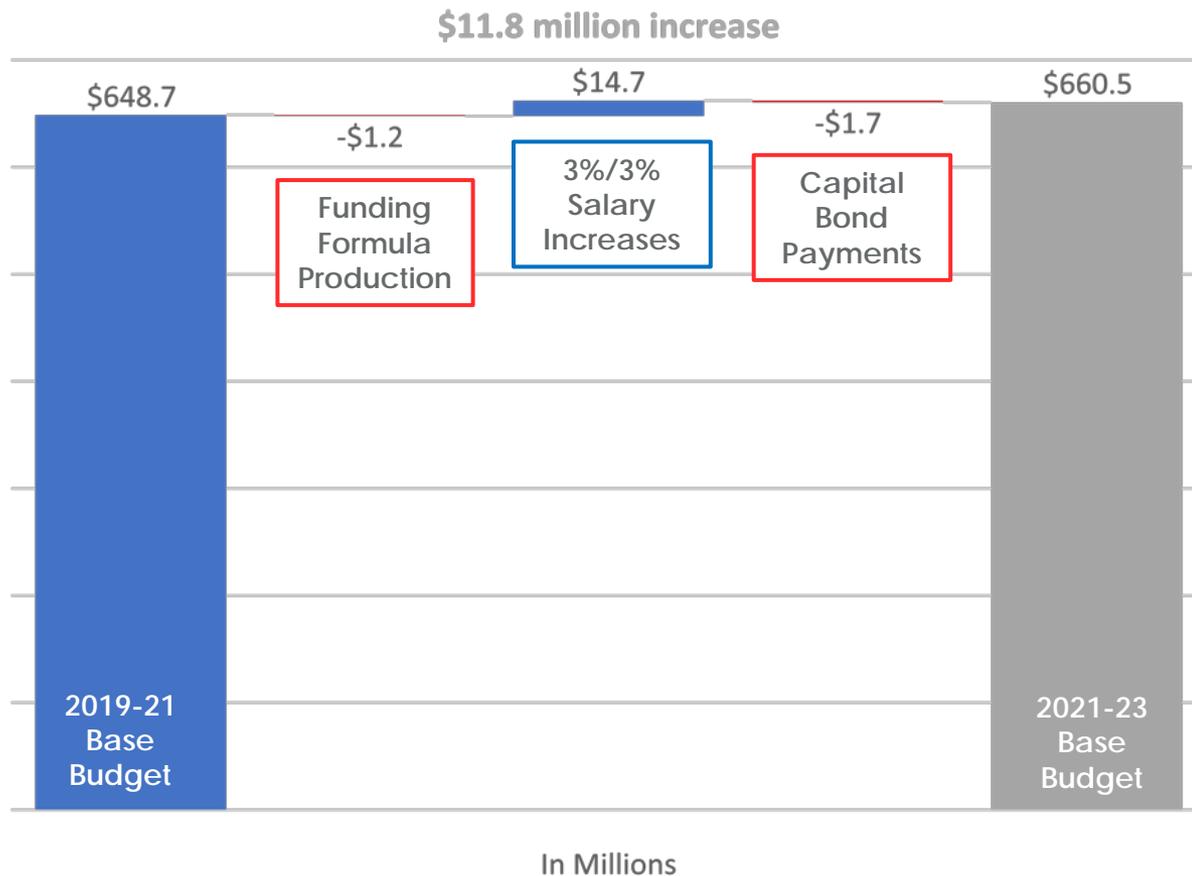
North Dakota University System 2021-23 Governor's Recommendation <i>In Millions</i>				
	General Fund	Tuition	Other Funds	Total
2019-21 Base	\$ 648.7	\$ 647.2	\$ 1,253.7	\$ 2,549.6
Formula Production	\$ (1.2)	\$ -	\$ -	\$ (1.2)
Bond Payments	\$ (1.7)	\$ -	\$ -	\$ (1.7)
	\$ 645.8	\$ 647.2	\$ 1,253.7	\$ 2,546.7
Bond Payments	\$ 10.1	\$ -	\$ -	\$ 10.1
Base Reduction	\$ (43.5)	\$ -	\$ -	\$ (43.5)
Student Financial Aid	\$ 6.6	\$ -	\$ -	\$ 6.6
Compensation package	\$ 10.2	\$ 10.4	\$ 10.8	\$ 31.4
System Office Rent adj.	\$ 0.1	\$ -	\$ -	\$ 0.1
Total	\$ 629.3	\$ 657.6	\$ 1,264.5	\$ 2,551.4
\$ Change	\$ (19.40)	\$ 10.40	\$ 10.80	\$ 4.70
<i>% Change</i>	<i>-3.0%</i>	<i>1.6%</i>	<i>0.9%</i>	<i>0.2%</i>

