

SB 2212  
Senate Education and Environment Committee  
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Chair Sorvaag and Committee members, I am here to provide testimony in support of SB2212 on the university system capital building fund and request one amendment.

The State Board of Higher Education (SBHE) has not taken an official position on SB2212 but does support the capital building fund program with increased funding and reduced matching requirements as this aligns with our mission to enhance our institution's facilities. SB2212 includes additional funding, a reduced matching requirement for tier III capital building funds and limits tier III capital building fund uses to legislatively approved capital projects.

SB2212 provides structured matching fund requirements, encourages our universities to seek additional funding sources and ensures fiscal responsibility. The tier III reduction in required matching funds for the smaller institutions is a great benefit as they find it harder to access matching funds at the same rate as the larger institutions. We do suggest an amendment to expand the uses of Tier III capital building funds to the same uses as the Tier II capital building funds. Some of the NDUS institutions in the current biennium are utilizing the full Tier II allocation and some portion of the Tier III on deferred maintenance projects.

The capital building fund changes in the bill include:

**Section 1** directs interest earned by the capital building fund to Tier II, including the required match.

**Section 2** modifies the uses of the capital building funds:

- Removes the requirement that institutions match & commit 75% of Tier I dollars prior to accessing Tier II and III.
- Allows Tier II funds to make bond payments for Tier II projects

**Section 3** defines the matching requirements for the Tier II Capital Building Funds:

- \$1 of matching funds for \$1 of capital building funds for all institutions except for NDSU and UND. This is the same matching requirement as the current biennium.
- \$2 of matching funds for \$1 of capital building funds for NDSU and UND. This is an increase in the matching requirement for NDSU and UND from the current biennium matching requirement of \$1:\$1.

**Section 4** defines the matching requirements for the Tier III Capital Building Funds:

- \$1 of matching funds for \$9 of capital building funds for all institutions except for NDSU and UND.
- \$1 of matching funds for \$2 of capital building funds for NDSU and UND.

This is a much-appreciated reduction in matching requirements for all institutions with increased distributions of capital building funds versus the current biennium's \$2 match with a \$1 capital building fund distribution.

**Section 5** repeals current century code 15-54.1-05 related to the capital building fund pool for redistribution of unallocated funds from an institution after three biennia.

**Section 6** provides a \$65 million transfer from the strategic investment and improvements fund to the university system capital building fund. This section also delineates the distributions to the institutions of tier II and tier III capital building funds.

**Section 7** provides legislative intent that the 70<sup>th</sup> Legislative Assembly (2027) appropriate \$80 million for Tier III projects.

In conclusion, we respectfully request a Do Pass recommendation on Senate Bill 2212, with an amendment, to allow for the continued advancement of our state's educational facilities.