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NDUS General Fund Budget Needs-Based Request

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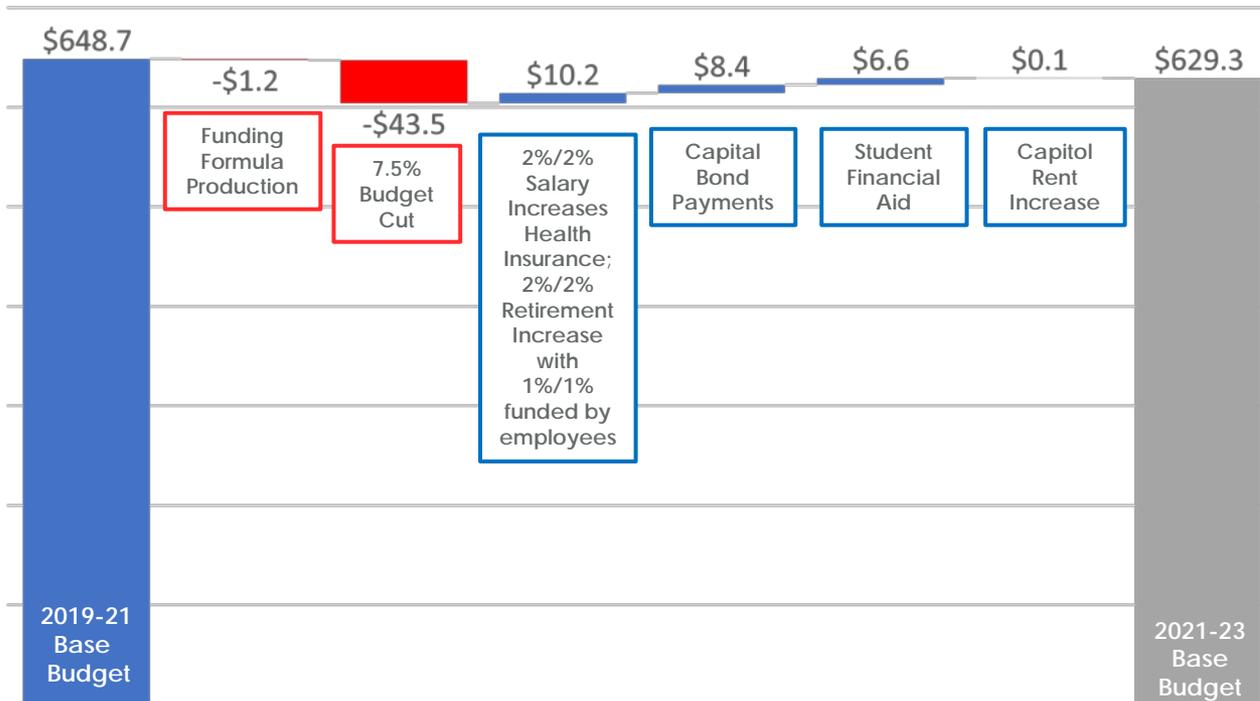


- **Unanimously approved by SBHE on 6/27/2020**
- Reflects statutory formula production & bond payment changes
- Includes 3% annual salary increases
- 1.1% - 2.0% annual tuition increase to cover student-funded portion of salary increase

NDUS General Fund Budget Governor's Recommendation

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\$19.4 million reduction



In Millions

- Reflects statutory formula production
- Cost to continue capital bond payments
- 7.5% cut = Reductions of:
 - 200+ employees
 - academic programs
 - student services
 - overall educational quality



Higher Education Funding Formula

1/18/2021

2017-19 Completed Student Credit Hour Report Summary

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Institution	2015-2017 Adjusted SCH	2017-2019 SCH	Weighted SCH (Instructional Program Factor)	Credit Completion Factor	Institutional Size Factor	2017-2019 Adjusted SCH	2017-19 Adjusted SCH Increase (decrease)
BSC	320,093	143,405	261,426	1.1	1	287,569	(32,524)
DCB	79,753	29,618	52,285	1.8	1	94,113	14,360
LRSC	133,374	59,895	92,332	1.5	1	138,498	5,124
NDSCS	376,489	116,370	210,177	1	1.7	357,301	(19,188)
WSC	103,727	38,699	59,289	1.7	1	100,791	(2,936)
DSU	202,166	60,655	140,885	1.5	1	211,328	9,162
MASU	180,486	47,623	125,321	1.6	1	200,514	20,028
MISU	430,708	139,042	399,350	1.1	1	439,285	8,577
VCSU	232,450	64,159	171,141	1.4	1	239,597	7,147
NDSU	2,180,302	693,495	2,179,824	1	1	2,179,824	(478)
UND	3,279,783	670,553	3,334,178	1	1	3,334,178	54,395
TOTALS	7,519,331	2,063,514	7,026,208			7,582,998	63,667

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Funding Formula – Base Budget by Institution

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Institution	2019-21 Base Budget	2017-19 Adjusted SCH	Statutory Rate per SCH	25% Law Enforcement Officer SCH Reduction	2021-23 Needs-Based Request	Change from 2019-21	
BSC	\$31,068,227	287,569	\$97.06		\$27,911,447	(\$3,156,780)	(10%)
DCB	\$7,740,826	94,113	\$97.06	(\$243)	\$9,134,365	\$1,393,539	18%
LRSC	\$12,945,280	138,498	\$97.06		\$13,442,616	\$497,336	4%
NDSCS	\$36,542,022	357,301	\$97.06		\$34,679,635	(\$1,862,387)	(5%)
WSC	\$10,067,743	100,791	\$97.06		\$9,782,774	(\$284,969)	(3%)
DSU	\$18,393,063	211,328	\$90.98	(\$546)	\$19,226,075	\$833,012	5%
MASU	\$16,420,616	200,514	\$90.98		\$18,242,764	\$1,822,148	11%
MISU	\$39,896,693	439,285	\$90.98	(\$3,180)	\$39,962,969	\$66,276	0.2%
VCSU	\$22,658,933	239,597	\$90.98		\$21,798,535	(\$860,398)	(4%)
NDSU	\$132,714,983	2,179,824	\$60.87		\$132,685,887	(\$29,096)	(0.02%)
UND	\$202,539,508	3,334,178	\$60.87		\$202,951,415	\$411,907	0.2%
TOTALS	\$530,987,894	7,582,998			\$529,818,483	(\$1,169,411)	(0.2%)

- Based on current law – no minimum amount payable
- Credit production cut of \$1.2 million included in SBHE needs-based request
- Formula excludes UND SMHS Healthcare Workforce Initiative funding of \$10,676,150

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NDUS Institutions Base Budget Comparison

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Institution	2019-21 Base Budget	2021-23 SBHE Needs-Based Budget	2021-23 Executive Recommendation
BSC	\$ 31,068,227	\$28,662,799	\$ 26,358,872
DCB	7,740,826	9,378,101	8,626,246
LRSC	12,945,280	13,785,756	12,694,861
NDSCS	36,542,022	35,584,984	32,750,556
WSC	10,067,743	10,049,385	9,238,600
DSU	18,393,063	19,868,638	18,126,267
MASU	16,420,616	18,571,693	17,199,194
MISU	39,896,693	40,935,084	37,676,963
VCSU	22,658,933	22,303,402	20,551,560
NDSU	132,714,983	136,358,397	125,016,333
UND	202,539,508	208,393,413	191,220,354
UND-HWI	10,676,150	10,676,150	10,676,150
Total	\$541,664,044	\$554,442,802	\$ 510,135,957
		Includes: <ul style="list-style-type: none"> • (\$1.2M) base funding formula reduction • \$13.9M 3%/3% salary increase 	Includes: <ul style="list-style-type: none"> • (\$1.2M) base funding formula production • (\$39.7M) for 7.5% across-the-board cut in base funding • \$9.4M 2%/2% salary increase; 1% retirement increase; 1% employee retirement contribution

- Base FTE down 141.11 before 7.5% reduction
- NDUS (\$30.3M) is 50% of statewide GF cuts
- Higher Ed is only 13% of total GF budget
- Budget would be \$53M lower than 2013-15 before inflation

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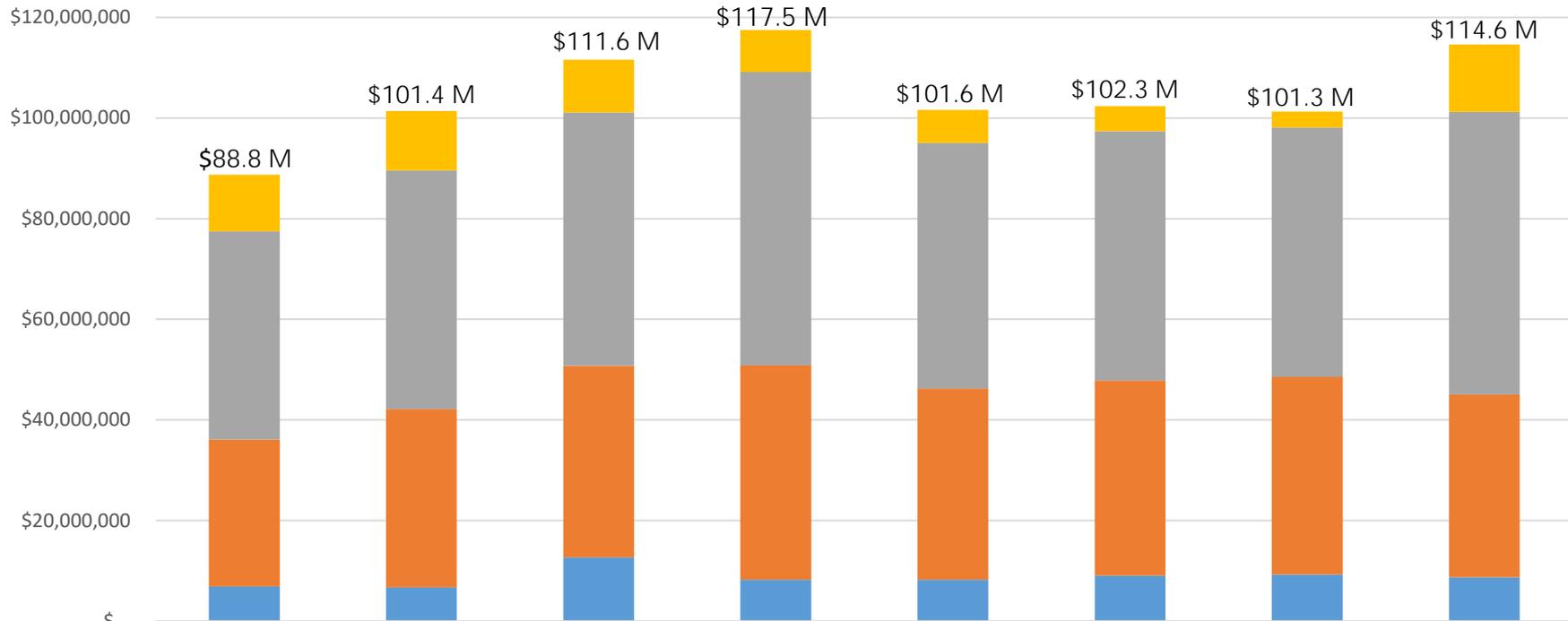


System Office

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NDUSO State General Fund Appropriations (Ongoing)

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	2009-11	2011-13	2013-15	2015-17	2017-19	2019-21 Base	2021-23 Needs Based Budget	2021-23 Governor's Recommendation
■ Capital Bond Payments	\$11,296,798	\$11,787,519	\$10,436,045	\$8,368,836	\$6,605,326	\$4,959,448	\$3,197,139	\$13,385,264
■ Financial Aid/Grants	\$41,342,944	\$47,395,920	\$50,342,238	\$58,290,312	\$48,799,546	\$49,561,460	\$49,561,460	\$56,161,460
■ Core Technology Svcs.	\$29,209,438	\$35,467,230	\$38,123,114	\$42,620,028	\$37,964,115	\$38,746,102	\$39,254,506	\$36,328,627
■ System Office	\$6,909,502	\$6,722,043	\$12,660,326	\$8,236,593	\$8,270,543	\$9,060,087	\$9,285,863	\$8,715,651

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NDUS System Office Base Budget Comparison

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Institution	2019-21 Base Budget	2021-23 SBHE Needs-Based Budget	2021-23 Executive Recommendation
System Governance	\$9,060,087	\$9,285,863	\$8,715,651
Core Technology Services (CTS)	38,746,102	39,254,506	36,328,627
Financial Aid	42,995,835	42,995,835	49,595,835
Institutional Grants	6,565,625	6,565,625	6,565,625
Capital Bond Payments	4,959,448	3,197,139	13,385,264
Total	\$102,327,097	\$101,298,968	\$114,591,002
		Includes: <ul style="list-style-type: none"> •\$734K 3%/3% salary increase 	Includes: <ul style="list-style-type: none"> •(\$3.6M) for 7.5% across-the-board cut in base funding •\$690K 2%/2% salary increase; 1% state retirement increase; 1% employee retirement contribution •\$8.4M cost to continue 2019-21 bond payments •\$6.6M scholarships & grants •\$133K Capitol rent increase

NDUS System Office Base Budget Comparison

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Appropriation Line	2019-21 GF Base	7.5% Budget Cut	Compensation Package	Governor's Adjustments	2021-23 Governor's Recommendation	2021-23 Needs-Based Request
System Governance	\$8,275,687	(\$620,677)	\$201,709	\$133,362	\$7,990,081	\$8,501,463
Capital bond payments	4,959,448			8,425,816	13,385,264	3,197,139
Veterans Assistance Programs	277,875				277,875	277,875
Student Mental Health	284,400	(21,330)			263,070	284,400
Core Technology Services	38,746,102	(2,905,958)	488,483		36,328,627	39,254,506
Student Financial Assistance Grants	23,917,306			2,400,000	26,317,306	23,917,306
ND Scholars Program	1,807,115				1,807,115	1,807,115
Native American Scholarship	555,323				555,323	555,323
Education Incentive Programs	260,000				260,000	260,000
Tribal Community College Grants	1,000,000				1,000,000	1,000,000
Academic and Tech Ed. Scholarship	12,016,749			4,200,000	16,216,749	12,016,749
Student Exchange Program	3,699,342				3,699,342	3,699,342
Competitive Research Program	5,685,750				5,685,750	5,685,750
NASA EPSCOR	342,000				342,000	342,000
Shared Campus Services	500,000	(37,500)			462,500	500,000
Total	\$102,327,097	(\$3,585,465)	\$690,192	\$15,159,178	\$114,591,002	\$101,298,968

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Investment Opportunities

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2021-23 Investment Opportunities - Optional Adjustment Requests

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General Fund Investment Opportunities	NDUS Request	Governor's Recommendation
Systemwide Projects / Initiatives		
Student share of 3%/3% salary increases	\$ 14,243,098	
Funding Formula - 2.5% per credit hour rate increase for Institution specific initiatives	13,245,561	
Dakota Nursing Consortium	1,356,000	
Math Pathways	150,000	
NDUSO - System Governance		
Salary market adjustments to 80% level.	672,000	
Eliminate Campus Assessments	325,000	
NDUSO - Student Grants		
ND AC/CTE Scholarship funding shortage	4,200,000	4,200,000
North Dakota State Grant funding shortage	2,400,000	2,400,000
Financial Aid Systems - Licensing & Maintenance	300,000	
Totals	\$ 36,891,659	\$ 6,600,000

2021-23 Investment Opportunities

- Unanimously approved by SBHE on 6/27/2020
- Improve student affordability
- Strengthen institution programmatic flexibility
- Shore up student financial aid programs
- Improve System Governance funding
- Increase efficiencies for student financial aid programs

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2021-23 Investment Opportunities - Optional Adjustment Requests

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- **Systemwide Initiatives**
 - Student Share of Salary Increases-\$14.2 million
 - Eliminate need for 1.1% to 2.0% tuition increase
 - Improve student affordability
 - Funding Formula Rate Increase- \$13.2 million
 - Programmatic funding for behavioral & mental health, increased student services, workforce initiatives, new program start up, Title IX implementation, & other institutional needs
 - Dakota Nursing Consortium- \$1,356,000
 - Transfer admin to System Office from UND (funding formula)
 - Continue current distribution methodology
 - Math Pathways- \$150,000
 - Develop rigorous and robust courses in the areas of statistics and quantitative reasoning to better align math coursework with field of study & career goals

2021-23 Investment Opportunities - Optional Adjustment Requests

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□ Student Financial Aid

- ND Academic & CTE Scholarship- \$4.2 million
 - Requested 2019, but not approved
 - # eligible student continue to increase
 - Line item transfer this biennium to pay students
- ND State Grant Program– \$2.4 million
 - Maintain 6,200 need-based grants per year
- Financial Aid Systems- \$300,000
 - Antiquated systems risk failure
 - Streamline processes & administrative effort

2021-23 Investment Opportunities - Optional Adjustment Requests

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□ System Governance

- Compensation adjustments to 80% market – \$672,000
 - Target is experienced employees at market
 - Interim goal is 80% market
 - Currently 18 at < 80%
- Eliminate Campus Assessment for Internal Audit & Compliance functions - \$325,000
 - Now charged back to institutions

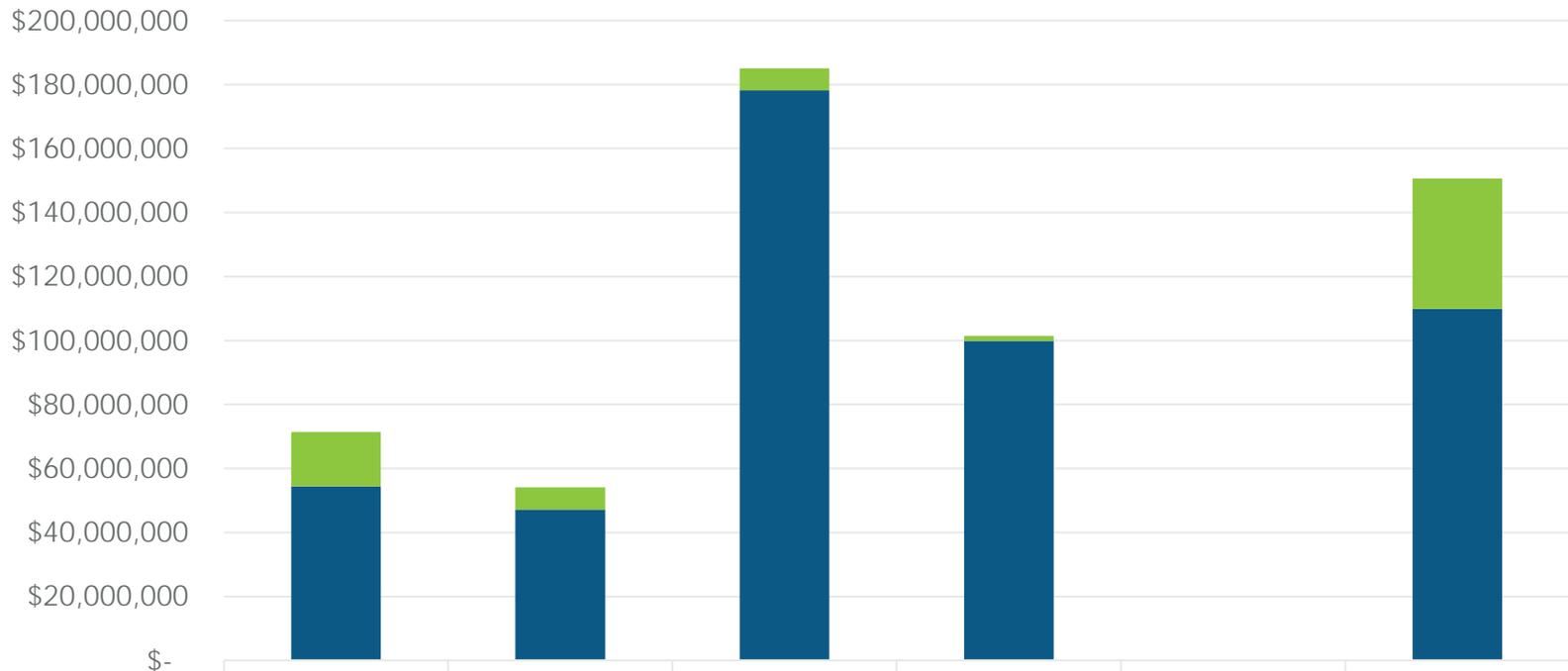


Capital Budget

1/18/2021

Capital Project History – State Funded

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



■ NDSU Ag Entities	\$17,000,000	\$6,991,650	\$6,875,000	\$1,500,000	\$100,000	\$40,750,000
■ NDUS Institutions	\$54,408,248	\$47,136,000	\$178,174,763	\$99,909,212	\$-	\$109,900,000

2021-23 Investment Opportunities - Capital Funding Request

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Institution Priority	SBHE Priority	Project Title	Project Cost	Funding Source		% Life Safety & Deferred Maintenance	% Program & Enrollment Driven	% Locally Funded	Deferred Maintenance Addressed	
				General	Other					
* DCB	1	1	Old Main Renovation for Nursing School	\$ 4,000,000	\$ 2,000,000	\$ 2,000,000	100%	50%	\$ 4,000,000	
LRSC	1	2	Parking Lot and Infrastructure Repair	\$ 250,000	\$ 250,000		100%	0%	\$ 250,000	
MaSU	1	2	Natural Gas Boiler Installation	\$ 1,600,000	\$ 1,600,000		100%	0%	\$ 1,600,000	
WSC	1	2	Parking Lot and Infrastructure Repair	\$ 850,000	\$ 850,000		100%	0%	\$ 850,000	
* NDSU	1	3	Ag Products Development Center	\$14,000,000	\$14,000,000		90%	10%	\$ 10,500,000	
<p>Note: Total project is \$61,200,000. The 2019 Legislative Assembly approved \$60.0 million, with \$40 million from State bonds & cash plus \$20 million local funds/fundraising. NDSU has committed to raise \$6.0 million and is now requesting \$14.0 million state dollars in lieu of the remaining local funds / fundraising. As of 7/6/2020, \$4.2 million has been raised.</p>										
MISU	1	4	Hartnett Hall Renovation	\$25,231,000	\$25,231,000		75%	25%	0%	\$ 18,923,250
NDSCS	1	5	Hektner Student Center Improvements	\$ 7,210,455	\$ 7,210,455		75%	25%	0%	\$ 3,605,228
UND	1	6	Merrifield Hall/Twamley Hall Renovation	\$79,000,000	\$56,000,000	\$23,000,000	49%	51%	29%	\$ 35,550,000
DSU	1	7	Dickinson Sports Center	\$ 7,000,000	\$ 1,000,000	\$ 6,000,000		100%	86%	
BSC	1	8	Cyber Security Tech Center Addition	\$ 3,200,000	\$ 3,200,000			100%	0%	
VCSU	VCSU did not submit any requests this biennium									
Grand Total				\$142,341,455	\$111,341,455	\$31,000,000				\$75,278,478

*Included in Governor's Budget Recommendation

1/18/2021





Recommended One-Time & Capital Projects

1/18/2021

Governor's Recommended One-Time Funding & Capital Projects

Initiative	General Fund	Other Funds
Challenge Grant	\$ 10,000,000	
Challenge Grant - Contingent - If 6/30/2021 Legacy Fund earnings exceed \$515M. Current estimate = \$500M		\$ 10,000,000
NDSU Litigation Settlement - A Glenn Hill Center	125,000	
NDSU Litigation Fees - A Glenn Hill Center (in Deficiency Bill)	474,657	
Capital Tier Funding (Bonding)		19,000,000
NDSU Ag Products Development Center (Bonding)		14,000,000
DCB Nursing Renovation (Bonding)		2,000,000
Total	\$ 10,599,657	\$ 45,000,000

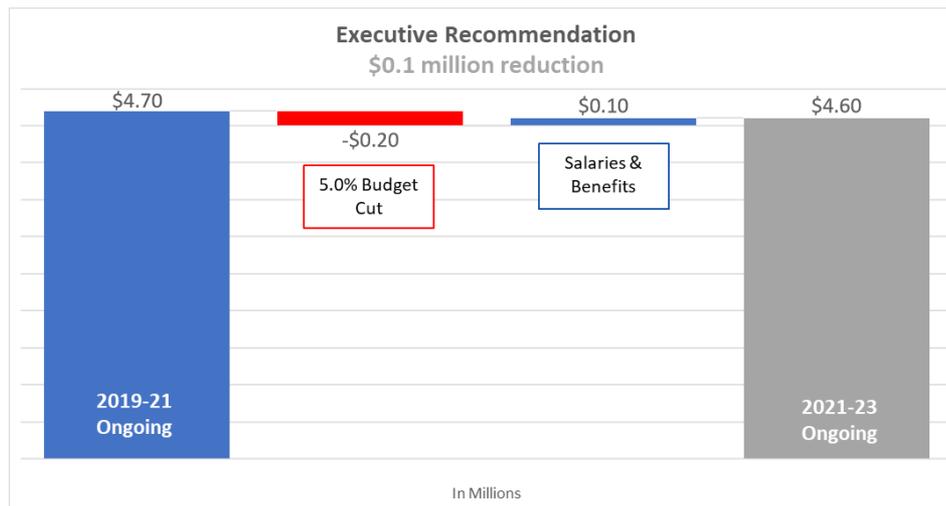
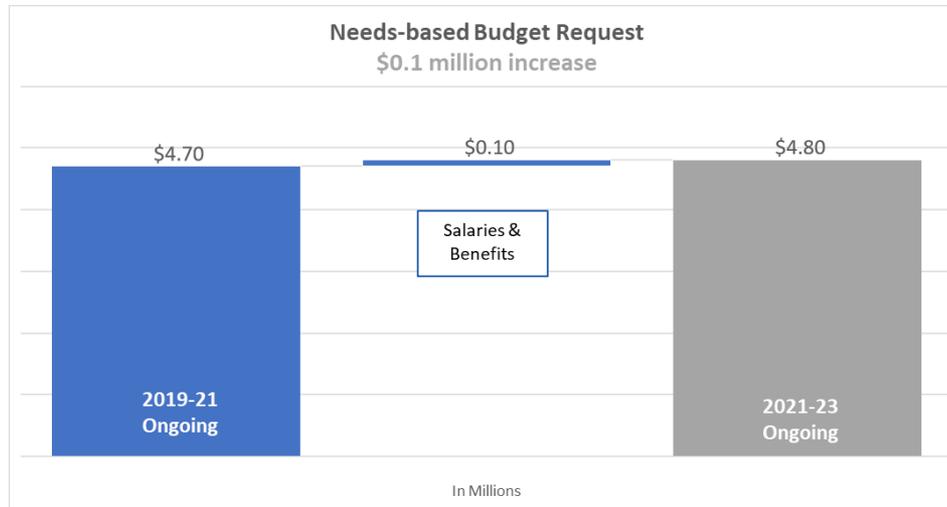


Forest Service

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ND Forest Service General Fund Base Budget Comparison

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Required Reporting

1/18/2021

Required Reporting

2019 - HB1003, Section 2: Status of all 2019-21 one-time funding items:	
	Capital projects
	Education Challenge Grants (Sections 8,10,11)
	UND School of Law matching grants (Section 9)
	Tier II and Tier III Capital Building funds (Sections 29-31)
	Theodore Roosevelt digitization (Section 4)
	Campus network upgrades (NDSU/UND- Section 2, 32)
2019 HB1003, Section 5: Campus Workforce Initiative Projects	
2019 HB1003, Section 18: Carryover funds	
2019 HB1003, Sections 23 & 30: Report on transfers between appropriation line	
2019 HB1003, Section 33: Tuition rate increase limitations	

Most Recent Audit Findings

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- No outstanding systemwide financial audit findings
- No System Office operational findings

North Dakota Student Association

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- Gracie Lian, President, North Dakota Student Association



Thank You!